

An aerial photograph of three offshore wind turbines in a vast blue ocean. The turbines are white with three blades each, and their bases are yellow. The sky is a mix of blue and white clouds. The text is overlaid on the bottom left of the image.





Climate Capital Forum

Smart Energy Council Summit – March 2024

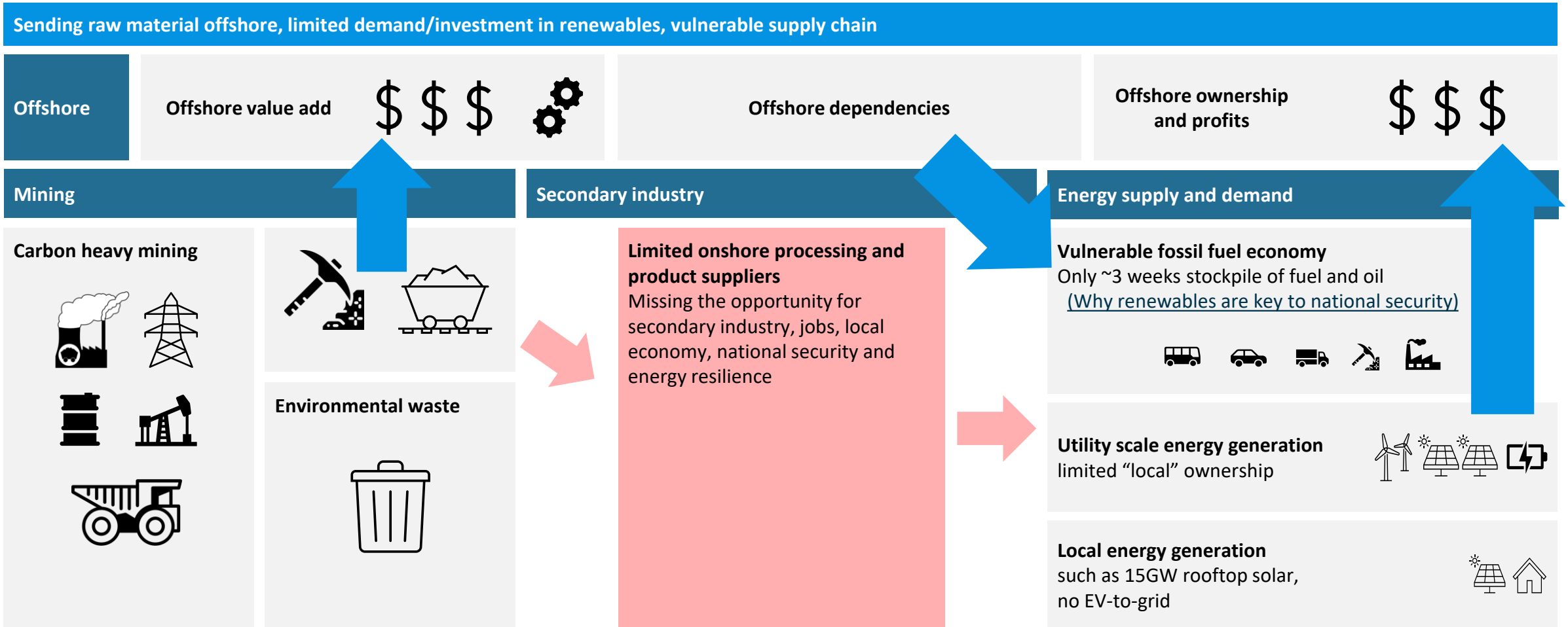
Blair Palese, forum founder

The *Energy Transition* is the opportunity of a lifetime

A critical junction and we need to act now

-  • Global supply chain bottle necks → Make Australia Make again
-  • Local supply chain development → Removing critical national security vulnerabilities
-  • Investment opportunity → Sharing wealth making opportunities with regional communities and first nations and enabling greater security and self resilience
-  • Rise of peer-to-peer technologies/systems/structures → New investment models, new shared ownership models (with energy market reform)

