



British Embassy
Stockholm

DEPARTMENT OF
ENERGY
& **CLIMATE CHANGE**

UK Climate change policy

Mette Kahlin

British Embassy Stockholm

2011



The Climate Change Act

Carbon Plan & Carbon Budgets

UK View on the Role of EU Action

Background to the Climate Change Act



British Embassy
Stockholm



Climate Change Act 2008

CHAPTER 27

CONTENTS

PART 1

CARBON TARGET AND BUDGETING

The target for 2050

- 1 The target for 2050
- 2 Amendment of 2050 target or baseline year
- 3 Consultation on order amending 2050 target or baseline year

Carbon budgeting

- 4 Carbon budgets
- 5 Level of carbon budgets
- 6 Amendment of target percentages
- 7 Consultation on order setting or amending target percentages
- 8 Setting of carbon budgets for budgetary periods
- 9 Consultation on carbon budgets
- 10 Matters to be taken into account in connection with carbon budgets

Limit on use of carbon units

- 11 Limit on use of carbon units

Indicative annual ranges

- 12 Duty to provide indicative annual ranges for net UK carbon account

Proposals and policies for meeting carbon budgets

- 13 Duty to prepare proposals and policies for meeting carbon budgets
- 14 Duty to report on proposals and policies for meeting carbon budgets
- 15 Duty to have regard to need for UK domestic action on climate change

- Attitudes in UK towards climate change started to shift
- Pressure from the public / in Parliament / NGO campaigns – 45,000 letters by end
- Stern Review – cheaper to act early
- Growing political consensus in UK on need for exceptional action to tackle climate change

Objectives of the Climate Change Act



British Embassy
Stockholm

DEPARTMENT OF
ENERGY
& CLIMATE CHANGE

To create a clear and coherent framework to enable the UK to meet domestic and international commitments

To provide greater clarity and certainty for UK industry, households, and individuals to effectively plan for and invest in a low carbon economy

To ensure that the UK was well placed to take advantage of the significant business opportunities

To help the UK towards being better adapted to the impacts of unavoidable climate change

Demonstrate leadership by example – commitments well beyond the UK's current international obligations

Climate Change Act 2008: a clear legal framework



British Embassy
Stockholm

DEPARTMENT OF
ENERGY
& CLIMATE CHANGE

Ambitious targets to reduce emissions

Binding carbon budgets

A clear accountability framework



Statutory:

Report on policies and proposals to meet the budget and indicative annual ranges (CC Act section 12) – due once a budget has been set.

Annual statement of emissions (section 16) – due by 31 March in year x+2

Final statement for budgetary period (section 18) – due by 31 May in the second year after the end of each budgetary period

Government response to Committee on Climate Change's reports on progress (section 37) – due by 15 October each year

In addition:

A carbon budget that require quarterly reporting on **Carbon Plan** actions (aligned to No 10 reporting on business plans)

Wider Government Policy – Impact Assessments must include significant carbon impacts

