

The Carbon Report

A Weber Shandwick KnowledgeShop Briefing

Monday 1 December 2008

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Welcome to the first edition of the Carbon Report, the new and indispensable weekly digest for all those who want to keep a close watch on the latest developments in carbon politics.

Today sees the launch of the Committee on Climate Change, designed to oversee our new statutory obligations on climate change. This marks an exciting – and yet challenging time for businesses and communities everywhere. Spearheaded by a dedicated new Department in Whitehall, the Government's domestic response, and its role in delivering new international agreements are set to gather more steam. Meanwhile the climate change debate is thrown into even sharper relief as personal spending and investment decisions come under increasing pressure in tough economic times.

We look forward to sharing the latest developments, and welcome your feedback and comments on this and future Carbon Reports.

Carbon Report is free. If you know of anyone else who would like to receive a copy of the Carbon Report, please send their email address to:

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Jon McLeod
 Chairman of Public Affairs
 Weber Shandwick

Whitehall

Committee on Climate Change

Committee on Climate Change recommends a minimum 34 per cent cut in greenhouse gas emissions by 2020

Building a low-carbon economy, the Committee's first report sets out the analysis underpinning these recommendations and the proposed level of the first three carbon budgets until 2022. The report sets out how the budgets can be met by using existing technologies, and by putting in place a range of policies to move to a low-carbon economy:

- Moving away from using fossil fuels towards using cleaner forms of generating electricity and heat including greater use of renewables (wind power, biomass heat and heat pumps), nuclear and Carbon Capture and Storage (CCS);
- By using energy more efficiently in our homes and office buildings and in industry, through better insulation, use of more energy efficient appliances and through reducing waste by turning lights off, shutting down computers and using air conditioning less;
- By reducing transport emissions, developing electric cars, improving the carbon efficiency of engines, developing use of sustainable bio-fuels, better journey planning and more use of public transport; and
- Through purchasing offset credits (e.g. Clean Development Mechanism)

to meet the 42% target, but not the 34% target.

To download the full report, please click [here](#).

Department of Energy and Climate Change

[UK law and people power join forces for a low carbon, secure energy future](#)

As three new Acts of Parliament go on the statute book, householders and drivers are being challenged to save energy and cut their carbon emissions under the Government's ACT ON CO2 People Power challenge, being launched nationwide. The challenge will follow volunteers from Newcastle, Portsmouth and Birmingham as they attempt to reduce the energy they use in their daily lives, with a dedicated website tracking their progress, sharing their tips and comparing success between the three cities.

The launch of the campaign marks the passing of three major pieces of legislation - the Climate Change, Energy and Planning Bills - which have received Royal Assent.

Secretary of State for Energy and Climate Change Ed Miliband said: "The Energy and Planning Acts will be instrumental in reducing carbon emissions, removing barriers to enable industry to invest in important new infrastructure, and giving individuals and communities the incentive to use energy more efficiently and generate their own heat and energy."

[Ed Miliband speech to the Environment Agency](#)

Mr Miliband said: "Next week Lord Turner is going to give his independent committee's recommendations on carbon budgets, again a world first. Our task will be to use those as an opportunity not just to meet our targets, but change the way we do things in government at all levels.

"For low-carbon energy, we will have to use all the technologies at our disposal, from renewables to nuclear to carbon capture and storage, and picking up the pace cannot be left to energy companies alone.

"And to ensure we can create a green recovery in the UK, we will be producing a low-carbon industrial strategy in the Spring to show how Britain can take advantage of the green opportunities that will be available in our economy. We need to show we can be pro-growth and pro-fairness as well as tackle climate change."

Department for Business, Enterprise and Regulatory Reform

[Greening China with UK business](#)

Trade Minister Gareth Thomas spoke with business leaders specialising in low carbon technologies about the potential to spark new waves of investment opportunities in China, bucking the trend of the current economic downturn.

[Business Secretary Lord Mandelson's CBI Annual Conference Speech](#)

Lord Mandelson said: "What the manufacturing sector in Britain knows very well is that we are becoming, not a post-industrial economy, but a knowledge economy in which our most valuable assets are our skills and our capacity for innovation.

