

2007 / ISSUE 2

EDITORIAL

# **CARBON OFFSETS – GUILT OR GAIN?**

Carbon offsets are the hot issue with many companies, local councils and individuals seeking to become carbon neutral. The voluntary carbon trading market is growing rapidly with new traders entering almost weekly. But there are reports of 'junk offsets', dodgy science and possible scandals. TEC decided to get in on the ground floor before serious risks to the market's credibility emerged.

The push for carbon neutrality is important. Even if Australia has an emissions trading scheme it won't make quick gains and is likely to start off with some low targets. That leaves a significant space for individual and corporate action in the battle against global warming. The carbon offset market provides that opportunity and could be worth hundreds of millions of dollars in the near future.

TEC's Green Capital program ran events in Sydney, Melbourne and Brisbane for over 900 business, NGO and state and local government representatives. 'Going Carbon Neutral – reality or hot air?' interrogated the carbon market and heard from key practitioners. In addition TEC published 'Carbon Neutral Watch – corporates, consultants and credibility' which canvassed all of the big issues with the new voluntary carbon market. There was a high level of media interest.

Perhaps surprisingly TEC came out against tree plantations as useful offsets. They are risky as they only sequester carbon slowly and are open to later release if there is a fire or disease; or calculations about growth may be in error if they grow more slowly than predicted. Some traders even ask for payment for future growth in advance! – it's called future value accounting and was used by the failed corporate giant Enron. The biggest problem with tree planting is that it allows business as usual, that is greenhouse pollution, to continue unabated as guilt–free pollution.

It is much better if the carbon neutral aspirant first seeks an accurate picture of the carbon footprint; reduces onsite energy use; and purchases green power. If an offset is still needed, the carbon market is now beginning to offer energy efficiency (generated at other locations) and even waste recycling credits. There could also be a role for avoided deforestation, if it can be reliably shown that clearing of native vegetation would have occurred.

As a result of our entry into the offset debate, discussions in Australia about what features will give credibility and integrity to the market have accelerated. A number of companies have met with TEC to test their proposals. In a welcome move the Rudd Labor Opposition announced it would regulate the market and some industry players are thinking of their own standard. Similar issues have emerged overseas and a number of international bodies are also developing standards.

TEC has said it will undertake a survey of the carbon offset industry. This is likely to start later in the year after we have fully tested the key issues and the industry has had a chance to sort out some of the obvious problems. Hopefully by 2008 we will see the emergence of a voluntary carbon trading industry that is making a proven and genuine contribution.

JEFF ANGEL, Director

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The future of NSW's energy and greenhouse future is back on the agenda with the recently announced Owen Inquiry into the Supply of Electricity in NSW. The State has an abundance of energy efficiency and renewable energy options, but Premier Iemma has already indicated, before the Inquiry has even started, that coal is on the agenda.

When the NSW Government last considered building more coal-fired power there was significant public opposition. Since then, awareness about global warming has passed the 'tipping point' and community opposition will now have multiplied many times. 40,000 people got out of bed on the weekend to attend last year's Walk Against Warming in Sydney. That's at least 40,000

people who are actively engaged in the debate and present a very real risk to any government, company or investment bank wanting to build an unnecessary, polluting coal-fired power station.

Total Environment Centre has identified enough energy savings, renewable energy and gas-fired power stations to meet NSW's energy needs for decades. These can be achieved with a 25% by 2020 renewable energy target; the stabilisation of our energy consumption by 2010; and meeting peak demand needs with energy savings or gasfired power. The Inquiry needs to overcome the energy market's bias towards the incumbents: coal-fired generators, networks ('poles and wires') and energy retailers. All three sectors are set to earn huge profits from selling more electricity.

The 'X factor' is the emergence of emissions trading and a cost on carbon finally recognised as a political reality by the Howard Government. If the Owen Inquiry recommends more dirty coal and the NSW Government goes down that reckless path, NSW consumers could be lumped both with years of unnecessary greenhouse pollution and sky-rocketing electricity bills as outdated infrastructure is stranded.

We will be urging the NSW Government to recognise, as the market is beginning to, the massive social cost of pleasing vested interests that are still pushing industrial revolution era relics when the world has moved on.

