

Greenhouse Gas and Climate Change Impacts on the Development of New Projects

Presentation to AAR Breakfast Seminar

Brisbane - 23th March 2007

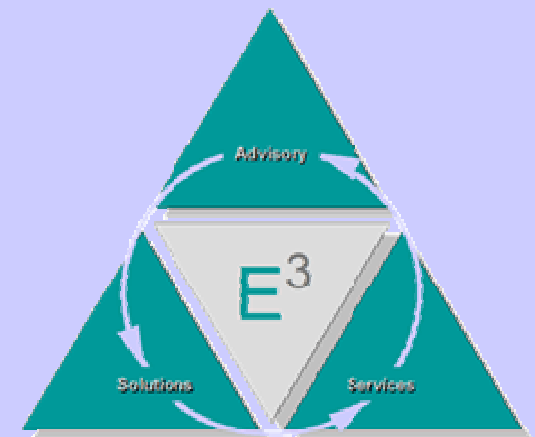
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Context - The Heat is On

- Media frenzy has stirred massive public acceptance of climate change

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Home » Opinion » Article

Trying to avoid the reality of climate change

By Ian Dunlop
October 24, 2006
Page 1 of 2 | Single page

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This may yet turn out to be the year in which Australia gets serious about climate change. Community concern has been growing for some time, but even last month, during Al Gore's *Inconvenient Truth* visit, the Federal Government preferred denial, epitomised by Industry and Resources Minister Ian Macfarlane's immortal comment on the film: "It's just entertainment, and really that's all it is."

For far too long Australian debate has remained stuck on the question of whether climate change is man-made, a debate that we will not know the answer to for decades. Meanwhile, scientific opinion has moved strongly to the view that human activity,

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Context - The Heat is On

- Emergence of pro-action business constituency

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Australian Business Roundtable on Climate Change

Welcome

Our Aim

The Australian Business Roundtable on Climate Change was formed to advance the understanding of business risks and opportunities associated with climate change and to help develop effective policy frameworks and market conditions for our low carbon future.

Why We Need To Act Now

Climate change poses serious threats to Australia's economy. Uncertainty about future climate policy heightens the risks associated with investment.

The Roundtable's report shows that delaying action will increase the impact climate change has on the community and the likelihood of a disruptive shock to the Australian economy.



"Climate change is a major business risk and we need to act now."

Australian Business Roundtable on Climate Change



Context - The Heat is On

- Government/regulators have been accused of creating a policy vacuum



smh.com.au
The Sydney Morning Herald

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PM must follow Blair on CO2 cuts: ACF

March 14, 2007 - 3:44PM

Australia should follow British Prime Minister Tony Blair's lead and enshrine climate change action in national law, the Australian Conservation Foundation (ACF) says.

The foundation wants Prime Minister John Howard should to commit to strong, deep cuts to carbon dioxide emissions.

Britain has become the first country to propose laws setting binding limits on greenhouse gases.

In its draft Climate Change Bill, the British government wants CO2 emissions to be cut by at least 60 per cent by 2050.

It has set out five-year carbon budgets to achieve the target and created an independent monitoring committee to check annual progress.



smh.com.au
The Sydney Morning Herald

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Economy put at risk by climate inertia

Peter Garrett
March 20, 2007
Page 1 of 2 | Single page

In the past week the debate on climate change reached a watershed. Finally, after years of inertia over the future of our planet, we saw the promising signs of meaningful action. European leaders committed to a 20 per cent reduction in carbon emissions by 2020.

“ They are clear signals that climate change presents an economic challenge. But it is also true that along with the challenges there are some substantial opportunities. ”

The Canberra Times

Monday, 19 February 2007

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Climate change debate heats up but Howard's unflappable

Andrew Macintosh

WATCHING the Federal Government duck and weave on climate change is like watching afternoon television - mind-numbingly repetitive. So, if you were wondering where the greenhouse debate is headed, the best guide lies in the events of the past.

Context - The Heat is On

- **Media frenzy has stirred massive public acceptance of climate change**

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- **Emergence of pro-action business constituency**

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- **Government/regulators have been accused of creating a policy vacuum**

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- **Real risk of policy being made on the run and project developers working to a moving feast of requirements**

What to do?

Acknowledge and plan for greenhouse early!

- **Understand potential footprint**
 - **Direct emissions**
 - **Indirect emissions**
 - Upstream
 - Downstream

What to do?

Acknowledge and plan for greenhouse early!

- **Understand potential footprint**
- **Abatement/offset opportunities**
 - **Physical options to reduce direct emissions**
 - **Potential future options (retrofit CCS etc)**
 - **Offset Opportunities**

What to do?

Acknowledge and plan for greenhouse early!

- **Understand potential footprint**
- **Abatement/offset opportunities**
- **Risk Management**
 - **Regulatory exposure**
 - **Impact on supply and demand for product**
 - **Contract exposure**

What to do?

Acknowledge and plan for greenhouse early!

- **Understand potential footprint**
- **Abatement/offset opportunities**
- **Risk Management**
- **Approach to Strategy Development**
 - **Portfolio approach**
 - **Consider multiple scenarios**
 - **Develop response strategies**

Insights can be summarised as follows:

- Acknowledge the issue
- To invest in any long life asset requires more certainty than present policy can currently provide
- Prospect of future constraints requires comprehensive scenario planning
- Be imaginative and inclusive
- Suite of actions is likely to be required