

Department for Environment, Food and Rural Affairs

Consultation on the draft Climate Change Bill

Response proforma

Please use this proforma to answer the questions in the above document. The closing date for the submission of responses is **12 June 2007**.

Responses should be clearly marked in the subject field "**Consultation on draft Climate Change Bill**", and should be sent:

- by email to: climatechangeconsultation@defra.gsi.gov.uk
- or by post to: Patrick Erwin / James Hardy, Climate Change Legislation Team, Area 4/F5, Ashdown House, 123 Victoria Street, London SW1E 6DE

The email address may also be used for general queries relating to this consultation. Please mark the subject field **Consultation on the draft Climate Change Bill**.

To help us analyse responses, please provide details of yourself or your organisation (* if appropriate) below.

In line with Defra's policy of openness, at the end of the consultation period copies of the responses we receive may be made publicly available through the Defra Information Resource Centre, Lower Ground Floor, Ergon House, 17 Smith Square, London SW1P 3JR. The information they contain may also be published in a summary of responses.

If you do not consent to this, you must clearly request that your response be treated confidentially. Any confidentiality disclaimer generated by your IT system in e-mail responses will not be treated as such a request.

You should also be aware that there may be circumstances in which Defra will be required to communicate information to third parties on request, in order to comply with its obligations under the Freedom of Information Act 2000 and the Environmental Information Regulations.

Defra's confidentiality statement in full can be found at

www.defra.gov.uk/corporate/consult/climatechange-bill/letter.htm

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Organisation Type	Please mark/give details as appropriate
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Non Governmental Organisation (NGO)	<input type="checkbox"/>	
Public sector (e.g. local / central government, hospitals, universities) <i>(please give details)</i>	<input type="checkbox"/>	
Retail sector (e.g. supermarkets) <i>(please give details)</i>	<input type="checkbox"/>	
Service sector (e.g. cinemas, hotel chains, banks) <i>(please give details)</i>	<input type="checkbox"/>	
Energy supply industry	<input type="checkbox"/>	
Heavy industry / manufacturing	<input type="checkbox"/>	
Property management	<input type="checkbox"/>	
Trader / verifier	<input type="checkbox"/>	
Academic / research	<input type="checkbox"/>	
Individual	<input type="checkbox"/>	
Other <i>(please give details)</i>	<input type="checkbox"/>	

NB: on the form below, please leave the response box blank for any questions that you do not wish to answer. Any other comments can be recorded in the box at the end of this form. All boxes may be expanded as required.

Targets and Budgets
<i>Setting statutory targets</i>
<p>1. Is the Government right to set unilaterally a long-term legal target for reducing CO₂ emissions through domestic and international action by 60% by 2050 and a further interim legal target for 2020 of 26-32%?</p> <p>Yes, the government is right to set a long-term legal and binding target; though we question the assertion that it's unilateral. There are also relevant EU initiatives.</p> <p><u>The numerical targets</u> The UK Government has rightly stated that its goal must be to prevent what has become known as 'dangerous climate change'; in other words preventing average global temperatures from rising more than 2°C on pre-industrial levels. This 2°C threshold is widely regarded as a point beyond which the impacts of climate change, particularly on the poorest people in the world, will become catastrophic. The aim of preventing more than 2C of warming has been adopted overtly by the UN and the European Union – and must be incorporated into this Bill.</p> <p><i>We urge that the objective of staying within the 2°C threshold should be clearly stated and made a central part of the Bill.</i> The rest of the Bill should be designed to enable us to fulfil this overarching objective. Crucially there must be a clear link between the objective, the concept of the carbon budget and the specific numerical targets. This link must be based on the most informed and up-to-date scientific advice.</p>

On that basis we submit that *the target of 60% reductions by 2050 is too low*. It appears to be based on political expediency, not the science. If approved in its current form the Bill will almost certainly hinder, not stimulate or enable, the adoption of policies and laws that are critical to preventing dangerous levels of climate change.

