



Carbon Market Opportunities

Melbourne, Victoria, Australia

Join the leading Carbon Market in the Asia-Pacific

The global carbon market is set to reach the size of the global commodities market, creating new and vast opportunities for carbon market services and for businesses providing low emission technologies. Melbourne is at the forefront of efforts to capture the business opportunities created by a market based response to climate change.

The Australian carbon market is set to reach approximately AU\$5-15bn by 2015¹.

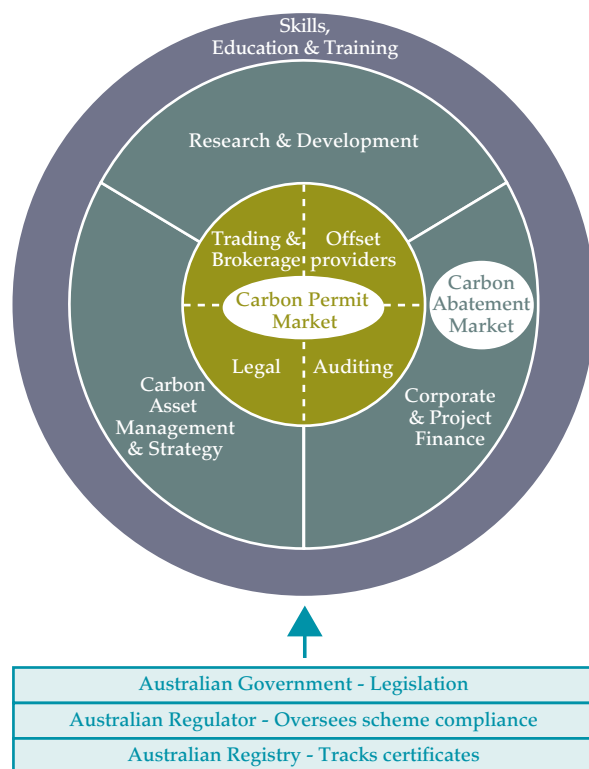
An Australian cap-and-trade emissions trading scheme – the Carbon Pollution Reduction Scheme (CPRS)² – is planned to commence in 2011 with a transition to full market trading from July 2012. The CPRS is expected to be the first and largest mandatory emissions trading scheme in the Asia-Pacific, and reflects the Australian Government’s commitment to a long term target of a 60% reduction in emissions by 2050. The Scheme will also encourage the development of a range of opportunities for industry investment.

Demand for carbon market services

Conservative estimates value the Australian carbon market services industry over the coming five years at more than AUD\$190m³. Much of this activity will be centred in Melbourne, the headquarters to many of the companies that will participate in the market, including BHP Billiton, ExxonMobil, Rio Tinto, a number of coal-fired electricity generators, gas and oil companies.

The Australian Government plans to allow the use of unlimited eligible international units for CPRS compliance.

Figure 1: Carbon market overview



Melbourne already has a large number of businesses operating in the Carbon Market Services sector, developing strong skills and capacity in areas such as energy markets, trading and risk, legal and auditing services.

For a more comprehensive outline of the capability of Victorian based companies operating in these and other areas download the Melbourne Carbon Market Services Guide at www.business.vic.gov.au/carbonmarket

¹ Point Carbon CPRS Advisory Report; November 2008, Climate Group, Melbourne Carbon Market Report: October 2008

² Legislation to enact the CPRS was introduced into the Australian Federal Parliament in May 2009 and passage of the Bill is due to be achieved in June 2009.

³ Point Carbon, Key value propositions for the State of Vic. as a hub for the Aust and Asia Pac Carbon market: March, 2009.



Australia's Energy Exchange

Victoria was the first State in Australia to restructure, disaggregate and privatise the electricity and gas industry, making Melbourne an important centre of activity for energy and environmental developments. Melbourne is home to the Australian Energy Market Operator (AEMO)⁴, which manages Australia's electricity 'spot' market and other energy trading activity.

Victoria's extensive experience in energy market regulation has led to the development of key skills and capacity around energy markets, trading and risk management. Melbourne is the main source of energy related trading volumes. Australia's largest broker of environmental credits – Next Generation Energy Solutions or 'Nextgen' – is based in Melbourne.

Research and Education

Melbourne is Australia's knowledge, innovation and technology capital, housing the majority of Australian R&D initiatives. Building on this innovation, our universities and institutes provide courses in climate change, sustainable technology and management practices, ensuring an ongoing skilled workforce for the carbon market industry.

Victoria's resource and manufacturing base has also supported the development of a number of leading research organisations, educational institutions and start-up businesses that will help provide critical mass to the growing carbon market.

Supportive Business Environment

Victoria is creating solid business opportunities in the renewable energy sector by offering strong market potential, ready access to resources and an effective operating environment. The Victorian Government has been proactive in driving the renewable energy sector through the establishment of the Victorian Renewable Energy Target (VRET).

In a separate initiative, the Victorian Energy Efficiency Target (VEET) requires energy retailers to meet an energy efficiency target by undertaking activities in the residential sector. VEET includes providing households with energy-saving products and services.

Not surprisingly, Melbourne currently leads all Australian cities in sustainable building, water saving and sustainable planning initiatives – making it the ideal location for businesses focusing on renewable energy technologies.

A Strategic Location

Victoria has one of the strongest economies and most enviable lifestyles in the developed world. As well as having well-established and advanced infrastructure, reliable telecommunications and a highly skilled and multicultural workforce, Melbourne's operating costs compare favourably with many other leading business locations, and market entry barriers are very low.

Australia is the largest funds management market in the Asia-Pacific Region and the 4th largest in the world.

Located in the Asia-Pacific time zone, it's not surprising that Melbourne has strong international linkages, with the presence of major multinational corporations, international energy companies and internationally focused professional services firms.

⁴ NEMMCO and VENCORP merge to form the Australian Energy Market Operator on 1 July 2009.

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