



**International climate policy update**  
October 2016



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## No going back

The northern hemisphere summer of 2016 will be one for the history books. The United States National Oceanic and Atmospheric Administration ["NOAA"] announced that July was the hottest month ever recorded since modern instrument record-keeping began in 1880. Then, in September, it was announced that atmospheric carbon levels have reached 400 parts per million, the carbon tipping point from which there is said to be no recovery.

However, despite these developments, a number of governments and organisations have announced or inked a number of milestone climate deals in recent weeks to combat climate change.

## International action

### Canadian Federal Carbon Tax

Prime Minister Trudeau unveiled a carbon price for Canada at the start of October and coming into effect in 2018. The carbon pricing system will start at \$8 per ton of carbon pollution climbing to around \$40 per ton by 2022 in an attempt to cut Canada's emissions by 30% by 2030.

It is expected that province-based carbon taxing systems will further underpin the federal legislation in emissions-intensive provinces such as Alberta and Saskatchewan.

### Aviation Industry Climate Agreement

Shortly after Prime Minister Trudeau's announcement, the International Civil Aviation Organisation struck an agreement to materially limit the industry's contribution to carbon emissions.

The agreement requires airlines to buy carbon credits to offset their emissions. The pricing of the credits is expected to be approximately 2% of industry revenue. The increase in operating costs is designed to incentivise airline operators to upgrade their fleets to more efficient aircraft and look for other ways to reduce their carbon emissions.

The industry accounts for around 2% of global carbon emissions, roughly the same amount as Canada. The aviation industry expects daily passenger movements to double over the next two decades from 8 million in 2016 to around 16 million, by which time it is expected to contribute as much as 10% of global emissions.

### Paris Accord Ratification

The European Parliament voted to ratify the Paris Climate Accord on the same day the aviation agreement was reached. 197 countries were signatories to the agreement which binds them to take action to limit rising global temperatures to no more than 1.5c.

While the Paris Accord has its detractors, who in some cases have argued that meeting the targets would require a restructuring of the global economy, it is a milestone agreement with global leaders all recognizing the immediate threat of climate change and the anthropogenic impact of carbon emissions.

### International Agreement to Reduce Hydrofluorocarbons ["HFC's"]

HFC's are commonly found in household appliances like air conditioners and refrigerators and have an atmospheric warming potential of as much as 1,000 times that of carbon dioxide.



With demand for air conditioning expected to increase by 72% globally over this century, this agreement of critical importance to begin the transition away from the production HFC's in household appliances.

The agreement developed economies like the European Union and United States to cease production of HFC's by 2018 with emerging economies halting production and use by 2024 and India, Iran and Saudi Arabia in 2028.

## So What?

The wide-reaching agreements struck by industry and world leaders in recent week's highlights the universal acknowledgement of the impact of anthropogenic carbon emissions and the devastating impact on our atmosphere and environment.

However, these agreements are not without detractors who rightly highlight the economic challenges in implementing such climate policies which directly impact industry and the global economy.

Despite the numerous challenges, these agreements are a major step in the right direction to reduce the carbon intensity of major industry around the globe.

## About Climate

### Capital

Climate Capital is a renewable energy generation developer specialising in solar, wind and energy storage, with as much as 500MW of projects currently under development on its own account in Australia.

Climate Capital delivers renewable energy solutions lead by its team of developers, who combined have originated and delivered over 1GW of projects across Australia, and leverage the experience, capability and networks of its domestic and international commercial partners.

#### Sources:

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