

A UK climate plan 2015

Delivering the Prime Minister's climate pledge



“Climate change poses a threat not just to the environment, but also to poverty eradication abroad and to economic prosperity at home. I strongly support a global deal at Paris this year to tackle that threat head-on.”

Prime Minister David Cameron

February 2015

Introduction

Over the last government we saw progress on climate change, in a way that has increased ambition in the world and strengthened our economy.

- The Prime Minister has been consistently strong on the big directional climate decisions, including setting the fourth carbon budget and agreeing an EU climate deal.
- All 28 European nations have agreed to match UK commitments to cut greenhouse gas emissions by at least 40 per cent by 2030, following a successful negotiation led by the Prime Minister.
- The UK's standing on climate action is reinforced by its leadership on international development and the Prime Minister's role in developing new Sustainable Development Goals.
- The UK's low carbon business sector grew fast in the last parliament. It is now five times larger than the aerospace industry and twice as large as the chemicals sector.

In February 2015, David Cameron publicly signed a major pledge to take action on climate change. Following the general election, swift action is now vital to ensure the pledge can be delivered successfully, as 2015 is an important year for climate decisions.

This plan sets out what needs to be done, why it matters and a timeline for action.

The Prime Minister has pledged:

To seek a fair, strong, legally binding, global climate deal which limits temperature rises to below 2°C

To work together, across party lines, to agree carbon budgets in accordance with the Climate Change Act

To accelerate the transition to a competitive, energy efficient low carbon economy and to end the use of unabated coal for power generation

“This agreement represents inspiring leadership and true statesmanship... The political courage it represents... is exactly what the world needs in order to solve the climate crisis.”

Al Gore, former vice president of the USA

“The importance of this pledge cannot be overstated. In this critical year, both for the international climate change negotiations and the agreement of the sustainable development goals, this statement... sets a terrific example for other countries to follow.”

Paul Polman, CEO, Unilever

“As insurers and investors, we are well used to thinking about sustainability in the long term. This statement represents political leadership on a key issue at a crucial time.”

Mark Wilson, group CEO, Aviva plc

Early action to deliver the pledges
is critical because:

Whitehall needs clarity

MPs and civil servants need to understand the climate priorities of the Prime Minister and his ministers. Clear direction and decisions will guide Whitehall and set expectations amongst UK citizens, investors and the international community.

The UK needs to influence partners in the run up to Paris

Ministers will have to act fast to influence the UK's partners in the US, China, the EU and the Global South, if a strong climate agreement is to be achieved at the Paris UN Climate Change Conference in December 2015.

Investment needs to accelerate

The sooner the government sets out its low carbon plans, the sooner new investments into UK energy, transport and infrastructure can come forward. Early decisions will have to be made at the highest level on the policy and financial support needed to accelerate low carbon investment.

Pledge 1

Seek an ambitious global climate deal

Provide direction

Re-establish European climate leadership by pushing for increased ambition before the Paris climate conference, going beyond the 40 per cent greenhouse gas emissions target, as the UK originally intended.

The UK has a unique role in building trust among developing countries by supporting a roadmap for \$100 billion of climate finance.

The UK can be a champion for a global goal to reduce overall carbon emissions to zero, with five year cycles of commitment, review and ratcheting up ambition.

Make it possible

At the G7 the Prime Minister can use UK leadership on climate finance to encourage and back other countries' calls for a global goal on carbon emissions.

The Prime Minister will need to appoint a senior colleague, co-ordinating from the centre of government, to ensure the UK's goals are delivered at Paris and the summits for Sustainable Development Goals and Financing for Development.

The Chancellor should use the Financing for Development summit in July to ensure all future development finance is climate resilient and low carbon, and based on clear accounting rules.

Benefits of success

Greater ambition for the global deal in the run up to the 2015 Paris conference.

UK domestic leadership is rewarded as its stature and influence grows in international diplomatic negotiations.

Why does it matter?

The UK has a leadership role both within Europe and in bringing global partners together.

Following eight parliaments of consistent leadership on climate change and global development, delivering both a Climate Change Act and committing 0.7 per cent of UK Gross National Income to global development, the UK has real legitimacy in diplomatic negotiations which it needs to maintain.

UK citizens benefit from international action on climate change because it reduces risks to their homes, food supply and the countryside from extreme weather events.



Pledge 2

Agree carbon budgets

Provide direction

Support greater citizen investment and business entrepreneurship in the low carbon economy.

Work across party lines, and follow the Committee on Climate Change's advice, to agree the most cost effective pathway for the 2050 greenhouse gas target.

Reboot the UK's flagging energy saving programme.

Make it possible

The Chancellor should agree a new Levy Control Framework for 2020-25.

Energy efficiency retrofit for existing homes and zero carbon new build should be an infrastructure priority.

The Chancellor and Secretary of State for Transport should provide tax support to expand the UK's already strong low carbon vehicle sector.

Benefits of success

Stimulation of the UK's green economy: millions more people investing in solar panels, heat pumps, and electric vehicles, and saving in green bonds and ISAs.

Acceleration of private sector low carbon investment.