The Treasury's Stern Review on the economics of climate change argued that to have a greater than 50% chance of keeping to a 2°C increase in global temperature requires the atmospheric concentration of greenhouse gases to stabilise at 450ppm CO₂equivalent (CO₂e). This in turn requires a global cut in emissions of 70% by 2050 and a UK emissions reduction of at least 80% by 2050. This translates into a cut of up to 40% by 2020.

The composition of the targets

We note with regret that the Bill does not cover *all* CO₂ emissions. The draft excludes emissions from international aviation and shipping based on the premise that these emissions are not part of the existing Kyoto Protocol and that disagreement exists internationally over whether and how to account for and reduce these emissions. This is disingenuous. The boundaries that have shaped the Kyoto Protocol do not have to shape the Climate Bill. Whilst the UK would not be permitted to include carbon reductions from international aviation and shipping in its reporting under Kyoto there is no reason why we should exclude carbon emissions from these sources in calculating and reducing the UK's emissions. We urge the government to re-consider this exclusion and to incorporate an amendment during the passage of the Bill so that it provides a framework to manage the reduction of the whole of the UK's emissions. To continue to exclude aviation would be to proceed on the basis of targets that are knowingly incomplete and highly misleading. Even worse, it risks creating distortions in the UK economy that will inhibit policy choices and give favourable treatment to particularly carbon intensive sectors at the expense of others.

2. Is the Government right to keep under review the question of moving to a broader system of greenhouse gas targets and budgets, and to maintain the focus at this stage on CO₂?

The focus on reducing carbon dioxide is also, broadly speaking, right. But we have one major qualifier to put down. We are concerned that the present focus on carbon dioxide alone is potentially misleading and urge the government to follow common convention and from the very beginning to set its targets and budgets in terms of *CO₂ equivalent emissions*. If the UK government creates a legal framework based on the measurement of carbon emissions only, it risks setting a bad example to the rest of the world, which will be copied and is likely to lead to a collective failure to face up to, and successfully address, the severity of the threat of climate change. It is essential that the measurement index is credible and authoritative – because to change it later on will be difficult, costly and make monitoring both complex and confusing.

Carbon budgeting

3. Should the UK move to a system of carbon management based upon statutory five-year carbon budgets set in secondary legislation?

The idea of budget periods is essential as a tool of management. But to make that tool as sharp and useful as it can be, the duration of the budget period is the key issue. We recommend that the government explain more clearly the criteria that provide the basis for determining the duration of the budget period. In our view some of the key criteria should be:

- Responsiveness to a changing understanding of the science. Given that our knowledge of the rate of climate change, its impacts and its costs (financially and in human terms) is growing all the time, the budget period must allow for rapid adoption of new knowledge. On balance we believe five years to be too long and likely to lead to some sharp adjustments in the emissions reduction curve.
- Accountability to citizens. The five years time frame will on most occasions mean that the budget period spills over from one government to another. This is unhelpful, and to most people will simply look like a device to shirk responsibility. Integrating annual milestones into the budget period would enable greater accountability.
- Effectiveness of response. Whilst we accept that there will be blips in some years because of exceptional events, the fundamental purpose of a budget period is to enable a government to take prompt and decisive action to control emissions. A five-year time frame will make the key tool in the bill a blunt and less effective one. Although the Bill rightly creates a review mechanism, once a five-year budget has been set, we feel it is unlikely to be changed. This will slow down the UK's management of its carbon budget - and whether we need to increase the rate at which we reduce emissions, or decrease the pressures on business and the population generally – this slowness will impose additional costs.

We urge the government to adopt a budget period of three years with annual milestones.

4. Do you agree there should be at least three budget periods in statute at any one time?

Reviewing targets and budgets

5. Do you agree there should be a power to review targets through secondary legislation, to ensure there is sufficient flexibility in the system?

6. Are there any factors in addition to, or instead of, those already set out that should enable a review of targets and budgets?