"This industry...is about the next industrial revolution and the low-carbon and post-carbon technologies that that will define the twenty first century...Now, the reason we're establishing the Manufacturing Insight Programme is to help challenge and change public perceptions of the sector, including campaigns in schools to build enthusiasm for careers in manufacturing. And we're inviting bids from large manufacturers to train apprentices for firms in their supply chain.

“If China and India are going to need half a billion low carbon vehicles in two decades time, we must be working very hard to ensure that British companies are designing and indeed making some of them too. We must be leading the technological work that will power the nuclear renaissance. UK companies which can capture work supplying civil nuclear technologies will have first-mover advantage in a growing global market.”

HM Treasury

[Pre-Budget Report 2008](#)

- Aviation will be included in the emissions trading scheme from 2012
- Reform of Air Passenger Duty into a four-band system with tax levels based on distance travelled
- Additional £100 million in new money, and £50 million brought forward, for household insulation scheme
- Ofgem to monitor and report quarterly on wholesale energy prices - Government to use statutory powers to end unjustifiable pricing differentials in energy market if changes are not made
- Chancellor consulting on incentives to increase production from marginal oil fields
- £535 million to be fast-tracked into energy efficiency, rail transport, and environmental protection

Department for Innovation, Universities and Skills

[Energy re-think needed to make homes and businesses greener](#)

Moves towards sustainable energy in the UK are being hampered by old ways of thinking according to a major new report published by Foresight, the Government's futures think tank.

The study, *Powering Our Lives: Sustainable Energy Management and the Built Environment*, looks at how the country's buildings and spaces will need to evolve to help cut carbon emissions.

The report concludes that the UK is “locked-in” to using certain forms of energy not because they are better but because they have historically dominated over other options. This has created significant inertia because using a new form of energy also means changes in the infrastructure and the regulations to support it.

To download the full report, please click [here](#).

[Deal struck on UK-ESA research centre](#)

Lord Drayson and European Space Agency (ESA) Director General Jean-Jacques Dordain have signed an agreement in principle to secure an ESA research centre in the UK. Once established, ESA money will be directed to fund new work on climate change modelling that uses space data and the development of technologies for a new era of planetary exploration, including robotics and novel power sources.

Communities and Local Government

[Planning Bill green light will now accelerate renewable energy](#)

The Government has said that the UK's ability to compete in a tough global economy and deliver new green infrastructure vital for reducing our carbon emissions was given a boost with the Royal Assent of the Planning Bill.

Communities Secretary Hazel Blears said: "In the future now that the Planning Bill has been given Royal Assent we can begin to create the faster, fairer planning system we need to reduce our fossil fuel addiction and build up a new generation of renewable energy infrastructure sources like wind power. Many low carbon power sources will now get faster approval, and the country could save £300m a

year."

Parliament

House of Commons

Debates

[Heathrow](#), 25 November

John Barrett (Edinburgh, West) (LD): What recent representations he has received on the proposal for a third runway at Heathrow. [238592]

Written Answers

[Climate Change: Conferences](#), 24 November

Mr. Moore: To ask the Secretary of State for International Development what his Department's objectives are for the United Nations Climate Change Conference in Poznan; what discussions he has had with the Secretary of State for Environment and Climate Change about the conference; whether a Minister from his Department will be part of the Government's delegation; and if he will make a statement. [234961]

Mr. Douglas Alexander: Officials from the Department for International Development (DFID) will be attending the United Nations Framework Convention on Climate Change (UNFCCC) talks in Poznan as members of the UK delegation. DFID officials jointly lead for the UK on adaptation policy and on climate financing. The UK will be represented at ministerial level by the Secretary of State for Energy and Climate Change, Ed Miliband, and Parliamentary Under Secretary of State, Joan Ruddock.

The Poznan meeting is an important staging post en route to the Copenhagen meeting at the end of 2009, where we hope to secure global agreement on a long-term framework for addressing climate change that enables us to avoid dangerous climate change. Poznan should mark a turning point from the 'year of ideas' to the 'year of negotiations'. We will therefore be looking for commitment from all parties to move into full negotiating mode in 2009.