Keeping the UK on track to meet its carbon budgets.

Why does it matter?

The low carbon business sector directly contributed £26.2 billion in Gross Value Added to the UK economy in 2013, making it approximately five times larger than the UK aerospace industry, almost twice as large as the chemicals industry and equivalent to the food and drink sector.¹

Certainty about the UK's low carbon direction is needed to incentivise Britain's entrepreneurs and innovators to develop new technology and services. Low carbon energy and transport projects are the lion's share of the UK infrastructure pipeline, and are anticipated to attract £172 billion of investment by 2020.²



Pledge 3

End the use of unabated coal in power generation

Provide direction

Set a date in the early 2020s for unabated coal phase out.

Make it possible

Agree a mechanism to ensure that unabated coal phase out can happen, eg an Emissions Performance Standard for existing plant.

Finalise contracts for carbon capture and storage demonstration projects, and develop the best approach for a second phase in the early 2020s.

Benefits of success

Increased investment in new UK low carbon power generation.

Increased energy security as UK purchase of Russian coal falls sharply.

The UK's example prompts similar action from other countries.

Tackling the cause of 1,600 premature deaths in the UK.³

Why does it matter?

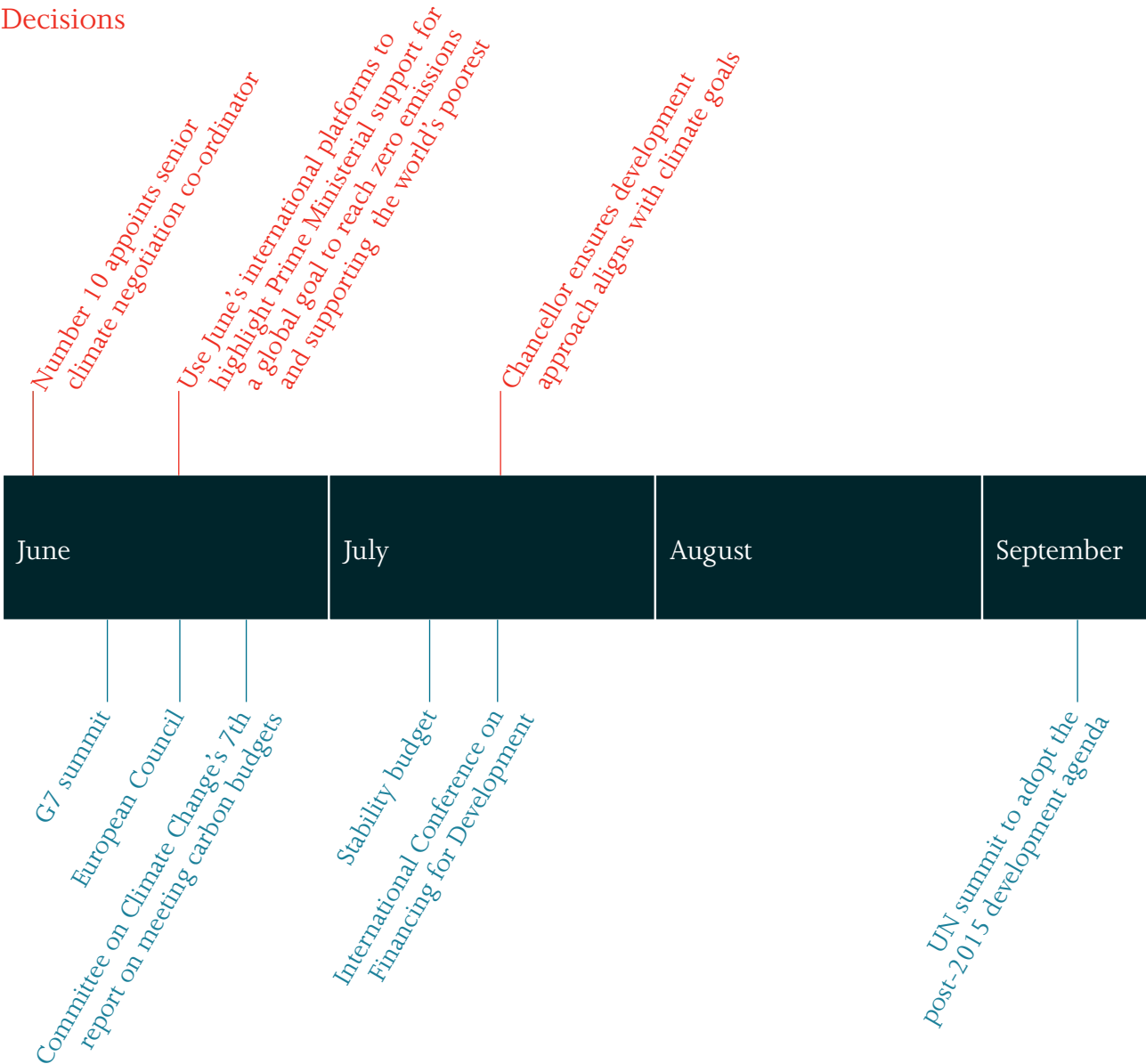
Ending the UK's dependence on unabated coal will improve air quality and give certainty to investors in the next generation of cleaner energy infrastructure.

