

December 12, 2007 02:14am AEDT

Carbon capture key for coal: Garnaut

Greg Roberts | December 12, 2007

COAL-FIRED power has no future in Australia unless ways are found to reduce its carbon emissions, while nuclear energy will be too expensive, according to the man drawing up a climate change strategy for the Rudd Government and the states.

On the eve of departing for the Bali conference, economist Ross Garnaut said it could be three years before Australia knew what post-Kyoto emission targets it would have to meet beyond 2012. Professor Garnaut also indicated he believed China and India should agree to mandatory emission-reduction targets.

He said the future of coal-fired power in Australia depended on the success of carbon sequestration - the extraction and storage of carbon monoxide. "If we can make it work at a reasonable cost, then coal has an expanding future," he said in Brisbane.

"To produce the same amount of electricity you are going to have to produce more coal, because there is energy used in the sequestration process."

However, if economic ways of reducing emissions were not found, "there will come a time where there won't be new coal-fired power stations".

Professor Garnaut said the nuclear option had to take into account the considerable costs associated with community concern. "They are real costs that would affect the viability of the industry in Australia," he said. "In Australia I doubt, when all the work has been done, that nuclear would be commercially viable."

Although a draft road map circulating in Bali urges developed nations to reduce emissions by between 25 and 40 per cent below 1990 levels by 2020, Professor Garnaut said it could be 2010 before Australia knew its post-Kyoto targets. "The Bali meeting will be developing a framework for what happens after 2012," he said. "The understanding is that a couple of years in advance is the right timetable. Between now and the end of next year, the international community will be working towards the post-2012 arrangements. I don't think we need firm numbers now."

Professor Garnaut hinted that China and India should agree to mandatory targets for emission reductions, which they have rejected, along with other developing nations.

"If the world problem is going to be solved then all the major countries, including China and India, are going to have to break the nexus between economic growth and emissions," he said. "China and India rely heavily on coal, much of it from Australia. It's very much in our interests for China and India to find ways of keeping up their economic growth but making that consistent with lower emission levels."

Professor Garnaut warned that Australians would pay a price for meeting the challenges of climate change, but he said the cost of doing nothing would be higher.

Electricity bills and the cost of water in cities would rise. The cost of permits under a carbon trading system would be passed to consumers. The biggest cost would be the development of alternative energy sources such as wind.

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