



ENERGY BULLETIN



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COMMITTEE ON CLIMATE CHANGE - 2ND PROGRESS REPORT TO PARLIAMENT

2009 emissions reductions conceal lack of progress

Despite the largest single-year decline in UK greenhouse gas emissions from 2008 to 2009 (8.6%), the Committee on Climate Change (CCC) has this week called for a major 'step change' in government effort and policy. The CCC is an independent body that was established under the Climate Change Act 2008 with the remit of advising the Government and reporting to Parliament in order to facilitate the reduction of UK greenhouse gases to 80% below 1990 levels by 2050.

In the CCC's 2nd Progress Report to Parliament it says the fall in emissions is almost entirely due to the recession.

"Although emissions have declined substantially, our analysis shows that this is almost wholly due to a reduction in economic activity, and not from new measures being introduced."¹

The coalition Government has been warned, then, that it is set to fail unless it acts decisively and quickly with a range of new measures. Nonetheless, the Energy and Climate Change Secretary, Chris Huhne, has

welcomed the challenge saying "we mustn't rely on economic recession to cut emissions" and calling for an "enduring shift to low carbon, driving growth in new technologies... locked into the fabric of our economy in good times and bad."² It remains to be seen whether such wholesale reform is viable in this age of austerity, and whether the coalition's zeal for dealing with public enemy number one (the national deficit) through radical budget cuts will make such progress impossible.

The CCC Report calls for a range of developments in four key areas:

1. The decarbonisation of the power sector

Falling power sector emissions (down 13.1% in 2009, but still by far our biggest polluter) are attributable in part to an increase in nuclear generation displacing some coal-fired generation, according to the Report. However, more significantly there was also substantial demand reduction.

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¹ <http://www.independent.co.uk/environment/climate-change/emission-cuts-threatened-by-economic-recovery-2014118.html>

² http://www.decc.gov.uk/en/content/cms/news/PN10_074/PN10_074.aspx

Wind power is behind schedule. Only 0.7 GW of new wind capacity has been added in the last 15 months, substantially down on the 3GW required annually in order to meet targets. The Report identified the planning system as an inhibition to future growth in this sector.

Looking forward, the Report calls for wholesale reform of the electricity market arrangements, the introduction of a UK carbon floor, further reform of the planning system, and also highlights the importance of the government's Carbon Capture and Storage (CCS) commitments, calling for a new emphasis on natural gas CCS in addition to coal.

2. Reduced emissions from buildings and industry

The Report states that residential emissions have reduced more because of rising energy prices than Government policy, such as loft insulation and boiler scrapping and replacement. The CCC said that the Energy Bill³ needs to incentivise homeowner engagement in energy efficiency improvement, outline a stakeholder partnership approach, and get the cost

balance right across the consumer base to facilitate widespread involvement.

Substantial reductions in commercial sector output has led to corresponding falls in emissions, so substantive progress is still needed there also. The use of Energy Performance Certificates in all buildings, penetration of renewable heat technologies, and an indicator framework for industry that enables progress to be tracked are all recommended.

3. Cutting surface transport emissions

The Report identifies three sources of reduced vehicle emissions, which are predominantly driven by the recession. Firstly, the carbon intensity of new cars has fallen. Secondly, car miles travelled have reduced. Finally, car purchasing behaviour has changed, due in part to increased oil prices but also policy such as the car scrapping scheme and differentiation in Vehicle Excise Duty according to fuel efficiency.

In order to consolidate and advance progress in this area, the Report recommends locking in to the changed car purchase behaviour,

adopting ambitious plans for an electric car market to include assisting purchasers and a national battery charging network, and reviewing and integrating planning policy to limit unnecessary travel.

4. Reducing emissions within agriculture

The Report suggested that greater emissions reductions may be possible in this area than those already proposed to 2020. A shift from voluntary industry action to stronger incentivisation and a fuller range of policy would assist this.

Despite emissions reductions in 2009 there is still a significant step change required in policy and practice if the UK is to meet its emissions reductions targets in 2020 and beyond. The 2009 indicators were only based on the "modest ambition in policies that were firm and funded in 2008"⁴ and were heavily influenced by the recession.

So, for now, emissions reductions are more recessionary illusion than real progress in policy and practice, and for the foreseeable future we will continue to see rafts of policy and regulation as the government seeks to incentivise the changes required.



This Bulletin aims to update you on legal issues of concern or interest. It is not a substitute for taking specialist advice in individual cases. For more information about these or any other issues please contact:

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³ Energy Security and Green Economy Bill 2010-11, which was included in the Queen's Speech on 25 May 2010

⁴ Page 12, Meeting Carbon Budgets - ensuring a low-carbon recovery: Committee on Climate Change 2nd Progress Report to Parliament (June 2010)