



# Australian Pipeline Industry Association Ltd

## MEDIA RELEASE

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### MRET - NOT TIMING - A THREAT TO EMISSIONS MARKET

Australia's natural gas industry has warned that the Federal Government's emissions trading adviser, Professor Ross Garnaut, is missing an opportunity to encourage the best process for reducing the nation's greenhouse gas emissions.

The gas transmission body, Australian Pipeline Industry Association (APIA), said today Professor Garnaut had called for the market to determine the best and least expensive means of greenhouse gas reduction, over a 40-year timeframe.

However, APIA warned that he had not sufficiently highlighted the existing policy that will most distort the market - the Mandatory Renewable Energy Target, or MRET.

The Association warned the Government that an MRET level set too high, while encouraging clean energy, could lead to higher carbon emissions, in the short to medium term, if the emissions trading system is not appropriate.

"While Professor Garnaut's proposal follows sound economic theory, it ignores political reality," APIA Chief Executive Cheryl Cartwright said. "A scheme that can give the appearance that industry might 'not be doing enough' to reduce carbon emissions provides the potential for government intervention in the future.

"We encourage Professor Garnaut to also focus on the impact MRET will have on the market's ability to reduce carbon emissions," Ms Cartwright said.

"The MRET is an example of government 'picking winners'. It is a scheme that benefits the currently most developed green technology, regardless of the potential of other more innovative and efficient solutions.

"If the price of carbon in an emissions trading system working in conjunction with MRET is too low, rather than encouraging reduction of carbon emissions, the MRET policy could see an increase in investment in high emission coal-fired power generation, rather than investment in the 'transitional' fuel of natural gas.

"A high MRET target will force up the price of energy production so high that the non-renewable energy production costs will need to be reduced as much as possible - hence a focus on coal-fired energy.

"Rather than picking winners, the Government should encourage renewable energy development without ignoring the benefits of moving to natural gas in our transition to, eventually, fully renewable power sources."

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