Carbon budgets

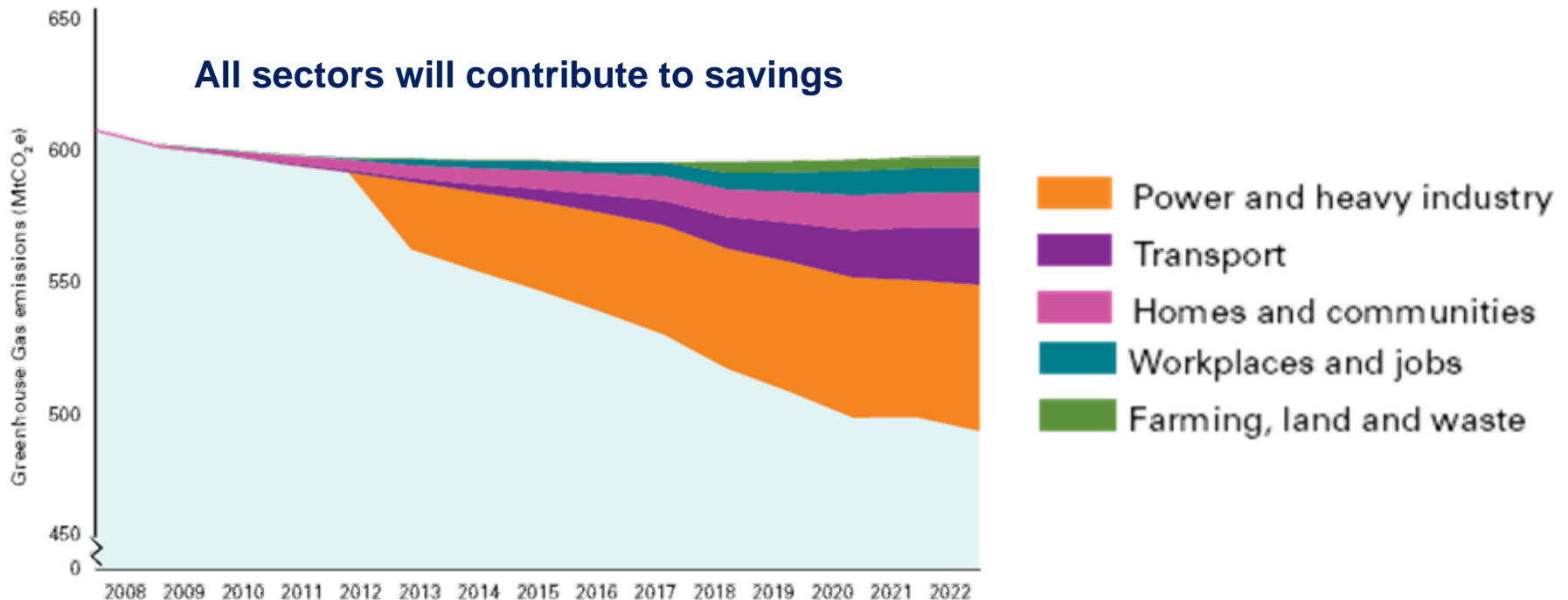


British Embassy
Stockholm



(MtCO ₂ e)	CB 1 (2008-2012)	CB 2 (2013-2017)	CB 3(2018-2022)	CB4 (2023 – 2027)
Carbon Budgets – overall level	3,018	2,782	2,544	1950
Percentage reductions on 1990 baseline	22%	28%	34%	- 50%+

UK emissions have fallen more than 20% since 1990 and will be at least 23.5% lower than 1990 levels by 2012



The Carbon Plan



British Embassy
Stockholm



 HM Government

Carbon Plan



Published on 8 March, the Carbon Plan sets out actions and deadlines for the next 5yrs



A department is accountable for:

Delivery of its carbon reduction policies, and/or

Activities that support or enable carbon reduction

Assessing carbon emissions from non-climate change policies



Carbon plan sets out what each government department is doing to contribute to this agenda. Effectively a 'to do' list for government activity on climate change.

Contains specific milestones and deadlines providing for both internal accountability and public transparency

Updates on progress against deadlines within the Plan will be published quarterly on the No.10 website



Actions

Start Date	End Date	Description	Department responsible
Started	Mar-2011	Award grants to successful bidders to help [bus operators and local authorities] buy new low carbon buses	DfT
Started	Mar-2011	Explore the potential to replace Air Passenger Duty with a per-flight duty	HMT
Started	Apr-2011	Consolidate existing support mechanisms for low and ultra-low emission vehicle research and development	DfT
Started	Apr-2011	Reform the way transport projects are assessed and funding prioritisation decisions are made so that the benefits of low carbon proposals are fully recognised: Review and revise DfT guidance on appraising transport projects; Review and revise DfT processes for assessing schemes and supporting Ministerial decisions. Develop nationwide strategy to promote the installation of electric vehicle infrastructure, including a decision on whether to use an	DfT



The Coalition: our programme for government (May 2010):

“We will push for the EU to demonstrate leadership in tackling international climate change, including by supporting an increase in the EU emission reduction target to 30% by 2020.”

