

The Energy Bill

The need for a decarbonisation target

The Committee on Climate Change have said that decarbonising electricity to 50 g per kilowatt hour by 2030 is **the most cost-effective way to meet the UK's legally binding climate change act goals.**

This is because other sectors – such as transport – rely on electricity being decarbonised to become low-carbon.

Delaying a decision on whether to set a decarbonisation target until after the next general election risks jeopardising green growth, and putting up both energy bills and carbon emissions. That's because it could fire the starting gun on more imported and expensive gas, instead of more home grown renewables.

“The Energy Bill must deliver the pace of decarbonisation required to achieve the Carbon Budgets. The link to the existing Climate Change Act targets should be enshrined in the Energy Bill”.

Neil Bentley, Deputy Director General, CBI

“Reliance on unabated gas-fired generation carries the risk of electricity bills for the typical household being up to £600 higher than under a low-carbon power system over the next decades.”

Committee on Climate Change

The Energy Bill will determine what the mix of our electricity will be for at least the next three decades – but the crucial detail is largely absent from the Bill and will be decided in secondary legislation and regulation. A framework to deliver decarbonised electricity must be set by Parliament, in law, with a target and a process to achieve it.

Following the Government tabling amendments to take powers to introduce a target in 2016, the Committee on Climate Change has written to Secretary of State Ed Davey. Their advice could not have been clearer: **a decarbonisation target, set in 2014 is required to drive the investment needed to help meet UK Climate Change Act targets.** It would be a very serious matter for Government to reject such direct advice from the Committee.

Jobs, growth, investor confidence

A wide range of businesses agree that energy policy needs greater certainty for them to invest in new jobs and factories in the UK's low carbon supply chain, and that a 2030 decarbonisation target would remove the entirely avoidable political risk that will otherwise continue to damaged confidence in the sector.

“The vast majority [of companies] do appear to support a decarbonisation target in the Bill.”

Ed Davey, Secretary of State, DECC

“If we wait until 2016 to get the certainty that would help us to make a decision, particularly around the Hull investment [a new factory for offshore wind turbines] – this is for other companies with other technologies as well – we would probably miss the boat.”

Michael Rolls, Siemens

This long term direction is needed if Britain is to secure the investment that would deliver new jobs and factories in green industries. When asked which businesses oppose such a target Ed Davey said that he could not name one.

More than 100 businesses and organisations are actively calling for a decarbonisation target, including Siemens, Vestas, EEF, the Women's Institute and the Church of England. A target is also backed by the Labour party, Liberal Democrat Party Policy, the SNP, Plaid Cymru and the Green Party.

Stopping a costly, polluting, dash for gas

The stakes of this decision are very high: if our energy system is not decarbonised almost entirely by 2030 it will be virtually impossible for the UK to cut carbon in other sectors and meet our legally binding Climate Change Act commitments.

“Early decarbonisation of the power sector should be Plan A – and the dash for gas Plan Z”

David Kennedy, Committee on Climate Change

The high gas future that the Chancellor of the Exchequer advocates is not compatible with this commitment. The Committee on Climate Change has said the Chancellor’s plans to build 30 new gas power stations as set out in the Gas Strategy would be “incompatible” with our legally binding Climate Change Act targets.

Relying on gas would cost consumers

Ofgem has warned that bills could rise by 60% from 2009 to 2016 with heavy gas reliance in a "dash for energy" scenario.ⁱ This compares to an expected increase of £110 for all low-carbon and energy saving measures.ⁱⁱ

This doesn’t change significantly if Britain goes for shale – the International Energy Agency has said even with shale in Europe, there will be 40% increase in gas price from 2010.ⁱ Largely as a result of the rising price of gas, the Committee on Climate Change found that a virtually carbon free power sector by 2030 would cost consumers £23 billion less than relying predominantly on gas during the 2020s.ⁱⁱⁱ

Amendments to the Energy Bill

Government Amendments

The Government introduced ‘carbon intensity target-range’ amendments at committee stage of the Energy Bill. However, they do not introduce a decarbonisation target – now or in the future. This is because:

- 1) The Government amendments do not **require** a decarbonisation target – they only say the Secretary of State “**may**” set one if he so chooses.
- 2) **If** a target were to be set:
 - a. it wouldn’t have to be set in 2016 (this is simply the earliest it is allowed to be set)
 - b. it wouldn’t have to be a target for 2030 (this is simply the earliest year for which any target is allowed)
 - c. it wouldn’t have to decarbonise – there is no clarity on what the carbon level or range would be, and it would not have to be set taking into account advice from the Committee on Climate Change

Tim Yeo MP and Barry Gardiner MP have tabled a series of amendments (11-19) for debate at report stage of the Energy Bill which propose the introduction of a decarbonisation target, by 2014, in line with Committee on Climate Change advice, and supported by MPs from all parties.

We urge all MPs to add their name to and vote for these amendments

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ⁱ Ofgem, [Project Discovery Energy Scenarios](#), 2009,

ⁱⁱ Committee on Climate Change, [Household energy bills – impacts of meeting carbon budgets](#), 2011

ⁱⁱⁱ Committee on Climate Change, [Fourth Progress Report, Chapter 2](#), 2012