Current Australian climate economy

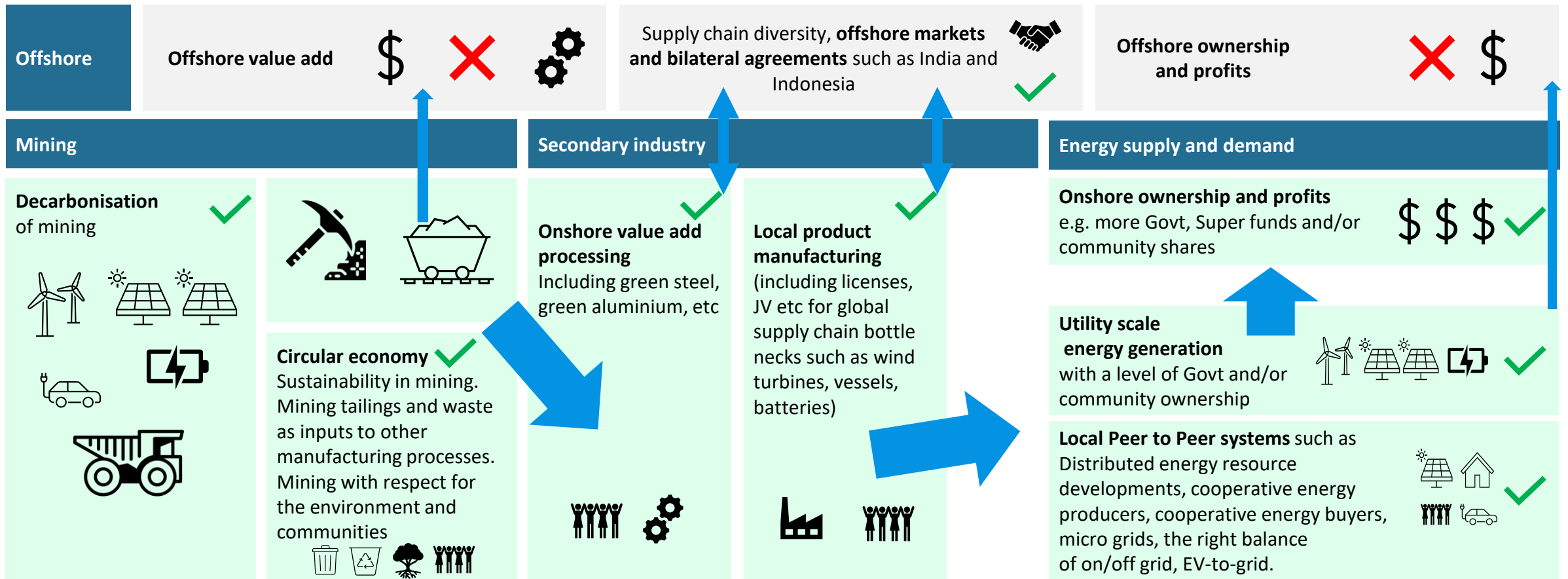


A value-adding Australian climate economy

Establish targets, investment, grants, research, demand incentives, improve biodiversity and decarbonisation, regional community and first nations inclusion

Establish *comparative* disincentives

Building national security and local economy through energy security, local manufacturing, local communities, and trading the excesses internationally



Strategic financing & policies for a value-adding Australian climate economy

Australia should aim to be a renewable energy powered-critical minerals superpower

Federal Government:

- Rewiring the Nation
- Powering the Regions Fund
- National Reconstruction Fund
- Critical Mineral Development Program

Independent Federal Statutory Bodies:

- Grants & RD&D: ARENA
- Debt: CEFC
- VC: Virescent Ventures
- Infrastructure: NAIF
- Export Finance: EFA
- Equity: Future Fund

State Governments:

- CleanCo (QLD)
- SEC (Victoria)
- Accelerated Infrastructure Fund (NSW)

Enabling regulatory environment

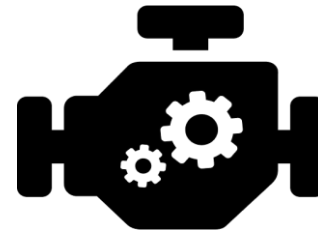
New Public-Private ownership/
investment structures

Bilateral Trade Partnerships (e.g. Japan, Singapore, India & Indonesia)

