

WELCOME TO ANOTHER CAL NEWLETTER

Australia is inexorably heading towards the introduction of the carbon pricing legislation and some companies are well prepared and others are hoping it will go away. The doom and gloom from certain sectors are likely to disappear when people realise that Australia will still function post July 1, 2012. The increased petrol and electricity prices that have already occurred are likely to have a far greater impact than the introduction of a price on carbon.

It is unfortunate that the Government seems to think that a price on carbon will be all that Australia will need to fight climate change. Considerably more attention will need to be paid to increasing energy efficiency across Australian industry. The Government also needs to be mindful of the potential impacts of peak oil and the ramifications of "unburnable carbon" - see below for more information.

It is curious that when there are many indicators that support climate change is occurring globally, popular opinion is moving the other way. During the recent Republican Primaries in the US, contenders did not mention climate change - for fear of what? The swing to the Right in recent Australian state elections has resulted in more scepticism about the science of climate change.

Climate Alliance believes that climate change should be treated as a risk management issue. Business leaders need to address the issue with an open mind and decide what actions, if any, they need to take to mitigate their risks. Some of the risks could be:

- Supply chain risk - does your business have long supply chains that could be interrupted by severe weather events?
- Competitive risk - what are your competitors doing in this area and how could this disadvantage your business?
- Stranded assets - if your business lends money to others, is there a risk they will end up with stranded assets?
- Does your company enter into long term contracts to buy or sell energy? Which party is responsible for the carbon price?

The issues associated with climate change have been obfuscated by extreme positions on both sides. This has made it more difficult for time poor business executives to arrive at an appropriate position. However, Climate Alliance believes that there are substantial profit opportunities for companies to improve their energy efficiency and to reduce waste.

ROLE OF EU BUSINESS & GOVERNMENT

Liz Bossley, Climate Alliance Advisor, was interviewed by the Graduate Institute Geneva on the state of the EU markets and the global outlook for emissions reductions. She comments on the role of business and Governments on reducing emissions and the opportunity available to the EU to keep the current low carbon intensity at current levels.



Liz Bossley

See <http://vimeo.com/31782873> for the video of the interview.

CITY OF SYDNEY TO GENERATE ITS OWN POWER

A large percentage of the energy used to generate power is lost in its generation and transmission. More is lost if your business is using the old fashioned tungsten lighting. The City of Sydney is tackling this problem by generating its own power in the city. This reduces transmissions losses, but importantly provides the opportunity to use waste heat for other purposes - such as heating or cooling. If power is generated in large, centralised power stations, this heat is lost to the atmosphere.



CLIMATE ALLIANCE

A business essential.

The City of Sydney says that the network will provide 70 per cent of the electricity requirements in the local government area



and reduce emissions by around the same quantum. Project Director Allan Jones thinks it could achieve more than that – particularly with the introduction of energy efficiency measures and other technologies such as building integrated solar.

See here for details:

<http://bit.ly/HPMUga>

ENERGY WHITE PAPER - REQUESTS FOR COMMENTS

The Federal Government has asked for comments to its recently released Energy White Paper. Advisor to Climate Alliance, Adjunct Professor Alan Pears has submitted his response to the paper. Alan commented that the paper is far too heavily focused on the energy supply side, with inadequate attention being given to the opportunities available from improved energy efficiency. He observed the Government was placing too much reliance on the coming carbon legislation and ignored recent trends in reduction of power use. Read more here:

<http://bit.ly/HO3yd6>

Mr Ian Dunlop, a regular speaker at Climate Alliance events made similar observations. Ian focused on the major trends in the energy industry and highlighted the prognosis from other reputable bodies. He makes the point that Australia needs visionary leadership to address the emergency of a world that will experience more than a 2°C warming. He also notes that the Government has not paid sufficient attention to the likely effects of peak oil or the risk that investors face from stranded assets due to the effects of unburnable carbon. Read more here:

<http://bit.ly/J70FsJ>

WHAT IS UNBURNABLE CARBON?

The budgetary approach to managing emissions is based on the premise that the Earth's atmosphere has a limited capacity to accept greenhouse gases (If the Earth were the size of a basketball, the atmosphere would be the thickness of a layer of varnish). It is generally agreed that in order to stay below a 2°C global temperature rise, we are limited to a total of 1,000 billion tons of greenhouse gases being emitted into the atmosphere. Given the past emissions and the current rate of about 30 billion tons per year, the International Energy Agency (IEA) estimates that the Earth's carbon budget will be used up by 2017 - a mere five years away. "The door is closing," Fatih Birol, chief economist at the IEA, said. "I am very worried – if we don't change direction now on how we use energy, we will end up beyond what scientists tell us is the minimum [for safety]. The door will be closed forever."

