

National Climate Change Response White Paper

BUSA submission to
Parliamentary Portfolio Committee
November 2011



Departure point

- South Africa less than 1% of global emissions
- Transition to a low carbon economy essential
- Costs of transition needs to be understood
- Risks, costs and opportunities need to be understood
- Focus on implementation



General

- White Paper objective: fundamentally change structure of the economy
- Significant implications for national imperatives of growth job creation and poverty alleviation
- Balance between mitigation and adaptation achieved
- Extensive reliance on new plans
- Challenge of coherence remains



Implementation

- Role of private sector needs to be recognised
- Copenhagen commitment based:
 - on the collective outcome of a range of nationally appropriate mitigation actions
 - conditionalities
 - deviation from business as usual
 - path to lower carbon economy
- Range of supporting instruments
 - Market
 - Regulatory



Key elements in transition to a lower carbon economy

- Accurate and up to date national GHG inventory
- Emissions reduction trajectory
- Allocation of responsibility
- Understanding of risks, costs and opportunities
- Market instruments



GHG inventory

- Inventories to date relied on voluntary collection of data from industry and other custodians of data
- Did not achieve complete coverage
- Must be made mandatory to ensure complete coverage
- BUSA has MOU with DEA
- DEA project on web based collection and mandatory reporting supported



Emissions reduction trajectory

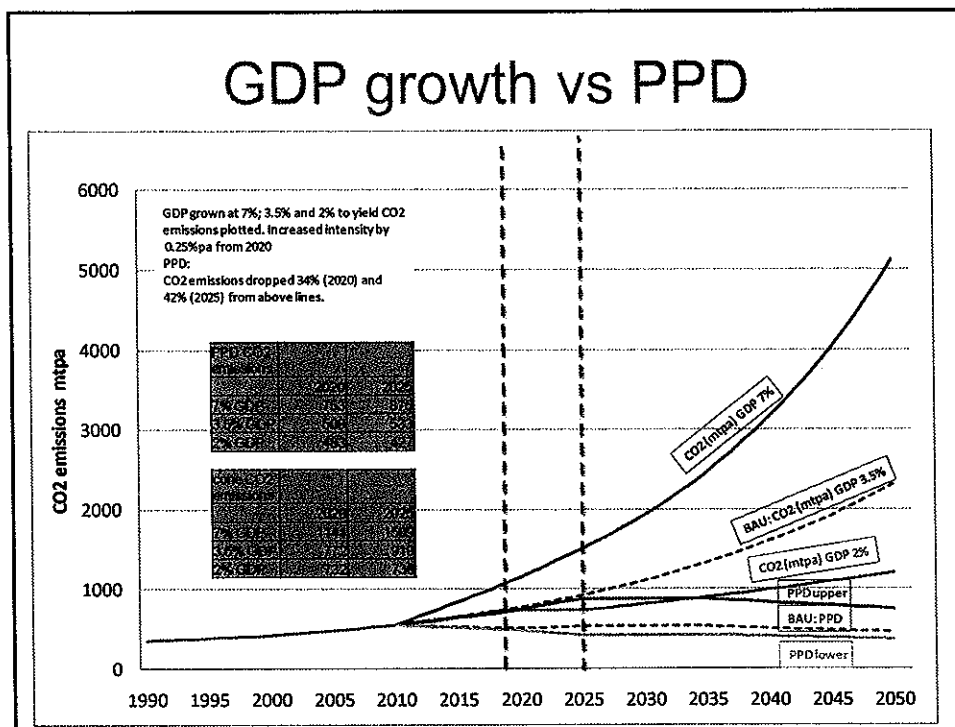
- Approach essentially caps emissions
- Not based on up to date emissions inventory
- White paper recognition that refinement may be needed
- Refinement requires:
 - Agreement on approach to uncertainty
 - Iteration between bottom up and top down
 - Agreed sustainable methodology



Benchmark trajectory emissions

	Actual/estimated (Mt)	Lower limit (Mt)	Upper limit (Mt)
2009	540		
2013/14	570		
2017/18	600		
2020		398	583
IRP 2020	693	398	583
2025		398	614
IRP 2025	655		
2050		212	420





Allocation of responsibility

- Carbon budget essentially allocates carbon caps to different sectors and companies
- Unless done carefully could have unintended industrial policy implications
- Must be undertaken
 - in collaboration with affected sectors and economic departments
 - on the basis of technically feasible and affordable mitigation options
 - in light of conditionalities

Risks, costs and opportunities

- Business intends to work with Government on planned assessments as set out in the White Paper
- Critical to understand impacts in order to mitigate negative impacts
- Opportunities to be exploited
- Trade offs to be made



Market instruments

- Carbon tax
 - Impact of electricity prices
 - Understanding of sectoral impacts
 - Important that pass through is transparent
 - Imperative that synergy with other instruments is achieved
- Incentives
 - Tax allowances
 - Competitiveness Support



Carbon budget and tax

- Carbon budget = national allocation plan
- Trading scheme:
 - Below allocation: sell
 - Above allocation: buy
- Tax
 - Less than or equal to allocation: no tax
 - Above allocation: tax



Flag ship projects

Business already actively engaged in:

- Water Conservation and Demand Management
- Renewable energy
- Energy efficiency and energy demand management
- Waste management



Way forward

- Rigorous methodology needs to be developed to:
 - refine the emission reduction trajectory
 - allocate responsibility
 - determine the risks, costs and opportunities of the transition
- Establish synergies between carbon tax and carbon budget