Federal funding

Time limited R&D tax incentives

Super fund and retail access



Crowding in private capital

More profits stay onshore

Exporting Embodied Decarbonisation

The HOW: Short term actions

- Complete the proposed reforms to the Safeguard Mechanism (what we call Australia's Big Polluters Program) to bring in a high, credible and lasting price on carbon emissions with transparency and integrity, so as to ensure Australia's biggest polluters directly reduce their emissions in Australia (using the Avoid > Reduce > Restore > Compensate > Offset hierarchy), with a focus on credible timely action and a limit on the use of emissions offsets, recognising they should only be used as a last resort.
- Take government action to protect our domestic industries by exploring an Australian Carbon Border Adjustment Mechanism (CBAM) in conjunction with our trade partners.
- Set a new, longer-term, science-based emissions reduction target. We recommend an ambitious 75% reduction in emissions (on 2005 levels) by 2035 to ensure a clear and consistent market signal for all Australian businesses and industrial sectors.
- Adopt the full recommendations of the Chubb Review and those of other experts and set limits on carbon offsets for businesses to ensure real, measurable emissions reductions in alignment with the climate science and our Net Zero Emissions commitment.
- Ensure its Powering the Regions Fund is only allocated to zero emissions technologies or projects that will accelerate and facilitate pivotal investments to permanently reduce the project's emissions at least in line with our national 43% target by 2030. Fossil fuel export facilities are trade exposed, but have zero risk of being offshored, so it is key our government prioritise assistance to trade exposed facilities at real risk of global competitive disadvantage, rather than those with the loudest lobby groups. Also ensure all public funding processes are transparent, that facilities applying have outlined a timeline and plan for decarbonisation and require that they report on progress to zero emissions.
- Governments must ensure First Nations and regional communities are included centrally in efforts to develop climate solutions, particularly in their communities, and are consulted on new climate finance incentives, alternative ownership models and wealth sharing opportunities for Australia.
- Establish a new Make Australia Make Again program to drive smart energy and smart transport manufacturing in Australia and add value to the mining of metals and rare earth minerals.
- Establish dedicated and significant direct federal debt, equity, infrastructure, grant, export credit and venture capital funding in partnership with state governments to strategically speed up Australia's transition to smart energy in a similar, but Australian, version of the US Inflation Reduction Act, and prioritise majority Australian ownership of strategic new projects.
- Develop a national plan to support rapid electrification of homes and communities that includes government as guarantor for low income households and operators of public and community housing transitioning to solar, electric vehicle charging, batteries and appliances. Extend the government's role in the provision of affordable loans, expanded access to finance and enhancing existing schemes such as NatHERS and NABERS to sustainably lift our green residential and commercial building standards in a nationally consistent way.
- Develop a series of bilateral zero emissions trade agreements with our key trading partners including China, the European Union, India, Indonesia, Japan, South Korea and the US, and expand the recent Singapore and Japanese agreements.

The HOW: Fundamental reforms

- Refocus its Future Fund to prioritise strategic public equity investments in zero emissions technologies and value-adding our critical minerals onshore powered by renewables or, alternatively, establish a new Sovereign Wealth Fund funded by progressive mineral and fossil fuel royalties specifically for this purpose.
- Set a new longer-term, science-based emissions reduction target – a 75% reduction in emissions (on 2000 levels) by 2035.
- Establish a strong, credible and lasting carbon price system to significantly reduce emissions and drive decarbonisation reforms.
- Set a clear timeline for phasing out government fossil fuel subsidies and banning all new fossil fuel projects.
- Reform the Australian energy market to encourage and enable peer-to-peer, community, cooperative, distributed energy, storage and DRM resources, and private-public partnerships for renewable energy, storage and utilities.
- Establish mechanisms for blended financing that allow higher-risk patient public capital to de-risk strategic opportunities to enable capital to be crowded in from investors, particularly leveraging Australia's enormously powerful A\$3.3 trillion of fully funded superannuation capital, the fourth largest such financial pool in the world.
- Establish time-limited tax incentives to encourage catalytic RD&D capital for climate solution innovation (as per the US, California; recognise and address Aust's challenge with a smaller end consumer market than other countries/regions).
- Create the enabling regulatory environment to package financial investments from companies engaged in climate solutions so they are accessible to retail investors and superannuation portfolios (e.g. Green Bonds, and ensuring low-carbon index fund options become the default option, with an opt-in for high carbon exposed indexes) at scale whilst effectively regulating against greenwash.