

30 June 2024

Australian Sustainable Finance Institute (ASFI)

Lodged via [online survey](#)**Sustainable Finance Taxonomy: Public Consultation (May 2024)****ELECTRICITY GENERATION AND SUPPLY****Do the headline ambitions reflect Australia's highest national goals for climate and environmental sustainability?**

Yes- CEIG believes the headline ambitions reflect Australia's highest current national goals for climate and environmental sustainability. These headline ambitions should be aligned with Australia's stated policies, commitments and targets.

Additional considerations:

Australia's ambition should align with the 1.5°C target to fully capture the benefits of the energy transition, including emissions reductions, economic benefits, and reduced climate risks. Australia has committed to the 1.5°C target under the Paris Agreement and set an emission reduction target of 43% below 2005 levels by 2030, aiming for net zero by 2050 or earlier.

For the electricity sector, the federal government is working towards a renewable energy target of 82% by 2030, although we note that this falls short of the 1.5°C pathway. Given this, there may be a need to consider jurisdictional ambition that exceeds federal targets, similar to the goals outlined in the Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP).

To be on track for a 1.5°C decarbonisation pathway, our research found that Australia needs to deploy large-scale renewable energy capacity at a rate of 5.5 GW per annum from 2025¹. Achieving this requires a significant and urgent shift in policy and regulatory approaches.

Additionally, it should be noted that the 2035 Nationally Determined Contributions (NDCs) are due by February 2025, with the Climate Change Authority expected to submit advice to

¹ https://ceig.org.au/wp-content/uploads/2022/07/CEIG-x-Baringa-Report_2023-Final.pdf

the Minister for Climate Change and Energy on Australia's 2025 target in the fourth quarter of 2024.

Do you agree with the proposal to provide the market with system-level advice for energy utilities or portfolios of assets that contain gas firming facilities? If so, please provide feedback on what issues should be covered in the advice.

Yes- CEIG agrees with the proposal.

Are the proposed Technical Screening Criteria (TSC) usable and clear? In this context, usability of criteria refers to whether they are comparable, clear, objective and easy to understand.

No- CEIG has concerns about the inclusion of 'low-carbon gas' as 'green'. Further clarity is needed on the qualifying factors and classification of low-carbon gas. CEIG recommends changing the term 'low' to 'zero' emissions hydrogen/gas. By defining what makes an investment truly sustainable in the clean energy sector, the taxonomy is likely to increase investor confidence.

Are the proposed TSC credible? In this context credibility of criteria refers to whether a transparent scientific approach aligned to the Paris agreement temperature goal was used, informed by the latest technological understanding.

No- CEIG supports a science-aligned sustainable finance taxonomy to achieve 1.5°C. However, we do not agree with classifying gases as low-carbon without scientific validation.

CEIG recommends establishing independent, scientific criteria for classifications. We also recommend avoiding the inclusion of activities that prolong the life of emissions-intensive assets. Supporting 'low-carbon gases' might extend the life of such assets, hindering the adoption of zero emission alternatives across the energy system.

Emissions trajectories should be fully integrated into the criteria to account for both the immediate impact and future implications of activities, as well as to consider potential unintended consequences of the criteria. This will provide investors with the necessary information regarding the sustainability performance and climate impact of their potential investments.

Additionally, the classification of different investment types should be carefully considered to distinguish between those contributing to the clean energy transition and those that are not sustainable. This includes defining the role of gas as a temporary measure during the transition to a clean energy system. While investing in gas may reduce emissions in the short term, it should not be considered as a long-term solution.

Are there any activities for which the TSC are unclear?

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Yes- Further clarification is needed on the classification of 'low-carbon gas' as 'green', as previously mentioned.

Are there any activities for which further guidance is required?

No

Are there any additional activities that should be included, which comply with the taxonomy methodology?

No