



22 November 2018

## **Investors: risks and rewards in ALP energy policy**

The ALP's energy policy announcements today present significant risks and rewards to achieving net zero emissions, say investors with more than \$2 trillion in assets under management.

"Unlocking investment in the electricity sector requires robust, investment-grade policies to reduce emissions in line with the objectives of the Paris Agreement," Emma Herd, CEO of the Investor Group on Climate Change said.

"We welcome the role of the CEFC in building out the transmission network to lower emissions. This should be aligned with a sector wide strategy to reduce emissions in line with the Paris objectives".

"Without credible policy that aims to reduce emissions to net zero emissions, investors will continue to take a wait and see approach to investing in the Australian energy system and this will increase power prices and undermine system reliability."

"Investors need all sides of politics to recognise the financial risks to Australia's economy of failing to manage climate change and implement an economy-wide plan to achieve net zero emissions."

"ALP's proposals recognise the objectives of the Paris Agreement and can help integrate energy and climate policy together. Wide political support for these objectives at a state and federal level is essential to deliver the confidence necessary to bring investment back to Australia."

"The ALP's proposal to directly underwrite clean energy projects should be approached with caution and will require extensive consultation as the investment impact of such direct government intervention in the market will be significant."

"Large-scale government investment in the market risks undermining the long-term signals that investors need and increasing investment uncertainty."

"Ultimately, transparently pricing carbon emissions remains the best option to deliver the lowest cost way to achieve net zero emissions. This could be achieved through building on the National Energy Guarantee and a bipartisan agreement between the federal and state governments."

"Investors welcome the proposed Just Transition Authority to support communities through the inevitable move to clean energy. Strong engagement with investors will be important as they can be the key to the transition of regional economies by providing the capital needed to support new industries."

"Investors will work with governments to ensure policy proposals deliver the investment needed in both the short and long-term to deliver on the objectives of the Paris Agreement." Herd said.

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## **ABOUT THE INVESTOR GROUP ON CLIMATE CHANGE**

IGCC represents institutional investors with total funds under management of over \$2 trillion. The IGCC aims to encourage government policies and investment practices that address the risks and opportunities of climate change, for the ultimate benefit of Australia's millions of superannuants and unit holders.