#### STOP PRESS:

TEC has just issued a new assessment of the economic benefits of early action on greenhouse emissions. Look for 'Economic Impacts - the value of action' Briefing Note 2, on our website.



**DAVID BURGESS, Natural Areas Campaigner** 

TEC's freedom of information request to the Sydney Catchment Authority has revealed the extent of concern SCA officers have over current and future longwall mining in the Woronora Special Area. One report describes the feeder swamp for the Waratah Rivulet (which comprises 30% of the Woronora Dam catchment) as 'collapsed' and 'failed', while other documents show senior SCA scientists believe water quality and quantity to be compromised. They also regard work carried out to repair the damage as unsuccessful. The documents show recent assertions by Peabody Energy and Primary Industries Minister Ian MacDonald that no water has been lost and the damage repaired, to be false.

The issue of longwall mining in the Woronora and other supply catchments will come to a head when Peabody Energy submits a plan to mine under the Waratah Rivulet for a further 2km up to the storage area itself. The SCA have indicated that they will oppose future mining under significant watercourses. However the Department of Primary Industries has shown little inclination to take other agencies' concerns about mining damage and inadequate environmental assessment into account with recent mine approvals.

Longwall mining will make even further incursions into Sydney's southern catchments should approvals for BHP Billiton's Dendrobium Stage II and the Gujarat NRE mine go ahead. On the Central Coast, where water levels have been critically low, the proposal to mine coal within the supply catchment has been met with much opposition at both community and local government level.

Meanwhile nationally endangered swamps on the Newnes Plateau in the Blue Mountains, continue to suffer as longwall panels extend beneath them, while the Moolarben Project in the central west has major environmental concerns.

TEC continues to call for 1km buffer zones to protect rivers, swamps and aquifers from longwall mining, approval powers to be spread across the agencies and a moratorium on new approvals while commissions of inquiry are being held in the southern coalfields and the Wyong Shire. The industry argues that a 'one size fits all' buffer is not appropriate as geology in the different coalfields is not the same. But what is the same is the environmental destruction caused wherever longwall mining occurs and we need a precautionary policy towards the environment.

TEC's FOI dossier, 'What happened to the Waratah Rivulet? can be viewed on our website.





The booklet 'Safer Solutions for Safer Renovations' written by Jo Immig aims to increase awareness amongst renovators about the most common indoor pollutants encountered during renovations such as Formaldehyde, Copper Chrome Arsenate, PVC and Volatile Organic Compounds.

In addition to a description of the most common indoor pollutants the booklet provides renovators with advice on safer products and information about where chemical free products and materials can be sourced.

Research conducted prior to the project identified the increasing trend of women being involved in home renovations. It identified that the majority of material selections are made by women. Jo Immig said, 'This increasing trend of women undertaking renovations calls for far greater awareness of the risks associated with the chemicals they are likely to come into contact with while renovating. Recent findings place chemical exposure from common household products high on the list of possible causes for the increase in breast cancer.

Research also found that the home renovation cycle is often geared to parenthood whereby there is a tendency for people to embark on renovations when they are starting a family. According to Jo, "Expectant parents need to be especially wary of the increase in chemical pollution that can result from nursery renovations. Many parents acting with the best intentions will freshly paint and carpet a nursery but in doing so unwittingly place newborns in a highly toxic environment. Babies are at greatest risk from chemical exposures because their skin absorbs up to three times the amount of chemical absorbed by adults."

TEC's Safer Solutions project is supported by the NSW Environmental Trust and is part of the Our Environment It's a Living Thing program. For lots of new information see our website - www.safersolutions.org.au. We also have free booklets and 'purse' cards on renovations, home chemicals and the garden.

## **CAMPAIGN UPDATES**

State and federal environment ministers have announced they will be producing options for an extended producer responsibility scheme for electronic waste. TEC has been working with e-waste recyclers to bring the massive problem of the dumping of millions of computers in landfill to the attention of government. A number of local councils have also adopted TEC's proposed resolution calling for government action.

