



Australia's Low Pollution Future Fact Sheet

Energy Security

To reduce pollution, Australia must transition to a low-emission energy supply. Australia has a number of options to achieve this transition. The report finds no evidence that pricing emissions will compromise the security of Australia's energy supply.

Transforming Australia's electricity sector

Electricity generation accounts for the largest share of Australia's current emissions, so a significant transition in this sector is required to move Australia towards a low-emission economy. Australia has a wide range of options to assist in this transition, including significant gas, wind, solar and geothermal resources, and the prospect of carbon capture and storage.

Putting a price on emissions will increase investment in renewable energy and other low-emission technologies, changing the technology mix in this sector. This will lead to a progressive transition away from conventional coal-fired generation to low and zero-emission sources of electricity supply. Demand for electricity will also be lower, but most emission reductions will be achieved by reducing the emission intensity of supply.

Faster technological progress in developing low-emission technologies will reduce the costs associated with this transformation. Carbon capture and storage could play an important role in reducing Australia's emissions.

The report finds that introducing an emission price could lead to the early retirement of some emission-intensive coal-fired electricity generation facilities. However, this does not lead to power shortages. New investment in lower-emission generation capacity will be established in sufficient time to ensure demand for electricity is met.

Government steps to assist this transition

The Government has committed to assisting strongly affected coal-fired generators and the employees, communities and regions in this sector, through the Electricity Sector Adjustment Scheme.

The report notes that effective carbon capture and storage technologies are key to future demand for coal in Australia and overseas. While there have been small scale trials of the technology, it needs to be developed at a commercial-scale.

The Government has established a \$100 million Global Institute to speed up the development of carbon capture and storage technology. It has also established the \$500 million National Low Emissions Coal Initiative to accelerate the development and deployment of technologies that will reduce emissions from coal use.