



## Australian Government

### **Submission on matters relating to the work programme for urgently scaling up mitigation ambition and implementation referred to in paragraph 27 of decision 1/CMA.3**

**May 2023**

Australia welcomes the opportunity to provide views on opportunities, best practices, actionable solutions, challenges and barriers relevant to accelerating just energy transition as the selected thematic focus for the upcoming global dialogue and investment-focused event under the Sharm el-Sheikh Mitigation Ambition and Implementation Work Program (MWP).

Australia recognises the urgency of the global climate crisis. The science is clear that further ambition is required to meet our collective goals, particularly from major economies. Foundations set this decade can significantly impact what can be achieved in decades to come. In response to this urgency, Australia submitted an updated Nationally Determined Contribution (NDC) in June 2022 with an increased ambition to reduce emissions by 43% on 2005 levels by 2030. Our updated 2030 target and commitment to achieve net zero emissions by 2050 were enshrined in legislation by the Australian Parliament in September 2022.

Australia is taking strong action to implement these targets, decarbonise our economy and work with international partners to scale up global action. This includes investing over \$20 billion to transform Australia's electricity supply so that 82 per cent of electricity will come from renewable energy by 2030. Australia recently announced the establishment of a national Net Zero Authority to support workers in emissions-intensive sectors to access new employment, coordinate programs and policies across government to support communities and help investors engage with net zero transformation opportunities.<sup>1</sup> The Australia Parliament also passed legislation in March 2023 to reform the Safeguard Mechanism, an important part of our domestic mitigation policy suite, to reduce emissions from Australia's largest industrial emitters and strengthen their competitiveness in a decarbonising global economy.<sup>2</sup>

### **Process**

Australia considers the MWP's global dialogues and investment-focused events as crucial new opportunities for Party and non-Party stakeholders to come together to build profile, momentum and investment confidence around global mitigation action, and opportunities for investment and collaboration.

The investment-focused events can attract and connect investors, collaborators and project proponents for global, regional and national projects and frameworks that drive further mitigation ambition and implementation action and help us achieve our collective goals under the Paris Agreement. To facilitate impactful outcomes that deliver the highest mitigation abatement potential, the MWP should have a practical focus on fostering enhanced cooperation between a

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<sup>1</sup> Department of Climate Change, Energy, the Environment and Water (DCCEEW) (2023), [Supporting Australian workers, industries and communities to power our net zero future \(dcceew.gov.au\)](https://www.dcceew.gov.au/workers-industries-communities-to-power-our-net-zero-future)

<sup>2</sup> DCCEEW (2023), Safeguard Mechanism, [Safeguard Mechanism - DCCEEW](https://www.dcceew.gov.au/safeguard-mechanism)

range of Party and non-Party stakeholders and supporting the development of action-oriented solutions.

The Annual Ministerial Roundtables on Mitigation, as mandated in 1/CMA.3, can provide a highly visible platform and annual political focal point for Parties to share mitigation-focused initiatives, declarations and collaborations, with view to attract other Party and non-Party stakeholders to join or invest. To give us the best chance of organising a successful roundtable that drives ambitious outcomes, high-level engagement should commence well ahead of COP28, particularly after the MWP's annual report is published.

The annual decision on the MWP by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) is a crucial opportunity to bring political attention to the work of the MWP, drive tangible action on the ground and feed back the decisions and ideas generated under the MWP into ongoing negotiating processes. To facilitate the negotiation of an ambitious and action-orientated CMA decision, Australia considers it essential for the MWP to be on the agenda for discussion at meetings of the Subsidiary Bodies, including SB58 in June 2023.

We note that the MWP will need to remain cognisant of the existing landscape of international work on mitigation and renewable energy. Where appropriate, the co-chairs and Secretariat should look for opportunities to bring forward as input, key outcomes from other relevant forums, such as the Clean Energy Ministerial, LeadIT, G7 and G20, International Energy Agency (IEA) Ministerial and International Renewable Energy Agency General Assembly.