#### Metro Strategy

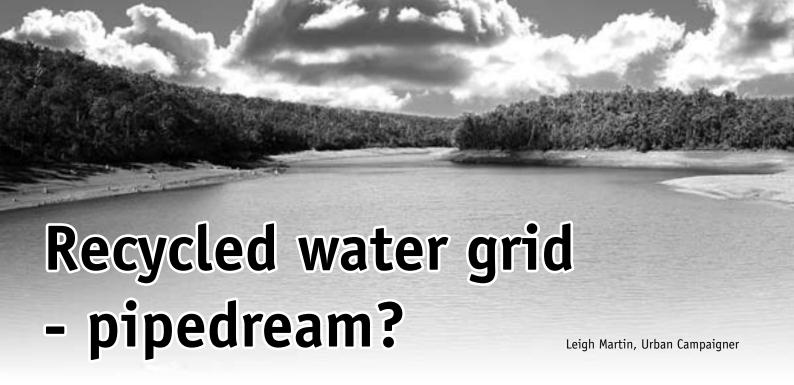
Sydney's growth strategy is gradually being rolled out. Currently we are assessing whether protection of bushland pockets will be sufficient in the new suburbs and urging more open space in existing areas that will be subject to urban consolidation. We are also campaigning for a long term transport plan. Sydney will continue its slide to environmental and congestion disaster without a major push on public transport.

#### Land Clearing

We're hopeful that private native forestry will be subject to a new regulated code of practice in coming months. Ever since the 1970s, governments have been talking about curbing the irresponsible logging that can leave streambanks and once lush forest on private land, almost denuded. TEC is also pressing for protection of regrowth as a future timber resource and as part of restoration of the landscape, instead of its conversion to cropping or grazing land.

#### **Plastic Bags**

State environment ministers are moving to ban or levy the free supermarket plastic bag. Tens of millions are littered every year in Australia. A recent survey by TEC of supermarket practices found that agreed industry targets and practices were not being achieved.



The recent NSW State Election saw intense attention focused on urban water management. With major supply and demand imbalances in many areas, developing sustainable water solutions will be a major criterion by which the performance of the re-elected Iemma Government is judged.

One of the Government's key election commitments was a plan to construct a recycled water grid for Sydney over 25 years to produce 100 gigalitres of water for industrial and outdoor use. While a commitment to increased recycling is welcome, the extremely long timeframe raises questions about the extent of the Government's commitment to recycling against building additional desalination modules. While the reason for the very long rollout period of the recycled water grid has not been made clear, TEC believes it should be sooner.

The NSW Government should show a serious commitment to recycling by shortening the timetable for development of the recycled water grid to 10 years.

Development of recycling must include consideration of opportunities for indirect potable reuse. These considerations should be divorced from politics and focus on cost effectiveness, practicality and environmental impact.

This will require development of policy for increasing the use of recycled water and facilitating recycled water projects, detailed investigation of recycling opportunities and possible projects and implementation of policies, projects and targets.

Urban water agencies such as Sydney Water, Hunter Water and the newly created Central Coast Water Corporation are not well placed to perform these functions. These organisations have an entrenched business model of providing water from existing sources and expertise within the corporations is focused on this activity. A clear conflict of interest also exists with revenue for the water corporations currently dependent on sale of water from existing supplies.

To remove potential conflicts of interest and to ensure objective advice on recycling to government should establish recycled water office or directorate. This office would be responsible for policy development, investigation of potential projects and development of recycling targets.

#### **Central Coast**

Major challenges exist on the Central Coast with the Government proposing the expensive environmentally damaging Tillegra Dam on the Williams River in the Lower Hunter with massive inter-basin transfers to the Central Coast. Proposals also exist for an expensive and energy guzzling desalination plant. Both of these options are unnecessary with improved demand management and sustainable recycling options already identified that will secure supply for equivalent periods and at a much lesser cost than desalination or a new dam. The NSW Government should ensure that these sustainable options are pursued in preference to environmentally damaging approaches.

#### Phantom water saving plans

Finally the Water Savings Plan program should be resuscitated. Under this program business and State Government agencies using more than 50 million litres of water a year were required to submit plans for saving water.

