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Paper argues bioenergy needs more support

A discussion paper released today suggests that carbon trading alone will not be enough to stimulate a significant bioenergy industry in Australia.

Carbon Trading and Renewable Energy – a discussion paper on carbon credits and bioenergy developments for forestry and agriculture – was released today at the Bioenergy Australia 2008 conference in Melbourne. It was produced by Bioenergy Australia and the Rural Industries Research and Development Corporation (RIRDC).

The paper shows that the development of biomass energy crops in agriculture and forestry can be a win-win for the environment and primary producers, but that a low-carbon price under the proposed Carbon Pollution Reduction Scheme (CPRS) would not be enough to stimulate large-scale investment.

It argues that targeted policy for development of the renewable energy sector will be needed in parallel to the CPRS, at least until the carbon price reaches \$65 per tonne. This is consistent with current policy - the Australian Government has indicated that the national Renewable Energy Target (RET) scheme and the CPRS will run in parallel, at least until the CPRS market is mature enough to drive investment in renewable energy.

The paper has been released at Australia's pre-eminent bioenergy conference to stimulate discussion on the further development of the biomass energy sector.

RIRDC General Manager New Rural Industries and Bioenergy Australia chair, Dr Roslyn Prinsley, said the agriculture and forestry sectors and the wider public would benefit from a bioenergy sector.

“In effect, trees and other plants are batteries, taking the energy from sunlight and storing it in chemical form that can be used to generate electricity, heat and liquid fuels. In addition to providing an energy source that can replace fossil fuels, the tree crop also acts as a reservoir for carbon, helping to further reduce greenhouse gas emissions.

“Combining bioenergy production - for instance, using mallee trees as a fuel source – with carbon credits can lead to a lower overall cost of bioenergy production,” Dr Prinsley said.

The paper argues that targeted policy for renewable energy development along with the CPRS is crucial to helping Australia achieve deeper cuts in carbon dioxide emissions and make the transition to a low-carbon economy.

“At a modest carbon price the CPRS on its own will only stimulate investments in the lowest cost technologies, such as co-firing of biomass with coal, and will not provide the stimulus to generate significant investment in bioenergy projects. However as the industry expands, production efficiencies will be realized, reducing the cost of production and making biomass energy more competitive against energy derived from fossil fuel sources,” Dr Prinsley said.

“A bioenergy industry will be good for Australia, reducing our reliance on fossil fuels, cutting greenhouse gases, creating new jobs (particularly in regional areas) and developing technology and services that have export potential.”

The discussion paper is available at www.rirdc.gov.au

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