### **Participation of Non-Party Stakeholders**

Paragraph 10 of Decision 4/CMA.4 requests that the dialogues should facilitate the “active participation of and interaction between Parties and relevant non-Party stakeholders”. We emphasise the need to ground discussions in the best available science and technical advice and would welcome the active participation of relevant experts, including from the Intergovernmental Panel on Climate Change (IPCC) and the IEA, alongside international financing bodies, agencies and mechanisms, other UN agencies, and representatives from relevant alliances, forums and organisations. Utilising scene-setting presentations at the beginning of each dialogue will provide important context and understanding of key current trends, technical advances and mitigation options.

We expect representatives from industry, the technology sector, research sector and civil society to be invited to participate in the first global dialogue and investment-focused event in June, along with future dialogues and events throughout the lifespan of the MWP. Alongside presentations from non-Party stakeholders, Australia would welcome the involvement of stakeholders engaged in the implementation of just energy transitions, including potential investors, representatives from industries that specialise in renewable energy technologies and labour organisations, as co-facilitators of sessions and breakout discussions. The active participation of non-Party stakeholders who are involved in the implementation of climate commitments is essential to maximising and accelerating mitigation action through the MWP. We expect the participation of non-Party stakeholders as presenters or session co-facilitators to be in addition to stakeholders nominated to attend by Parties.

### **Structure**

Australia supports multi-day dialogues and events that are organised alongside existing meetings on international climate, such as Climate Week. We welcome opportunities for regional dialogues with more specific focus on regional opportunities, challenges and actionable solutions to drive just

energy transitions. These could be organised in the margins of Regional Climate Weeks scheduled throughout the year. In-person attendance to dialogues and events should be encouraged, with virtual options for those unable to travel to support the broadest possible participation.

Australia supports global dialogues structured around presentations, including from non-Party stakeholders, as well as technical and policy discussions on specific sub-sectors or themes with an overarching purpose to enable the urgent scaling up of mitigation ambition and implementation, as relevant to a just energy transition. During investment-focused events, it will be important to utilise opportunities to demonstrate specific investment opportunities and enabling pathways, including by highlighting upcoming collaboration opportunities and the matching of supply to demand.

### **Outputs**

Australia would welcome the development and release of technical reports in advance of each dialogue to synthesise inputs, guide discussions and facilitate a focused exchange of views. We also highlight the importance of summary reports from each dialogue and event to summarise the key findings, opportunities and barriers that emerge from discussions, as reflected in Paragraph 15, Decision 4/CMA.4.

Dialogues and events under the MWP should inform the annual CMA decision including by reflecting on and profiling promising opportunities for energy transitions and areas where acceleration of investment can occur, with summary reports to serve as key inputs into deliberation by Parties on the decision.

In accordance with the MWP's mandate, the CMA decision should also serve to maintain global focus on the urgency of scaling up on pre-2030 mitigation ambition, including by continuing to call for Parties to enhance their 2030 targets, where they have not yet done so, and examining other ways to boost ambition consistent with emerging consensus, such as accelerating the deployment and uptake of renewable energy and improving energy efficiency.

### **The Just Transition Work Program**

Australia notes the request from COP27 that Subsidiary Bodies recommend a draft decision on the Just Transition Work Program (JTWP) at COP28. Australia views the MWP and the JTWP as distinct but complementary work streams. The JTWP provides a space to focus on the socioeconomic opportunities and impacts of energy transition, while the MWP focuses on enhancing mitigation ambition and implementation in this critical decade.

### **Opportunities, best practices, actionable solutions, challenges and barriers relevant to accelerating just energy transition**

Australia welcomes the nominated topic for the MWP in 2023 on accelerating just energy transition. Rapid and sustained transitions to renewable sources of energy and efficient technologies will be critical to achieving our goals under the Paris Agreement, and the consideration pathways to achieve just transitions will help ensure no one is left behind as we transition to a net zero world. We reinforce the importance of clearly structured dialogues and events with more focused sub-topics to guide discussions and facilitate a focused exchange of views, noting that Parties agreed in Decision 4/CMA.4 that 'the work programme shall be operationalized through focused exchanges of views, information and ideas'. We suggest the following sub-topics for discussion under the MWP in 2023.

