

Editorial

Editorial

Alan Wells

Environmental issues continued to be at the centre-stage of EU and UK politics during March, and are even getting high-level attention at the UN.

European Union

At the end of a two-day summit the EU made a binding commitment to cut carbon emissions by 20 per cent below the 1990 level by 2020. That will rise to 30 per cent if other nations follow suit. The targets are:

- a binding unilateral target for a 20 per cent reduction in greenhouse gases for the EU;
- 30 per cent greenhouse gas reductions on 1990 levels for developed countries by 2020 if other big polluters come on board;
- 20 per cent of EU energy to come from renewable sources by 2020;
- biofuels to account for 10 per cent of EU transport power by 2020;
- greater separation of energy generation and distribution without breaking up utility giants;
- a new push on carbon capture and storage technologies
- plans for a strategic energy review every two years; and
- energy efficiency savings of 20 per cent by 2020.

The effort will not be shared equally among all 27 nations meaning that this may be the beginning of a period of intensive wrangling over how the burden will be shared. Individual nations have been promised an effective veto over their detailed plans to hit targets. These will be worked out in partnership with the European Commission, which will produce a plan under which nations that are already advanced in renewables will go further to create “differentiated national overall targets” put together “with due regard to a fair and adequate allocation taking account of different national starting points including the existing level of renewable energies and energy mix”. Overall, however, the EU will have to hit the 20 per cent target, and the European Commission has promised to legislate to this effect.

If countries fail to hit their specific national objectives, they will be susceptible to being taken before the European Court of Justice.

The agreement promises that, by 2020, 20 per cent of EU energy will be derived from renewables, including solar and wind power.

The 10 per cent target for bio-fuels in transport by 2020 is to be implemented in a cost-efficient way.

The endorsed plan to liberalise the European energy market has been watered-down. Instead of forcing the big utility groups to sell off their generation businesses and distribution grids, EU leaders opted for a more modest reform. This involves “effective separation of supply and production activities from network operations”.

Nuclear power has, for better or worse, been recognised as helping to curb CO₂ emissions and securing energy supplies.

If any of these targets are to be achieved there needs to be a high-level group on nuclear safety and waste-management issues; new coordinators have to be appointed to speed up interconnections between nations; and an energy observatory must be created in the European Commission.

United Kingdom

Pity David Miliband, Secretary of State for the Environment! Senior UK Government ministers are all busily scoring political points by encroaching on his preserve.

Blair's legacy?

It cannot have been hard for Prime Minister, Tony Blair, to sign up to the EU agreement. The appropriate legislation had already been drafted in the UK and he launched the Climate Change Bill soon after his return from Brussels, claiming that Britain is to enact the toughest laws on carbon emissions in the world to reduce its impact on global warming.

His thunder was rather stolen by his heir apparent (Chancellor of the Exchequer, Gordon Brown) announcing, on the day before the launch, that Britain would phase out the domestic use of all old-fashioned lightbulbs by 2011 and that retailers will be asked to remove “stand-by” facilities from televisions and DVD players to prevent electricity being wasted when they are left on during the night.

Under the provisions in the Bill the UK will be the first country to impose legally binding, five-year limits on carbon emissions. Mr Blair declared the proposals to be a “revolutionary step”, saying that the legislation would strike a balance between the needs of the economy and the requirement to limit the environmental (and social) havoc likely to be wreaked by climate change over the next century. The main points in the Bill are:

- legally binding five-year carbon dioxide emission targets;
- the first three targets are to be set by 31 December 2008; the first target period to cover 2008-12;
- a statutory 2020 target of 26-32 per cent emissions reduction;
- a statutory 2050 target of 60 per cent emissions cut;

Editorial

- aviation and shipping are excluded;
- a committee on climate change is to be appointed and ministers must take its advice into account;
- powers will be granted to ministers to introduce secondary legislation as required to meet targets;
- there will be annual reporting to Parliament; and
- a maximum of 50 per cent of carbon credits can be purchased from abroad.

David Miliband finally got to pronounce on his area of responsibility when he said he expects the Bill to receive Royal Assent by Easter 2008; that the legislation would be an “environmental contract with future generations” and an essential step to limiting the effects of climate change; and that it provided a robust framework “for managing carbon and allocating responsibility” for emission cuts to turn Britain into a low-carbon economy.

The proposals were broadly welcomed by business groups, environmentalists and scientists, though there was, inevitably, some criticism that the Bill does not go far enough. Once we know on whom the targets are binding we might move away from the area of political rhetoric.