It also improves energy security, by reducing the reliance on imported coal. Russia currently supplies almost half of the UK's coal for electricity generation.⁴

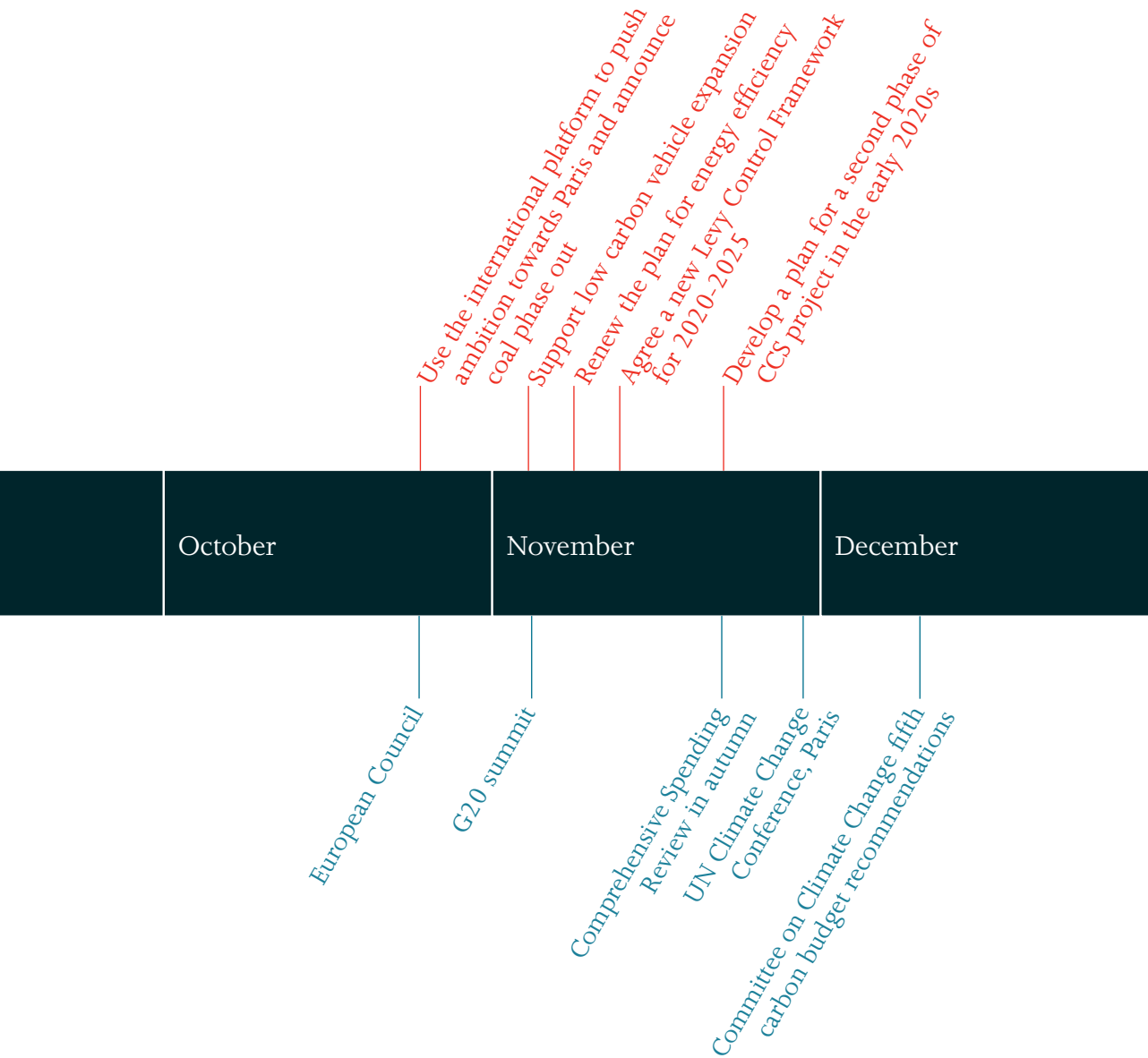


A UK climate plan: decision timeline 2015

Decisions



Opportunities



Endnotes

- ¹ BIS, 2015, *Low-carbon economy: size and performance*, www.gov.uk/government/publications/low-carbon-economy-size-and-performance
- ² HM Treasury, December 2014, *National Infrastructure Pipeline*, www.gov.uk/government/publications/national-infrastructure-pipeline-december-2014
- ³ Health and Environment Alliance, 2013, *What does coal cost health in the United Kingdom?*, http://www.env-health.org/IMG/pdf/heal_briefing_what_does_coal_cost_health_in_the_uk_29112013final1_1.pdf
- ⁴ In 2014, UK's steam coal imports from Russian stood at 46 per cent (used for electricity generation). Source: DECC, 2015, *Coal Imports*, www.gov.uk/government/uploads/system/uploads/attachment_data/file/416237/et2_4.xls

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