#### **Economic opportunities in widespread uptake of renewable energy**

Alongside messages grounded in the best available science and clear signals detailing the consequences of overshooting our temperature goals, Australia supports profiling the economic opportunities of enabling greater renewable energy generation to progressively replace existing fossil fuel-based generation. Renewable energy technologies, particularly wind and solar, are the most affordable, widely available, sustainable and climate-resilient means of energy generation. In order to drive further mitigation action and achieve just energy transition, countries will need to realise the economic opportunities of transitioning to renewable energy sources to maximise development outcomes, create new jobs and diversify their economies. Australia supports focusing discussions under the MWP around renewable energy technologies with high abatement potential, with a particular emphasis on the environmental, economic and social benefits of widespread renewable energy deployment.

- **Wind power:**

Global wind energy generation is accelerating rapidly. However, the rate of wind capacity development must increase significantly to reach the level of wind energy generation required to achieve global net zero by 2050. The IEA identifies permitting for onshore wind and cost reductions for offshore wind as the most important areas for improvement to secure the necessary rate of sustained capacity growth.<sup>3</sup> While offshore wind capacity is in the early stages of development, with capacity present in only 19 countries, offshore wind energy is expected to grow significantly in the coming years due to growing policy support and wind energy targets. The Australian Government, for example, is investing significantly in offshore wind infrastructure to help fulfill our large-scale energy needs, support local industry and create new jobs, including for workers from fossil fuel sectors.

- **Solar PV:**

According to the IEA, energy generation from solar PV will need to grow by an average of at least 25% between 2022 and 2030 to reach global net zero by 2050. This will require a more than threefold increase in annual capacity deployment to 2030.<sup>4</sup> Greater policy ambition and public and private investment in solar PV is critical to enhance solar energy generation to the required levels, accelerate the integration of electricity grids and unlock the significant co-benefits of solar energy such as lower energy prices and regional development. As the country with the highest uptake of solar globally, with approximately 30% of homes with rooftop solar PV, Australia stands ready to draw on our own experiences during discussions through the MWP.<sup>5</sup>

- **Hydrogen:**

Hydrogen has the potential to be produced in a way that is both cost effective and emits drastically less carbon than traditional production techniques that rely on fossil fuels. Once produced, low emissions hydrogen can support new decarbonisation pathways in fossil fuel dependent sectors such as heavy transport and industry, chemical feedstocks, industrial process heat and long-term energy storage.<sup>6</sup>

The IEA's 2022 World Energy Outlook states that 'Investment in low-emissions gases, such as hydrogen, is set to rise sharply in the coming years...to reach over 30 million tonnes per year

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<sup>3</sup> IEA (2022), Wind Electricity Tracking Report, [Wind Electricity – Analysis - IEA](#)

<sup>4</sup> IEA (2022), Solar PV Analysis, [Solar PV – Analysis - IEA](#)

<sup>5</sup> DCCEEW (2022), Solar PV and Batteries, [Solar PV and batteries | energy.gov.au](#)

<sup>6</sup> DCCEEW (2022), State of Hydrogen 2022, pg. vi, [State of Hydrogen 2022 - DCCEEW](#)

in 2030.<sup>7</sup> The Australian Government recently announced an investment of \$2 billion in a new Hydrogen Headstart program to provide revenue support for large-scale renewable hydrogen projects and accelerate the development of Australia's hydrogen industry.<sup>8</sup> Current forecasts suggest that to limit global warming to 1.5°C, 15 per cent of global energy use by 2050 will be from hydrogen.<sup>9</sup> Alongside hydrogen's significant potential to accelerate global decarbonisation efforts, the development of new hydrogen industries around the world will also provide opportunities to create new jobs, and support regional development.

### **Overcoming transitional barriers by building social acceptance and promoting social inclusion**

Australia recognises that inclusive policymaking and community engagement to build social acceptance is critical for the success of the energy transformation. Social trust helps build resilience and cohesion across communities that may be impacted by the energy transition. Governments must ensure there are programs, policies and other mechanisms in place to build social acceptance and support workers from fossil fuel-based industries to access new employment and skills. This should include gender inclusive and human rights informed measures to leverage the process of structural change towards net zero which creates decent jobs at a large-scale, supports local economies and promotes social protection.

To enable a just energy transition, it will be necessary to listen to and understand the issues important to regional and remote communities, particularly Indigenous peoples, women and young people. Inclusive policy interventions, public investment and robust stakeholder engagement are needed to ensure no one is left behind and that everyone has the opportunity to engage and contribute solutions. Australia considers it will be beneficial for Party and non-Party participants in the MWP to share feedback, learnings and policy development in relation to community engagement, social inclusion and benefit sharing regarding the transition of energy systems.