See over.

If the world is to stay below 2°C of warming, then emissions must be held to no more than 450 parts per million (ppm) of carbon dioxide in the atmosphere; the level is currently around 390 ppm. But the world's existing infrastructure is already producing 80% of that "carbon budget", according to the IEA's analysis. This gives an ever-narrowing gap in which to reform the global economy on to a low-carbon footing."



"If current trends continue and we go on building high-carbon energy generation, then by 2015 at least 90% of the available carbon budget will be swallowed up by our energy and industrial infrastructure. By 2017, there will be no room for maneuver at all – the whole of the carbon budget will be spoken for, according to the IEA's calculations."

Carbon Tracker has highlighted the exposure of the London Stock Exchange. A number of very large mining companies are heavily exposed as they have oil, gas and coal reserves that may not be usable - if the world's governments really aim to keep global warming below 2°C. Read more here:

<http://bit.ly/xTDvSY>

GENERATING POWER IN QUEEN STREET



Citiclub on Queen, Melbourne

Harry Chua, the owner of Citiclub nightclub in Queen Street and a director of Climate Alliance, has a special goal in the next 12 months: he wants his hotel and conference centre to be carbon neutral.

To achieve that, he is happy to be a guinea pig in a new scheme that provides cheaper loans to fund environmental upgrades of commercial buildings.

That money is available through a trust - the "Australian environmental upgrade fund" - that is managed by Eureka Funds Management, with NAB and Low Carbon Australia providing the capital. Capital repayments are made through Melbourne City Council rates. Low Carbon Australia (LCA), set up by the Federal Government in 2010, has more than \$100 million in funding.

Read more: <http://bit.ly/JBKS08>

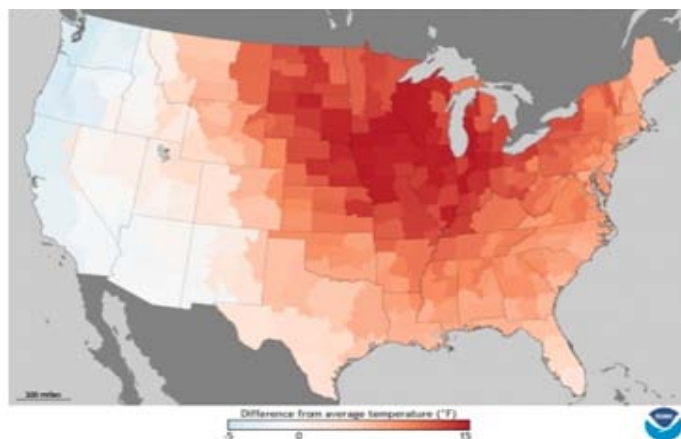
MARCH 2012 BREAKS WEATHER RECORDS IN NORTH AMERICA

Climate change may be impacting North American weather. Temperatures in March 2012 have broken all records and scientists are working hard to analyse the data.

Climate Central - "Due to the extraordinary heat wave that sent temperatures soaring to summer-like levels across the eastern two-thirds of the country, March was officially the warmest such month in history for the Lower 48 states, the National Climatic Data Centre (NCDC) announced Monday. The heat wave was unprecedented in its scope and magnitude for so early in the year, with many locations breaking longstanding records by up

to 40 degrees Fahrenheit. The U.S. surface temperature record dates back to 1895."

Read more: <http://bit.ly/lz51TV>



*Surface temperature departures from average during March 2012.
Credit: NCDC. Click on the image for a larger version.*

CLIMATE ALLIANCE RECOGNISES BUSINESS LEADERSHIP

In 2012, Climate Alliance will continue its very successful program to recognise Australian business leaders. Nominations for the four categories: Board, Executive, Innovative Company and Company Secretary will close in August.

Please consider nominating for the 2012 Climate Leadership awards!

KEY DATES 2012

Sustainability Managers Seminar - June 13, 2012. CAL will invite a practising director to speak about how the challenges of climate change and the new carbon legislation are viewed in the boardroom.

National Conference and Leadership Awards - September 20, 2012.

Liz Bossley Speaking Tour - early October, 2012.

Climate Alliance Membership

Business leaders are cordially invited to join Climate Alliance and benefit from networking opportunities, invitations to events and access to information that deals with the opportunities and risks of climate change. See website for details and registration forms.

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About Climate Alliance

Climate Alliance is a not-for-profit, membership based company that collects and disseminates information on climate change. Our primary focus is to provide independent, business-oriented information to Company Directors, to help them inform themselves about the opportunities and risks resulting from climate change. We do not consult, lobby or develop policy.