Quote from Prime Minister David Cameron (Prime Minister’s Questions):

“Let me be absolutely clear that we are committed to the 30% target and nothing is going to change that”



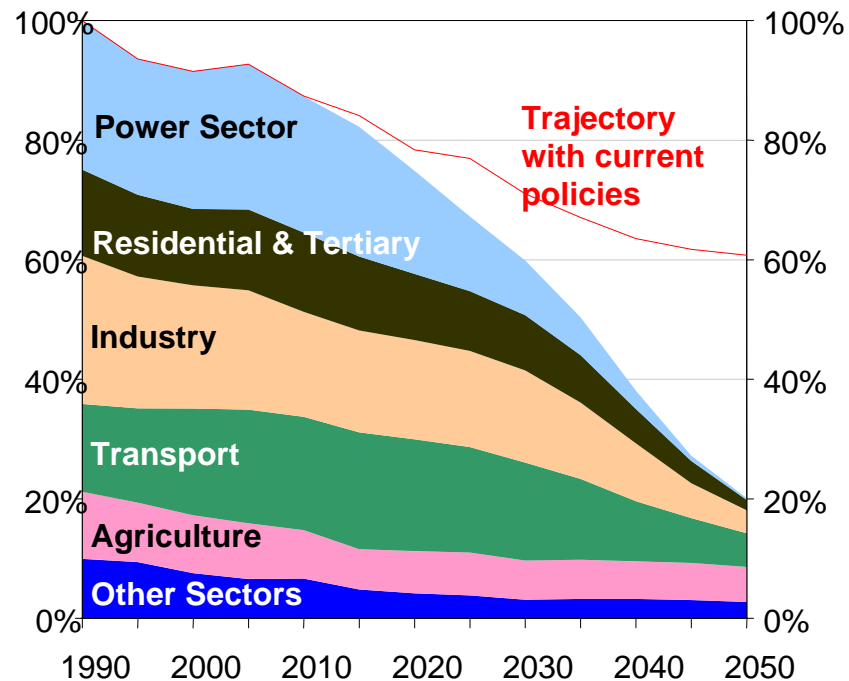
The EU Low Carbon Roadmap



British Embassy
Stockholm



- Describes the most cost-effective pathway for the EU to cut emissions by 80% by 2050.
- Shows the cost effective pathway is 25% in 2020, 40% in 2030 and 60% in 2040.
- These milestones represent domestic action only (not EU targets which may include international offsets).



“The roadmap shows that Europe’s current 20% target for 2020 isn’t enough or cost effective and shows that Europe’s already got the policies and the tools to cut emissions by 25% at home. This makes the case for going to 30% stronger and more urgent..”

Chris Huhne, UK Secretary of State for Energy and Climate Change , 8 March 2011

EU 2020 target will play a key role in transition to a European low carbon economy



British Embassy
Stockholm



An EU 30% emissions reduction target

Provide a **higher carbon price** needed to stimulate the necessary investment in green technologies and green jobs. Also give industry certainty about our low carbon future.

Ensure the trajectory of emissions reductions is relatively smooth and done in **the most cost effective manner**. The longer we wait the more it will cost.

Ensure the EU can compete in fast growing markets for green goods and services.

30% is more consistent with a 2 degree trajectory.

Figure 2: New financial investment in sustainable energy, 2009

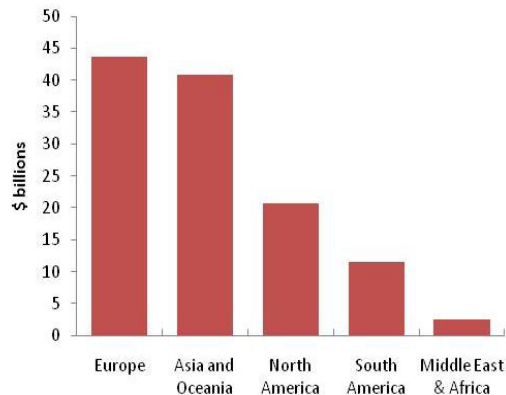
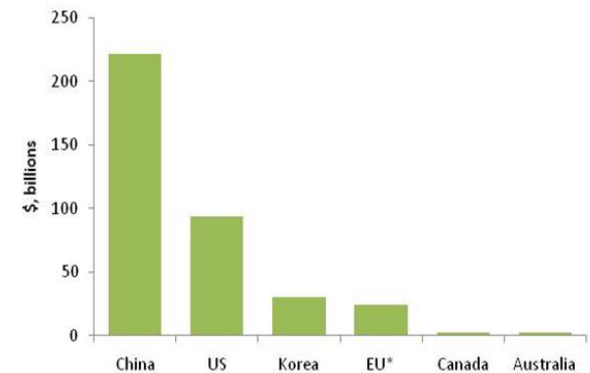