Brown turns green

The UK Chancellor of the Exchequer has used his (almost certainly last) Budget speech to establish his green credentials as the potential next Prime Minister. Mr Brown's 11th budget came just a week after the government published its Climate Change Bill.

Neither the Bill nor the 2006 Stern Review (which warned of the need for radical action to combat climate change) was mentioned during the Chancellor's speech, which announced:

- until 2012 all new, zero-carbon homes up to £500,000 will be exempt from stamp duty;
- the landfill tax will rise by £8 each year from April 2008;
- the Climate Change Levy on businesses is to go up in line with inflation from April 2008 and is to be simplified
- fuel duty will go up 2p a litre in October 2007 and 2008 and 1.8p in 2009;
- drivers of the biggest and most polluting vehicles are to see car tax almost double to £400 by April 2008; and
- there is to be a 30 per cent cut in vehicle excise duty (VED) for some of those vehicles which emit the least pollution.

Overall, green taxes have fallen as an overall proportion of government revenues to 7.3 per cent in 2006, although they are to rise to 7.5 per cent in 2007 due to fuel duty and VED rises.

Mr Brown promised to work towards special mortgages for energy efficient upgrades on homes, and to abolish stamp duty on some zero-carbon homes. He also promised to encourage cuts in emissions from homes, which he said accounted for a

quarter of the UK's total carbon output. His measures include:

- grants worth £300-£4,000 for pensioners installing insulation and central heating in their homes;
- consultations with banks and building societies to develop new mortgage products for investment in energy efficiency;
- a zero-rate of stamp duty to be paid on new homes costing less than £500,000 which have a zero-carbon footprint till 2012;
- £6 million extra for the Low Carbon Buildings Fund; and
- a push to find ways of making it more lucrative for people to sell energy generated by systems such as solar panels back to the National Grid.

The Royal Institution of Chartered Surveyors pointed out that the Chancellor had missed an opportunity by focusing on new homes.

Yet another minister joined the governing party's green campaign as Ruth Kelly, the Communities Secretary, later announced that planning orders will be waived for green homes and that wind turbines will be encouraged.

Back to the Budget . . . Landfill tax will rise from its current rate of £24 a tonne by £8 a year till 2011, and boosting the aggregate tax which penalises quarrying from £1.60 to £1.95 a tonne.

The rise in VED for Band G cars – which include not only 4 × 4s but also some large people carriers and estate cars – is accompanied by a £10 rise for Band F vehicles, the next most polluting cars. But while the least polluting Band A cars will continue to pay no VED, the next cleanest in Band B will see their rate cut to £35 from £50 for diesels and £40 for petrol cars.

Biofuels, which Mr Brown said helped fulfil the government's obligations on renewable fuels, will have their 20p a litre duty reduction extended to 2010, with the 40p a litre reduction for biogas extended to 2012.

Mr Brown said he has asked Sir Nicholas Stern – author of the 2006 Stern Review – to work with Professor Julia King of Aston University on developing “the next generation of low- and no-carbon vehicles”.

The Chancellor took the opportunity of his Budget speech to say that the UK has reached a range of deals on environmental issues (such as biofuels and clean coal) with countries from Brazil to China (hopefully a geographical rather than alphabetical reference). He promised £50 million to a 10-country initiative to protect rainforests in Central Africa, as well as £800 million to the UK Government's Environmental Transformation Fund.

Critics, as might be expected, said Mr Brown was not doing enough to confront climate change. The increases in fuel duty and the VED rise do seem to ignore the Department for Transport's research which indicated that much higher levels would be needed to change people's behaviour.

Editorial

Following his increase in air passenger duty in last year's Pre-Budget Report, Mr Brown ridiculed a suggestion from the (opposition party) Conservatives of applying VAT to domestic air travel, saying it would result in only a minimal reduction of carbon emissions. However, the fact that international flights are excluded from Britain's CO₂ targets must be seen as deplorable, especially as the £9 billion aviation fuel subsidy is protected and the Chancellor supports the largest programme of airport expansion ever seen in the UK. It is hard not to have amused sympathy with Spurt Aviation's suggestion of "A free energy efficient light bulb and loft insulating thingy with every flight" (see: www.spurt-aviation.com) .

United Nations

UK's Becket Jumps on the Bandwagon

The UN Security Council, in a move tantamount to declaring that global warming is a threat to global security, has agreed that Margaret Beckett, the UK Foreign Secretary, will, on 17 April 2007, chair the first UN Security Council debate on climate change. Do not be overly impressed. The UK has promised that it will not seek any Security Council action or follow-up on the debate.