

The Australian nuclear debate we have to have

A very rational commentary.

The Sydney Morning Herald
July 18, 2006

Australia has a massive opportunity to increase its share of the global energy trade. With the right policies, we have the makings of an energy superpower. Australia is the world's largest coal exporter, accounting for 30 per cent of world trade. We have significant reserves of natural gas and could be the world's second largest liquefied natural gas exporter by 2015.

We hold close to 40 per cent of the world's low-cost uranium reserves.

We have extensive renewable energy resources. Hydro, wind and solar represent a small part of our energy mix and other potential sources such as hot dry rocks are yet to be tapped.

Energy is the single largest contributor to global emissions of greenhouse gases. Meeting the challenge of climate change will require changes to the way the world produces and uses energy.

To meet the goals of prosperity, security and sustainability, Australia needs an energy policy that is pragmatic, rational and flexible. This boils down to building Australia's energy advantage based on proven strengths; not putting all our eggs in one basket; and investing in leading-edge clean-energy technology while being pragmatic about what technologies help us reach our goals.

The Government's energy policy emphasises the role of new low-emission technologies. Renewable energy will play an increasing role in the mix. But pragmatism, rationality and flexibility also call for realism about this role. The cost of delivering low-emission electricity from renewable sources remains very high. Coal, oil and gas will continue to meet the bulk of Australia's energy needs.

Australia is determined to pursue an effective global response on climate change that encompasses the world's major emitters. Unfortunately, Kyoto did not meet this test.

Global greenhouse emissions are projected to grow by 40 per cent by 2012 within the Kyoto framework. In the absence of Kyoto, they would have grown by 41 per cent. A central flaw of Kyoto is its reliance on a distinction between developed and developing countries which makes little sense when translated into global emissions.

Australia contributes about 1.4 per cent of global CO₂ emissions. If we stopped emitting all carbon dioxide tomorrow it would take 10 months for the growth in China's emissions alone to eclipse our global reduction.

The other fundamental flaw of Kyoto is that it can lead to distortions in economic activity without any environmental benefit. A good way to think about this is through the prism of the \$25 billion liquefied natural gas deal between Australia and China.