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News release

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Green Power slugs wrong people – Institute

Green Power schemes are an ineffective way to reduce greenhouse gas emissions, according to a new report by the Australia Institute. The schemes are unfair and amount to a ‘tax on concern’ of those willing to pay more for clean electricity.

The report concludes that, while Green Power schemes have stimulated development of some new renewable energy sources, the benefits have been quite small. Initial market research indicated that 65% of people were willing to pay more for clean energy, but after four years fewer than 2% of customers in NSW and 1% across Australia are participating.

Under Green Power schemes, consumers can elect to pay a premium price for electricity in order to contribute funds towards the development of new sources of renewable energy.

“We can’t expect 2% of electricity consumers to solve our huge greenhouse problem”, said report author and Institute Research Fellow Richard Denniss. “If we are serious about climate change then we must get the other 98% of customers involved.”

Under the Kyoto Protocol, Australia is required to limit greenhouse gas emissions to 8% above 1990 levels by around 2010. But government figures show that emissions are already 20% above 1990 levels, with most of the growth coming from the electricity sector.

“All users of coal-fired electricity should pay for the damage caused by burning coal”, said Institute Executive Director, Dr Clive Hamilton. “In the current scheme those with the best intentions are paying the highest electricity prices. This is perverse.”

The Institute says that the Federal Government should impose a carbon tax or equivalent emissions trading scheme to increase the price of dirtier forms of electricity compared to natural gas and renewables. This would discourage growth of coal-fired electricity, raise much more revenue than Green Power schemes and provide the basis for the energy industries of the 21st century.

Taxing Concern: The performance of the Green Power scheme in Australia
can be read on the Institute website at www.tai.org.au.

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