Figure 3: Green investment in stimulus packages



Immediate benefits of moving to a low carbon economy



British Embassy
Stockholm



Green growth

Considerable potential for growth – Low carbon goods and services market is worth over £3 trillion / yr and projected to grow at over 4% for the next 5 years

Energy security

Help reduce reliance on fossil fuels and reduce susceptibility to energy price volatility. A 30% target would reduce the EU's imports of both gas and oil by approximately 1% saving €5.5bn in oil imports and €3.6bn in gas imports by 2020

Air quality

Improving health and reducing health care costs through reduced air pollution. Estimated benefit of €10bn annually by 2020, as a result of reduced mortality and morbidity resulting from better air quality

EU leadership

Helping to restore EU leadership in international climate change negotiations

The costs of moving to 30% target are manageable and in our own interest over the long term



British Embassy
Stockholm

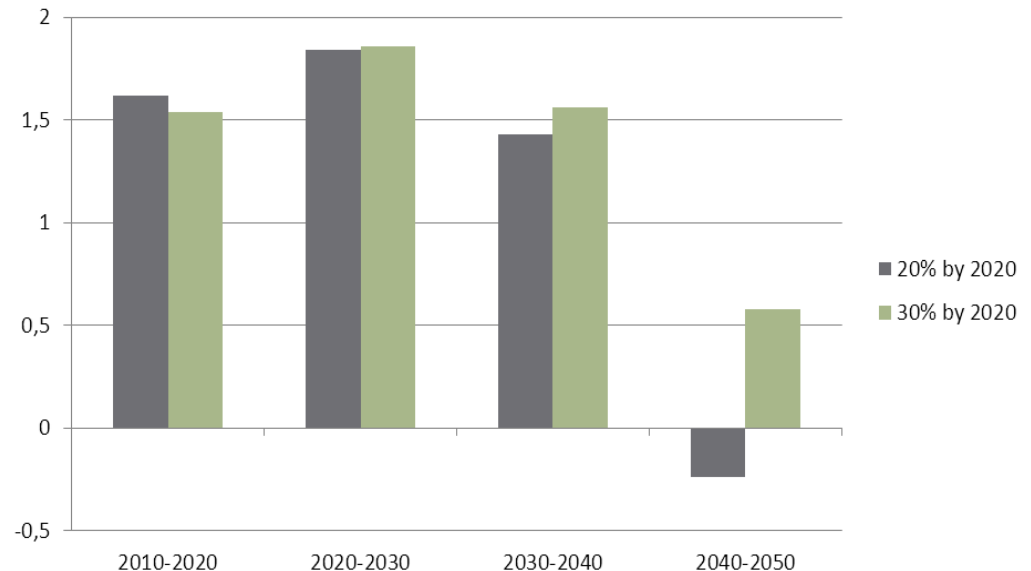


Estimate of costs to the EU

Most studies estimate that the macroeconomic costs to meet an EU 30% target relative to no policies on climate are less than 0.5% of GDP. Commission analysis suggests costs are €81bn, compared to a move to 20% of €48bn.

But that is not the whole story

- Studies by the Climate Action Group and Potsdam Institute suggest a net positive impact on GDP.
- And over the longer term cutting emissions faster earlier is in our economic interest.



Addressing concerns about a 30% target



British Embassy
Stockholm



Concerns

1. Minimising additional costs for business and thus avoiding carbon leakage.

2. Low carbon is more expensive.

3. Higher targets will lead to deindustrialisation.

Response

Risks to EU competitiveness are limited to a small number of energy intensive sectors. We need to work together to ensure these industries can prosper in a low carbon world.

Need to act now to avoid the risk of 'lock in' The sooner we start to invest in large-scale green infrastructure, the less we will pay overall.

The EU 2050 low carbon roadmap shows that we need to act to be on the cost effective trajectory. Heavy industry has a vital role to play in moving to low carbon but it must be efficient.

Thank you and Questions



British Embassy
Stockholm



mette.kahlin@fco.gov.uk