

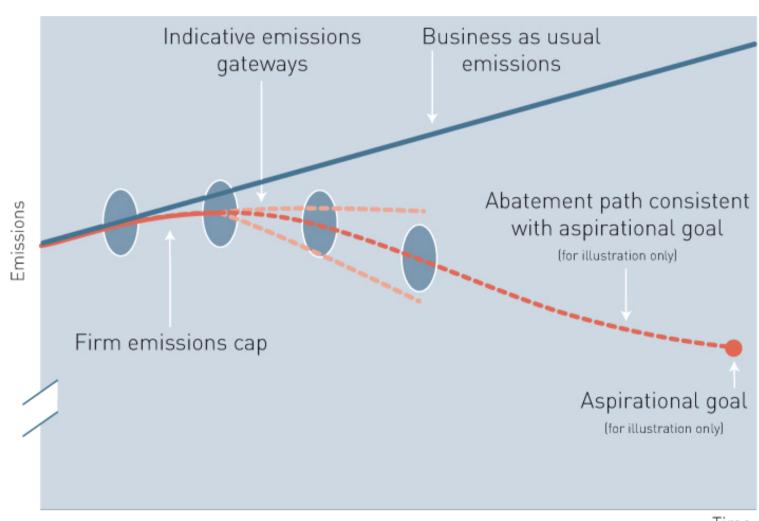


The Australian Emissions Trading System

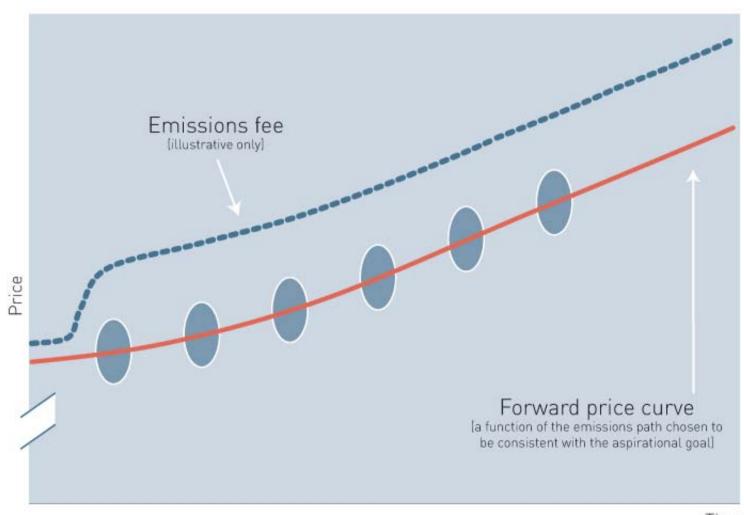
Climate Change Group

Department of the Prime Minister and Cabinet

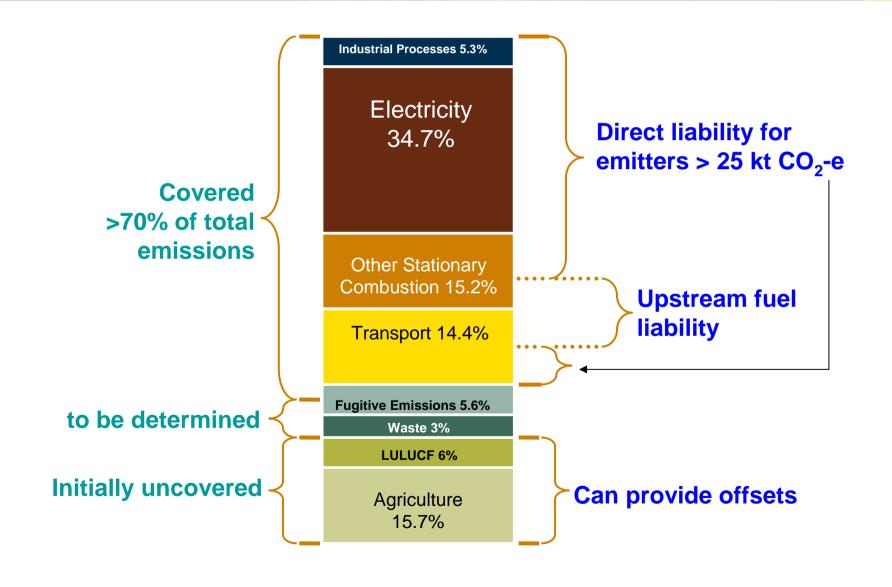
The Emissions Trajectory



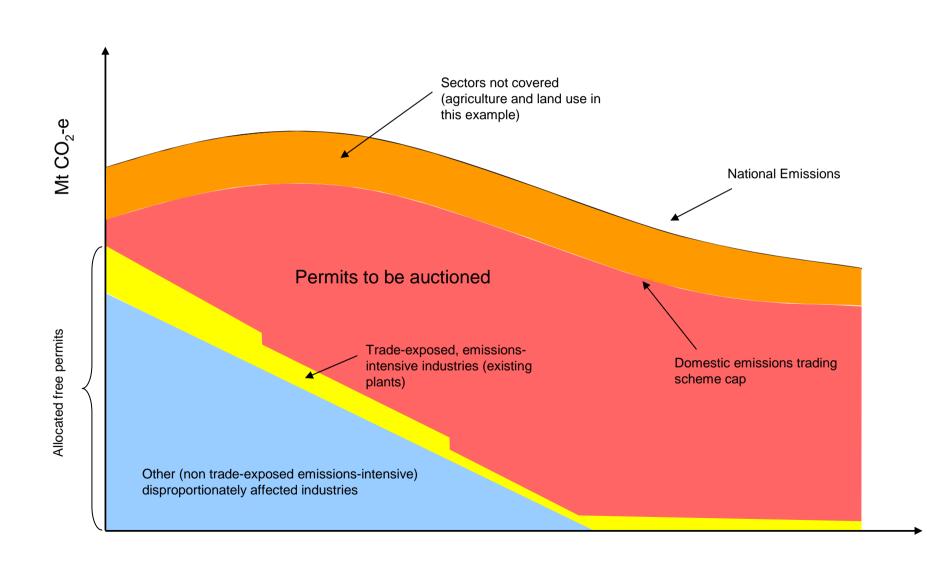
The Forward Price Curve



Coverage



Permit auctioning increasing over time



Implementation

- 2007-2008 Detailed design of AETS.
 - Establishing Long term aspirational target
- 2009 Pass legislation. Establish regulator in Treasury
- 2010 Set caps. Announce allocations
- 2011 Commence emissions trading scheme

Getting Started

- Mandatory measurement of emissions
- Compensation for existing assets (3/6/07 cut off)
- Getting early incentives right
 - Ensuring 'no disadvantage' in allocation
 - Encouraging abatement actions prior to scheme start
- Joint work commenced with NZ





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