As identified by TEC earlier this year the program is seriously behind schedule with the Government having failed to approve the majority of private sector plans and no plans approved for government agencies. The program must also be strengthened with requirements that plans be implemented and improved procedures for assessing and publicly reporting performance against them.

# Report from above the Planet NEM Dear Green Earthers, As you may know the planet NEM (the National Electricity Madet) was formed in Passabar 1998, although portions have

As you may know the planet NEM (the National Electricity Market) was formed in December 1998, although particles had been coalescing throughout the 1990s, led by extra-terrestrial electricity industries.

The planet is ruled by a Supreme Council (the Council of Australian Governments – COAG) with a subsidiary council overseeing general activities (the Ministerial Council on Energy – MCE) and a security force called the SCO. Activities are governed by an elaborate set of National Electricity Rules (at the moment running to 936 pages) which are applied by two national bodies: the Australian Energy Regulator (AER) and the Australian Energy Market Commission (AEMC). The AER directly regulates the electricity industry and the AEMC is the keeper of the Rules.

If Earthlings would like to see these Rules changed they must apply to the AEMC, but the planet is surrounded by a powerful force field, through which only the electricity companies can travel. The main principles that determine the planet's orbit are "competition" and "efficiency" (in their narrow economic sense), and these are set out in the overarching "Objective" of the Rules.

TEC sent a little spacecraft up a few years ago and it has been circling the planet NEM ever since. At regular intervals we have been beaming through to the planet an important message (with no success) – that the greenhouse gas emissions from their fossil fuel generators are directly contributing to dangerous climate change on Earth. TEC is trying to impress upon them that one strategy to lessen these impacts is to modify the Rules to reduce electricity consumption overall – through demand management – and to promote renewable energy production.

Lately though, it seems like there could be a weakening in a small sector of the force field. Unusual communications are occasionally being received from the planet, as if they may actually be receiving our messages and are opening their minds to include demand management in their deliberations.

We are taking advantage of this potential ripple in the field by putting together a set of proposed changes to the National Electricity Rules. The main focus is to try to persuade them that modifications of the Rules can be made to manage electricity demand better, that is, to reduce consumption and promote energy efficiency.

It used to be that electricity industries were owned and regulated by the individual states on Earth, but now control is being progressively passed into the hands of the big NEM Council on the planet. We are concerned that in this move valuable principles may be lost. Therefore, TEC – and other small ships around the planet NEM – are also proposing a change to the Rules to incorporate social and environmental principles, and we have produced a declaration to the planet NEM called "Power for the People" (available at www.tec.org.au).

Yours respectfully, Glyn Mather, NEM Advocate

# **Gas Bottle Blues**

Exploding gas bottles that threaten lives and the viability of recycling operations are the latest problem product to epitomise government failure including the NSW Government's refusal to use its own powers under the Waste Avoidance and Resource Recovery Act (WARR Act).

BBQ gas bottles and LPG cylinders that appear to be empty always have some remaining propane. The gas can explode and cause severe burns and cause extensive damage to recycling equipment. To be rendered safe, they need to be completely emptied. But there is no system to do this and the sale of 'disposable' bottles is on the rise. Around 7 million cylinders are in circulation and those reaching their end-of-life are being dumped and piling up in landfills, transfer stations and metal recycling plants.

Metal recyclers and landfill operators are bearing the brunt. Last year two explosions in Queensland caused severe burns and critically injured a landfill operator and a tractor driver. This year, the NSW Department of Environment and Climate Change prosecuted metal recycler, Sell and Parker, for an explosion in 2005. But it's the NSW Government, not recyclers, that has failed in its duty to get these hazardous products out of the waste stream.

For example, dangerous gas bottles could easily be regulated for extended producer responsibility (EPR) regulation under NSW's WARR Act. The Government should require producers to implement a program to collect, decommission and dispose of old, outdated or damaged bottles. As part of that program, manufacturers should be required to apply a refundable deposit on the bottles to get people to bring them back. They should also require a small advanced recycling fee to pay for the safe decommissioning of the bottles.

TEC is calling on governments to immediately include gas bottles in the list of EPR priority wastes and stop blaming the recycling industry for the problem.



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