- **Best practice community engagement and participatory decision-making for renewable energy deployment:**

Best practice community engagement to enhance positive social outcomes and benefit-sharing from renewable energy deployment is an essential feature of a just energy transition. For example, the Australian Energy Infrastructure Commission (AEIC) works collaboratively with all levels of government, scientists, experts, industry and the community to promote best practice engagement, information availability and effective complaints resolution regarding proposed and operational wind farms, large-scale solar farms, energy storage facilities and new major transmission projects. AEIC recommendations include early engagement, proactive efforts to identify and establish effective working relationships with key community stakeholders, the establishment of community consultative committees and formal complaints/ enquiry processes, and the provision of a range of information and educational opportunities for community members.<sup>10</sup>

Facilitating participatory decision-making and proactive, context-specific engagement with those who are most vulnerable to climate change, particularly Indigenous communities, women and young people, is also critical. Adhering to principles of gender equality, social inclusion, self-determination, and empowerment will help ensure climate action has a clear

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<sup>7</sup> IEA (2022), World Energy Outlook 2022, pg. 49, [World Energy Outlook 2022 – Analysis - IEA](#)

<sup>8</sup> DCCEEW (2023), Hydrogen Headstart Program, [Hydrogen Headstart program - DCCEEW](#)

<sup>9</sup> DCCEEW (2022), State of Hydrogen 2022, pg. vii, [State of Hydrogen 2022 - DCCEEW](#)

<sup>10</sup> Australian Energy Infrastructure Commissioner (2021), Annual Report 2021, pg. 46-50, [Commissioner's Annual Report 2021 \(aeic.gov.au\)](#)

focus on communities in vulnerable situations and enables meaningful participation of diverse groups. Australia welcomes opportunities to elevate diverse voices through dialogues and events under the MWP.

- **Regional Transformation:**

Regional Australia<sup>11</sup> is particularly vulnerable to the environmental and economic impacts of climate change. The Australian Government is strongly focused on supporting Australia's regions and workers to harness the opportunities of the transition to net zero. For example, the Powering the Regions Fund will support new jobs and the decarbonisation of emissions-intensive industries and help ensure regional Australians drive the national energy transition. The recently established national Net Zero Authority will have responsibility for ensuring the workers, industries and communities that have powered Australia for generations can seize the opportunities of the net zero transformation. We consider vulnerable remote and regional communities to be a beneficial sub-topic for the work of the MWP this year, particularly regarding the development and implementation of measures to help communities harness the opportunities of clean energy transitions.

### **Unlocking further private sector investment in mitigation action**

Australia considers that successful investment-focused events should stimulate opportunities for investment from a wide range of sources, including by connecting investors to potential project proponents. This should include a focus on how to stimulate, de-risk and unlock financing to help accelerate mitigation activities in all countries. We particularly recognise the need for greater investment to support mitigation action in Least Developed Countries and Small Island Developing States. Discussions in this forum should seek to complement, but not duplicate ongoing work under the Ad Hoc Work Programme on the NCQG and should align with discussions on the operationalisation of Article 2.1C of the Paris Agreement.

- **Leveraging public finance to unlock private investment in decarbonisation:**

The World Bank estimates that \$4-5 trillion per year of investment is needed to meet global decarbonisation goals, a sum that cannot be met by public finance alone.<sup>12</sup> Public finance can be leveraged to crowd in private capital and can be a crucial component in initial market development, to de-risk and provide an avenue for support where access to finance is most challenging. Australia considers the investment-focused events under the MWP an important opportunity for Party and non-Party stakeholders to come together to discuss opportunities and challenges in stimulating greater levels of investment in clean energy innovation, and other decarbonisation priorities.

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<sup>11</sup> 'Regional Australia' refers to regions beyond the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

<sup>12</sup> World Bank (2022), 'How private capital can be leveraged to fight climate change', [How private capital can be leveraged to fight climate change | World Economic Forum \(weforum.org\)](https://www.weforum.org/publications/how-private-capital-can-be-leveraged-to-fight-climate-change/)