[Energy: Conservation](#), 24 November

Mr. Sanders: To ask the Secretary of State for Energy and Climate Change what strategies his Department has in place to reduce energy consumption by high street shops; what targets are in place as part of those strategies; and what progress is being made in reaching these targets. [237761]

Mr. Mike O'Brien: The Government have in place a variety of measures aimed at improving energy efficiency in businesses of all sizes, including retail outlets.

The Carbon Trust works with business and the public sector, helping organisations to cut their energy bills and carbon emissions. The Carbon Trust provides a number of services including energy efficiency advice and interest free energy efficiency loans for small and medium-sized enterprises. In 2007-08, the Carbon Trust helped customers implement energy and carbon saving measures resulting in some £207 million savings from their annual costs and since inception has helped deliver cost savings of nearly £1 billion. The Trust is also working with the British Retail Consortium to support its new Climate Change initiative "A Better Retailing Climate" which details the BRC's commitment to lowering emissions across the retail sector through a suite of initiatives, including reducing emissions from buildings by 15 per cent. by 2013.

The Carbon Reduction Commitment (CRC) is a new mandatory emissions trading scheme that will cover large businesses, including large retailers and will start in 2010. The CRC will have a significant impact on reducing UK carbon emissions

and offers the potential to save money through energy efficiency. Analysis indicates that, by driving energy efficiency, the CRC will deliver emissions reductions cost-effectively, saving participants money, and enabling green growth—yielding a positive net present value to participants of £755 million.

[Carbon Emissions: Local Authorities](#), 24 November

Steve Webb: To ask the Secretary of State for Energy and Climate Change if he will list the local authorities he expects to fall within the scope of the Carbon Reduction Commitment; and if he will make a statement. [236776]

Joan Ruddock: Local authorities, as with all other participants in the Carbon Reduction Commitment, will be included if they meet the threshold of electricity consumption of 6000 MWh measured through half hourly meters during 2008. It will be for the local authorities themselves to assess their electricity consumption to establish whether they are above the threshold. DECC does not therefore have a list of local authority or other participants at this stage, though we expect most top tier authorities will be included.

[Energy Supply: Competition](#), 25 November

David Taylor: To ask the Secretary of State for Business, Enterprise and Regulatory Reform what recent discussions he has had with (a) Ofgem and (b) the Competition Commission on the operation of the energy market; and if he will make a statement. [224255]

Mr. Mike O'Brien: I have been asked to reply.

My right hon. Friend the Secretary of State met with the Gas and Electricity Markets Authority on 22 May 2008. Furthermore, on 18 August 2008 he wrote to Ofgem asking for their views on the possibility of requiring the accounting separation of vertically integrated energy companies in order to improve transparency in the energy markets.

My right hon. Friend has had no recent meetings with the Competition Commission on the operation of the energy market.

Other relevant written answers

[Carbon Emissions](#)

[Heathrow Airport: Carbon Emissions](#)

[British Energy: Nuclear Liabilities Fund](#)

[Carbon Emissions: Housing](#)

[Energy Supply: Fuel Poverty](#)

[Energy: Prices](#)

[Home Energy Efficiency Scheme](#)

[Renewable Energy: Electricity Generation](#)

[Renewable Energy: International Cooperation](#)

[Renewable Energy: National Grid](#)

[Climate Change](#)

[Carbon Emissions](#)

[Energy: Housing](#)

[Energy: Meters](#)

[Nuclear Power Stations](#)

[Renewables Obligation](#)

House of Lords

Debates

[Carbon Emissions](#), 24 November

Lord Lawson of Blaby asked Her Majesty's Government: What are their projections for the level of United Kingdom carbon dioxide emissions by 2050 on a

business-as-usual basis; and what proportion those emissions would constitute of global emissions on the same basis.

[Climate Change: Research Funding](#), 24 November

[Energy Bill](#), 26 November

Written Answers

[Energy](#), 26 November

Lord Berkeley asked Her Majesty's Government: What are the objectives of the Energy Saving Trust and the Carbon Trust; what is their corporate status; how much they receive in grants from the Government; and for what purposes. [HL6531]

The Minister of State, Department of Energy and Climate Change & Department for Environment, Food and Rural Affairs (Lord Hunt of Kings Heath): The Energy Saving Trust and the Carbon Trust are independent private companies limited by guarantee.