The Bill contains a clear list of the matters that must be taken into account. But we feel that these matters need to be explicitly linked to what should be the guiding objective of the Bill - to ensure that the UK is making its contribution to achieving the target of keeping average global temperature increase below the 2°C threshold.

We propose that two more matters be added to the list:

First, *the likely impact on the economies of the poorest countries and on the lives and livelihoods of the people who live in those countries*. It is critical that this global dimension is added because there is already clear evidence that it will be poor people in poor countries who are most at risk. Our relative wealth and geographical position means that we may be reasonably well-protected from the most severe impacts of climate change, and if we use only a UK lens as the basis for action there is a real danger that the carbon budget will deliver 'too little, too late' for those who need protection most urgently.

Second, *the targets and budgets should also be equitable between countries* based on the joint principles of historical responsibility (for increasing greenhouse gas levels) and 'polluter pays'.

Counting overseas credits towards the budgets and targets

7. Do you agree that, in line with the analysis in the Stern Review and with the operation of the Kyoto Protocol and EU ETS, effort purchased by the UK from other countries should be eligible in contributing towards UK emissions reductions, within the limits set under international law?

If the Bill was being considered in a world where every country had a cap on emissions that represented an equitable sharing of the effort necessary to prevent a 2°C rise in temperature, a robust trading scheme could ensure the most cost effective savings are made. However, the real world is very different from this idealised model and the Bill needs to be drafted from the perspective of a world in which caps are more or less lax or non-existent. From this perspective any credits bought from overseas will contribute not to a globally efficient resource allocation effort, but a scheme in which carbon trading rewards laxness and inactivity. For this reason we urge the government to use carbon credits to a minimum extent and would encourage a clear and unequivocal focus on reducing UK emissions.

Whilst we understand that the 'limits' set out under international law are that the UK could 'purchase' up to 50% of its greenhouse gas reduction effort from overseas, we believe there are compelling reasons not to carry over into domestic legislation a permissive maximum from international law. Once again, we go back to the over-riding purpose of the Bill, which is to enable the UK to contribute to a global target of keeping temperature increase below 2°C. By virtue of poor quality cap and trade mechanisms, the UK has the option, apparently, to buy its way out of a problem. But the problem will not be averted by such devices. For this reason, *we propose a limit on credits bought from overseas at 20% of total UK savings*.

The draft Bill, and the questions in this consultation, suggest that the government intends to rely heavily on carbon trading as a way of meeting its emissions reduction target. We caution against an excessive reliance on one tool – and in particular a tool that has so far proved itself to be a largely ineffective way of actually reducing emissions whether at a national level, a European level or internationally. We believe there is a real danger that carbon trading will be a preferred tool partly because it will allow this, and future, governments to duck hard choices and, instead, to buy their way out of the problem rather than taking the policy choices that are designed first and foremost to drive down our own emissions. There is also likely to be an interest in seeing London become the capital of carbon trading, with the corollary that decisions will be taken with a variety of competing interests at stake. On the contrary, what is needed is for the Bill to create the structures, policies and

systems with a singular focus on **actually** driving down domestically generated emissions, not seeking to offset emissions by buying credits from somewhere else.

It is imperative to recognise at this crucial stage of the legislative programme, a stage that will lay the foundations for future policy choices and actions, that the 'carbon market' as currently constructed will not deliver the greenhouse gas reductions needed to avert dangerous climate change. The Stern report has rightly said that climate change is the greatest example of market failure. It would be bizarre indeed if the government should now to seek to use, except to a very limited extent, a mechanism that has proved inadequate to the challenge to date. The government, and by extension the Committee on Climate Change, needs to be prepared to critically examine all policy measures on a regular basis and be prepared to drop or change those that are not working or inadvertently create perverse incentives. It will be by its actions that the Committee will demonstrate its independence of thought and action, and gain the trust and confidence of all sectors and the public in general.

Banking

8. Do you agree it should be permissible to carry over any surplus in the budget? Are there any specific circumstances where you consider this provision should be withdrawn?

