



**OFFICE OF  
THE HON MARTIN FERGUSON AM MP  
MINISTER FOR RESOURCES AND ENERGY  
MINISTER FOR TOURISM**

PO BOX 6022  
PARLIAMENT HOUSE  
CANBERRA ACT 2600

C09/2918

Ms Frances Egan  
Conference of Leaders of Religious Institutes  
New South Wales  
PO Box 259  
ROSEBERY NSW 1445

16 OCT 2009

Dear Ms Egan

Thank you for your letters of 14 September 2009 to the Treasurer, the Hon Wayne Swan MP and Martin Ferguson concerning the Watermark article 'Coal: a dirty word'. The Minister has asked me to respond on their behalf.

The Rudd Government places a high priority on addressing climate change. The Government has ratified the Kyoto Protocol and committed to a long term emissions reduction target of 60 per cent of 2000 levels by 2050. The Government has developed a comprehensive and integrated package of measures to achieve major reductions in emissions across a variety of sectors and industries.

This comprehensive approach is reflected in the *Carbon Pollution Reduction Scheme (CPRS)* which will introduce pricing penalties on greenhouse gas emissions. The CPRS is complemented by the *Renewable Energy Target (RET)* which represents the equivalent of many billions of dollars in incentives for renewable energy. This compares to the price penalties that the CPRS will impose on fossil fuels.

The Government also has programs in place to support and encourage energy efficiency and direct investment programs that support renewable energy and low emissions fuel technologies. The *Clean Energy Initiative (CEI)* announced in the 2009-10 Budget supports both renewable energy and low emissions technologies for fossil fuels. Major elements of the CEI include \$1.6 billion for large scale solar power stations, \$465 million for the Australia Research Centre for Renewable Energy (ACRE) and \$2 billion to support large scale demonstrations of carbon capture and storage (CCS).

It is worth noting that coal currently provides over 80 per cent of Australia's electricity generation capacity. Coal is also our largest export commodity and is the lifeblood of many of our rural and regional communities.

Coal's share of future power generation will decline in favour of renewable energy and less greenhouse gas intensive fuels such as natural gas. However, because of the time it will take to prove up the viability of large scale renewable energy generation and to construct alternative generating capacity, coal will continue to play a vital role in meeting Australia's expanding energy needs well into the future.. Technological solutions to reduce greenhouse gas emissions from coal use are essential in achieving our emissions reduction targets at reasonable cost.

The Australian Government has also committed \$400 million through the National Low Emissions Coal Initiative (NLECI) to support a national strategy aimed at ensuring low emissions coal technologies including CCS are available for deployment in Australia by 2020.

Australia is certainly not unique in its use of coal as a fuel source. The International Energy Agency report, *Energy Outlook 2008*, indicates that coal will remain the dominant fuel for global electricity generation for several decades, even with anticipated growth in renewable energy generation. Australia is the largest coal exporter in the world, but many other countries also have large coal reserves and are significant exporters. It is unrealistic to expect that even a total cessation of Australia's coal industry would result in a significant reduction in global usage of coal.

It is therefore vitally important that domestic and international greenhouse gas abatement solutions include policies that support the development and deployment of low emissions coal technologies as well as renewable energy. The level of support provided by the Government to the coal and renewable energy sectors reflects what each need to develop and deploy these technologies.

I note that your letter and the Watermark article come to the conclusion that clean coal technology is not the right solution for Australia. However, I suggest that your conclusions about challenges facing clean coal technology are also applicable to renewable energy. No one technology on its own is likely to be sufficient to enable Australia to achieve a sustainable low emissions future. Rather we are most likely to be able to achieve our target through a combination of technologies which when operating together provide the community with the energy it demands for a price it is in fact prepared to pay.

Thank you for taking the time to write to the Government. I trust this information has been of assistance to you.

Yours sincerely

A handwritten signature in black ink, appearing to read "Neil Roberts". The signature is fluid and cursive, with a long horizontal stroke at the end.

Neil Roberts  
Adviser