In 2007-08, the Carbon Trust received £95.5 million in grant funding from the Government to deliver our objective of accelerating the move to a low-carbon economy by helping organisations reduce their carbon emissions and develop commercial low-carbon technologies. In 2007-08, the Energy Saving Trust received £38 million in grant funding from the Government to deliver their objective to encourage and promote the sustainable and efficient use of energy in households, as well as low-carbon transport infrastructure.

The trusts have separate funding arrangements with the devolved Administrations.

[Climate Change: Emissions](#), 26 November

Lord Taylor of Holbeach asked Her Majesty's Government: Further to the Written Answer by Lord Hunt of Kings Heath on 22 October (WA 108), how the European Union emissions trading scheme allowances for the cement, food, drink and tobacco and offshore sectors in 2007 compared with the emissions produced in those sectors; and, if the allowances were greater than the emissions, whether they were allocated at the expense of other sectors; and whether any balance can be carried forward to 2008. [HL5945]

The Minister of State, Department of Energy and Climate Change & Department for Environment, Food and Rural Affairs (Lord Hunt of Kings Heath): The UK decided to use a two-stage approach to allocate allowances to EU emissions trading scheme (EU ETS) participants. First, the total number of allowances was allocated to sectors. The sector-level allocations are then further distributed to individual installations within those sectors.

The UK decided that the allocation of allowances to the sectors covered by the EU ETS should be determined as follows:

All sectors other than large electricity producers were allocated allowances equivalent to their projected business-as-usual emissions, taking into account the potential, including technological potential of sectors to reduce their emissions, a deduction for estimated new entry and a contribution to the combined heat and power ring-fence of the new entrant reserve; and the LEP sector was allocated the remainder of the total of the overall UK cap, taking into account a deduction for the amount of allowances to be auctioned and a contribution to the NER. Thus, the LEP sector will receive a reduced allocation to account for the carbon savings the UK expects the trading sector to deliver.

LEP are relatively insulated from international competition and are able to pass the

costs of carbon to consumers in the form of higher electricity prices. The sector is therefore able to face a reduction in its allocation without a substantial impact on its competitive position. For this reason, the UK decided that the LEP sector should receive a lower level of free allocation. All other sectors were treated equally in terms of the allocation methodology.

Phase II allows unlimited banking between compliance years within the phase and from Phase II will be allowed into Phase III. Phase I allowances could not be carried over to Phase II.

Other relevant written answers

[Energy: Biofuels](#)

[Energy: Carbon Allowances](#)

[Energy: Carbon Emissions](#)

[Energy: Water Power](#)

[Waste Management: Reduction Schemes](#)

Environment, Food and Rural Affairs Committee

Energy efficiency and fuel poverty

Announced the following oral evidence sessions in relation to its inquiry into "Energy efficiency and fuel poverty":

Monday 8 December

- 4.30pm - Fuel Poverty Advisory Group; Environmental Change Institute, University of Oxford
- 5.15pm - National Energy Action; National Right to Fuel Campaign

Wednesday 10 December

- 3.00pm - E.ON UK; RWE nPower; Centrica
- 3.45pm - Ofgem

Monday 15 December

- 4.30pm - Consumer Focus
- 5.00pm - Joan Ruddock MP, Parliamentary Under-Secretary of State for the Department of Energy and Climate Change

Media Snapshot

Climate taskforce urges tough targets

Financial Times, 1 December

Government set tough new target for cutting carbon emissions by 2020

The Times, 1 December

UK energy suppliers stand firm on prices

The Herald, 1 December

Greenhouse gases will heat up planet 'for ever'

The Independent, 30 November

Employers urged to help staff drive smarter

Business Green, 28 November

London 2012 publishes sustainable procurement code

Business Green, 27 November

Carbon label licence fee costs SMEs £5000 per year

Ethical Corporation Magazine, 25 Nov

[Carbon offsets could swamp EU carbon price - report](#)

Reuters, 25 Nov

[Consumers rank climate concerns ahead of economy](#)

The Guardian, 25 November

[More than 195000 wind turbines to appear outside homes by 2020](#)

Daily Telegraph, 24 November

[Environment Agency chairman urges government to launch 'green new deal'](#)

The Guardian, 24 November