Net zero policy tracker: March 2024 update

Methodology and assumptions

Green Alliance's *Net zero policy tracker* measures the emissions savings from national UK level policies adopted during this parliament (1 January 2020 – 31 January 2024) across seven sectors that cover the whole UK economy: power; industry; heat and buildings; transport; agriculture and land use; waste and fluorinated gases and greenhouse gas removals. The transport sector includes surface transport as well as aviation and shipping. We include international aviation and shipping to be consistent with the government's net zero strategy.[1]

In relevant sectors, the tracker also includes contributions to emissions savings from devolved policies but categorises these as 'policy ambition'.

We track the government's progress against its own pathways to achieve net zero by 2050 including the net zero strategy pathways for each sector. It is possible that the pathways could be made more ambitious and that the emission reductions required of each sector could be distributed differently among sectors, but this is not the focus of this analysis.

Additionally, we track government progress against its own international target, the Nationally Determined Contribution, although this analysis is not detailed in the output.

Policy categorisation

All government policies in the policy tracker are categorised into one of four categories depending on their level of certainty, as follows.

- **Policy ambition:** represents a government target that has been announced in a strategy document or equivalent, but the associated underlying policy details are insufficient, or have not yet been put out for consultation, or confirmed in law.
- **Policy under consultation:** the policy is being publicly consulted on to define the details of the implementation or, if due to be implemented via a parliamentary act, is undergoing passage through parliament. Even if the consultation has ended, a policy will remain in this category until a government response has been given confirming the details of the policy that will be implemented (eg timeline) or parliamentary approval has been granted.
- **Confirmed policy:** the policy has been confirmed in a government announcement or implemented through a parliamentary act.

- **No policy:** this represents a gap in policy to achieve the emission reductions required, due to no policy in place or a lack of publicly available data.

This categorisation tracks the government's progress to implement policy frameworks which will enable the emission reductions required to be achieved; they are not tracking the successful delivery of policies.

The categorisation of policies has been internally reviewed by subject experts at Green Alliance to ensure they are consistent within and across sectors. However, there is some level of subjectivity with the categorisations which should be acknowledged.

Emissions calculations

The emissions savings needed in each sector over the fifth carbon budget period (2028-2032) is the difference between the projected emissions from the government's net zero strategy (NZS) pathway and the baseline (emissions projection if no further policy is implemented) between 2028 and 2032, summed over the fifth carbon budget period. The pathways and baselines are taken from the Climate Change Committee (CCC)'s analysis of the government's NZS, as detailed in the CCC's 2022 government progress report[2], and adapted based on updates in the Carbon Budget Delivery Plan.[3] The only exception to this is the transport sector, in which the aviation baseline and pathway have been updated based on the Jet Zero Strategy (JZS), which superseded government policy on aviation in the NZS.[4]

Note that the baseline (Scenario 1) and the pathway (Scenario 2) from the JZS project 74 per cent and 70 per cent increases in passenger demand, respectively, between 2018 and 2050. Emission savings for aviation in the policy tracker are largely based on technological improvements and the uptake of sustainable aviation fuels. These savings are estimated to be small compared to the transport sector overall between 2028-2032 (14.2MtCO2e compared to 260.3MtCO2e savings), but this does not mean that the government's ambition for aviation emission reductions is necessarily sufficient.

Note that we do not track against the legal fifth carbon budget target but rather the government's NZS pathway during the fifth carbon budget period (2028-2032), which is more ambitious in terms of emissions savings.

The estimated emissions reductions from each policy are taken from government sources or impact assessments, where these are available. When government estimates are not available, other sources or Green Alliance's own analysis is used to estimate projected emissions savings.

When calculating emissions savings for the fifth carbon budget period, it is generally assumed that emissions savings are linearly distributed over the savings period. All emissions savings are reported in terms of millions of tonnes of carbon dioxide equivalent, using the 100 year lifetime global warming potentials for other greenhouse gases. The emissions savings are attributed to sectors based on the categorisations laid out in the NZS. For

example, where emissions savings from hydrogen are attributed to the sectors it is projected to be used, rather than where it is produced.

Changes to the tracker since June 2023 update

The June 2023 update included major government announcements released on March 30th 2023, Powering Up Britain and the Carbon Budget Delivery Plan[5] These entailed sectoral baseline changes and broad policy cross-referencing against government savings estimates. Changes since June 2023 have been less extensive but include major policy updates, including the confirmation of the Zero Emission Vehicles (ZEV) mandate[6], changes to transport and heat & buildings sectors based on the Prime Minister's speech on 20 September 2023[7], and the announcement of the deal made with TATA Steel[8]. The policy tracker maintains the same analytical framework, but policies have been added and numbers revised based on government updates.

Significant changes by sector

- **Power:** no substantial changes.
- **Industry:** the major change regarded the agreement reached between government and TATA Steel for the Port Talbot site, in which both blast furnaces on site will be closed and replaced with an electric arc furnace. The proposal suggests this will be operational across the entire fifth carbon budget period and we have used TATA's estimates on emissions savings.
- **Heat and buildings:** following the Prime Ministers' speech 20 September 2023, policy to raise energy performance certificate ratings for rental properties was scrapped and the 2035 phaseout of gas boiler sales for existing homes was weakened to include an exemption for approximately a fifth of homes. The estimated savings therefore have been recategorised from 'confirmed policy' to 'policy ambition' and reduced respectively. For the latter, our initial estimate, based on CCC emissions savings projections curve for the policy, has been adjusted to an 80% 2035 phaseout[9]. The drawn out nature of consultations on the Future Homes and Building Standards has led to the decision to change the classification from 'confirmed policy' to 'policy under consultation', though we acknowledge that the policy appears close to completion.
- **Transport:** the confirmation of the ZEV mandate has had a large impact on the percentage of savings in 'confirmed policy'. However, a delay to the 2030 ban on the sale of new petrol and diesel cars to 2035 was announced by the Prime Minister on 20 September 2023. We have therefore removed the estimated savings for this policy additional to the ZEV mandate, increasing the already large policy gap for the transport sector.
- **Agriculture and land use:** there have not been significant changes in this sector, the policy gap remains the same. However, the rollout of

Environmental Land Management schemes including peat restoration projects has meant an increase in 'confirmed policy'.

- **Waste and fluorinated gases:** only minor changes.
- **Greenhouse gas removals:** though we acknowledge the granting of planning permission for Drax to fit carbon capture technology, this does not change the policy landscape given recent and ongoing government consultations on carbon capture.

References

[1] Department for Energy Security and Net Zero and Department for Business, Energy & Industrial Strategy, 2021, *Net Zero Strategy: build back better*
[2] Climate Change Committee, 2033, *Progress in reducing emission: 2022 report to parliament*
[3] Department for Energy Security and Net Zero, 2023, *Carbon Budget Delivery Plan*
[4] Department for Transport, 2022, *Jet Zero Strategy: delivering net zero aviation by 2050*
[5] Department for Energy Security and Net zero, 2023, *Powering up Britain*
[6] Department for Transport, 2023, *Government sets out path to zero emission vehicles by 2035*
[7] Prime Minster's Office, 10 Downing Street, 2023, *PM recommits UK to Net Zero by 2050 and pledges a "fairer" path to achieving targets to ease the financial burden on British families*
[8] Department for Business and Trade, HM Treasury, Office of the Secretary of State for Wales, 2023, *Welsh steel's future secured as UK Government and Tata Steel announce Port Talbot green transition proposal*
[9] The Climate Change Committee, 2020, *Sixth Carbon Budget*