



 Centre for Energy and Environmental Markets









## Public Forum: Allocation Challenges

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## The organisers

Environmental Economics Research Hub part of the Commonwealth Research Facilities (CERF) programme financed by the Department of Environment, Water, Heritage and the Arts

[http://www.crawford.anu.edu.au/research\\_units/eerh/](http://www.crawford.anu.edu.au/research_units/eerh/)

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## Allocation challenges

Who pays for the permits?

Where does the auction revenue go to?

1. Session: Allocation challenges
2. Session: Impacts on different stakeholders
3. Session: Use of auction revenue to address
  - adverse impacts
  - drive areas in which other market failures exists e.g. energy efficiency, infrastructure investments, technology innovation



## Allocation proposals

Green Paper	Allocations should progressively move towards 100% auctioning as the scheme matures, subject to provision of transitional support for emissions-intensive trade-exposed industries and strongly affected industries.
Garnaut	100% auctioning; Cash (option free allocation) to provide transitional assistance for Emissions-intensive trade-exposed industries.
NETT	Mix of auctioning and free allocations. Free allocation to generators and trade-exposed energy intensive industries (TEEII).
TGET	Mix of auctioning and free allocations. Assistance to TEEII and redress disproportionate (that is, significantly larger than average) losses in asset value..





## Use of Auction revenue proposals

Green Paper	Every cent raised will be used to help Australians – households and businesses – adjust to the scheme and to invest in clean energy options.
Garnaut	50% should be returned to the household sector Up to 30 % could be returned to the business sector as payments to trade-exposed firms 20% should be allocated to support for research, development, commercialisation of low emissions technologies Cash reserves should be used to purchase international permits/offsets to reconcile domestic emissions with international commitments.
NETT	Priority uses for revenue may be R&D in low-emissions technology or support for groups adversely affected. Other part divided among the State and Territories in a way that produces equitable outcomes’.
TGET	Support the emergence of low emissions technologies and energy efficiency initiatives. Over time to compensate households and businesses.

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## Treatment of Households

Green Paper	Low-income households increase assistance through the tax and payment system and all households with other assistance to address the impact on their living standards Increase payments to people in receipt of pensioner, carer, senior and allowance benefits and provide other assistance. Provide assistance to middle-income households Review payments to beneficiaries and recipients of family assistance Provide additional support through the introduction of energy efficiency measures and consumer information.
Garnaut	Assistance could be provided through the tax and welfare system, and to facilitate greater efficiency in energy use and reduce dependence on emissions-intensive goods and services.
NETT	Assistance warranted for households, in particular low-income households, to manage higher energy prices as a result of the scheme. A wide range of measures should be considered, including energy efficiency.
TGET	Does not identify a preferred method of assistance, but notes that households should not be shielded from the price incentive to change behaviour.

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Are there more options?

Which are the most appropriate options?

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