Borrowing

9. Do you agree that limited borrowing between budget periods should be allowed?

Compliance with carbon budgets and targets

10. Is it right that the Government should have a legal duty to stay within the limits of its carbon budgets?

Yes, People & Planet strongly supports creating legal duties within the Bill. Non-mandatory targets such as the manifesto commitment to a 20% cut by 2010 have proved to be ineffective and have been honoured in the breach. A legal duty is therefore required.

The Committee on Climate Change

The need for an independent analytical organisation

11. Do you agree that establishing an independent body will improve the institutional framework for managing carbon in the economy?

Functions of the Committee on Climate Change

12. Do you agree that the Committee on Climate Change should have an advisory function regarding the pathway to 2050?

13. Do you agree with the proposal that the Committee on Climate Change should have a

strongly analytical role?
Factors for the Committee on Climate Change to consider
14. Are these the right factors for the Committee on Climate Change to take into account in assessing the emissions reduction pathway? Do you consider there are further factors that the Committee should take into account?
Membership and composition
15. Do you agree the Committee on Climate Change should be comprised of technical experts rather than representatives of stakeholder groups?
16. Are these the appropriate areas of expertise which should be considered? Do you consider there are further areas that should be considered or any areas that are less important?
We suggest that the Committee on Climate Change should include an expert on the impacts of climate change on poor people in developing countries. This would go some way to ensuring that the latest evidence on climate change impacts in the global south would be incorporated in the Committee's analysis and recommendations.
Enabling powers
Extending the suite of domestic trading schemes
17. Do you agree with the principle of taking enabling powers to introduce new trading schemes?
Benefits and structure of enabling powers
18. Do you consider that these powers are sufficient to introduce effective new policies via secondary legislation? If not, what changes would you make?
Reporting
The need for regular, independent monitoring of the UK's progress
19. Do you agree that the Committee on Climate Change should be responsible for an independent annual report on the UK's progress towards its targets which would incorporate reporting on a completed budget period every five years?

We have already made the point that People & Planet believes that there should be three-year budget periods complemented by annual milestones. The committee should prepare an independent annual report both on the progress made with respect to attaining the target set for both the budget period as well as the annual milestones. That report should be publicly available.

A major weakness of the draft Bill is that it focuses exclusively on national level targets and reporting. Whilst this is essential at one level, our experience in campaigning on climate change for the last seven years tells us that highly aggregated data is likely to be a blunt and ineffective tool that will hide a wide range of inconsistencies and inefficiencies. We strongly urge that the Bill also include provision for mandatory disclosure of carbon emissions at the level of companies and publicly funded organisations above a certain size. We are not seeking to impose an unnecessary administrative burden on companies, the public sector or the third sector charities – and recognise that the devil will be in the detail of which companies or organisations to include. As an example we do not suggest that every primary school in the country should be forced to calculate and disclose carbon emissions; but we do think that universities should. Similarly, we do not suggest that individual retail outlets in the High Street should be under a mandatory duty, but we do think that supermarkets and shops above a certain size should be. The purpose of imposing this requirement is both to make key information easily available to the public but also to create management cultures in which the reduction of carbon emissions is seen as a key performance indicator.

Adaptation

20. Is statutory reporting the best way to drive forward progress on adaptation while at the same time ensuring Government is able to develop flexible and appropriate measures reflecting developments in key policy areas?

Statutory reporting is an important step, but it will not be sufficient to drive forward progress on adaptation. We believe the Bill should set out stronger obligations on the Government, including a requirement for the report to include an analysis both of the impacts of climate change on key sectors of the UK economy and on the world's vulnerable communities and ecosystems.

The report should be accompanied by a programme of adaptation measures that responds to its analysis. The programme should aim to secure sustainable adaptation across all sectors of the economy; to safeguard the UK's biodiversity in a changing climate; and to ensure that the UK plays its full part in tackling the impacts of climate change on vulnerable communities and ecosystems world-wide. Adaptation funds arising from this programme should be additional to the UK aid budget.

Other responses or comments

(Please use the following space for any other responses or comments)