Investor Group on Climate Change

Media Release

Wednesday 16th April 2014

IPCC climate financing task is achievable

For the first time overnight the Intergovernmental Panel on Climate Change (IPCC) produced a detailed chapter on climate finance, finding that by redirecting investment flows from emissions intensive to low carbon sources, global warming could still be limited to 2°C the IGCC said today.

“Reaching the $1 trillion of low carbon investment needed globally each year to stabilize the climate is definitely achievable,” said Nathan Fabian, Chief Executive of the IGCC.[1]

“Redirecting much of the $1.2 trillion already invested each year in the energy sector from emissions intensive to low carbon sources is the key task for governments and investors.”

The IPCC’s investment analysis accompanies the economic analysis in the Working Group 3 report which finds that limiting warming to 2°C would cost only 0.06% of GDP per year to 2050. This compares to an uncertain but potentially devastating economic cost if the current global emissions trajectory continues, resulting more than 4°C of warming.

“Compared to the possible cost of four degrees of warming, the economic cost to stabilize the climate is little more than a rounding error,” Mr. Fabian said.

The IPCC’s economic and investment analysis highlights the folly of unwinding sensible climate policies that could encourage low carbon investment at low cost.

“Policy induced climate risk is still the greatest threat facing investors, and nowhere is that felt more than in Australia,” Mr. Fabian said.

The combination of an Emissions Trading Scheme, Renewable Energy Target, independent Climate Change Authority and Clean Energy Finance Corporation provide a clear climate policy framework for the future and would allow investors to get on with the job of reallocating capital.

Repealing these institutions and replacing them with a short term, government grant based abatement policy takes away clarity for investors, moves in the opposite direction to global trends and will send low carbon capital offshore.

“Until sanity returns to Australia’s climate change policy debate, international destinations will be more attractive than Australia for low carbon investments,” Mr. Fabian said.

For media enquiries contact Nathan Fabian: 0412 128 486

***For further information on IGCC** please see* www.igcc.org.au *or email* secretariat@igcc.org.au

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[1] The IPCC Working Group 3, Chapter 16 analysis indicates that reducing fossil fuel investment by up to $166bn per year and increasing low carbon energy investment by up to $360bn per year could support a better than even chance of limiting warming to 2°C. The report also identifies mean energy efficiency investments of $336bn per year being needed to support the 2°C outcome. Clean energy investment in 2012 was $281bn according to Bloomberg New Energy Finance.