

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

Name	Mr Rynd Smith
Organisation / company *	Royal Town Planning Institute
Job title *	Head of Policy and Practice
Department *	Policy and Research
Address	41 Botolph Lane London EC3R 8DL
Email *	policy@rtpi.org.uk
Telephone *	020 7 929 9494
Fax *	020 7 929 9490
Website *	http://www.rtpi.org.uk

Organisation Type	Please mark/give details as appropriate	
Non Governmental Organisation (NGO)	<input checked="" type="checkbox"/>	
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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
Setting statutory targets
1. Is the Government right to set unilaterally a long-term legal target for reducing CO ₂ emissions through domestic and international action by 60% by 2050 and a further interim legal target for 2020 of 26-32%?
<p>The government is right to act unilaterally, as this is a field in which the international community is not yet ready for multilateral action, and leadership is required. It is right to set the proposed 'deep targets' on the basis that these demonstrate leadership, will be achievable and help develop UK planning, design, engineering and construction expertise, capable of delivering to such targets, whether here or overseas. Such an approach will help provide the UK with a strong intellectual and economic stake in greenhouse gas management.</p> <p>However, it must be recognised that even the most stringent and effective UK targets will not deliver tangible global benefits, unless matched by similar action from countries overseas. Passage and implementation of domestic legislation should not stand in the way of continuing government efforts to bring about action by other nations and ideally a multilateral or global solution.</p> <p>The Bill should include a 'convergence mechanism' enabling its provisions to be rapidly merged with multilateral trading and or target measures should these be developed and accepted by the UK.</p>

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?

Carbon dioxide is the immediate priority gas, as the scale of emissions mean that effective control will deliver tangible climate change benefits even if most other gases are not managed in the short term.

That being said, relatively small emissions of other gases can have significant greenhouse implications. There is a strong argument for the early development of a 'special gas emissions control regime' that would deliver 'quick wins' where these can be easily identified: the capture or conversion of relatively small volume but greenhouse significant emissions from relatively predictable sources. The Bill could provide a minister with a power to make controlling regulations about a defined range of gases with high greenhouse potentials, subject to consultation with stakeholders before controls were implemented.

Of such gases, methane is a strong candidate for early special control. Methane has a global warming potential 23 times that of carbon dioxide over 100 years*. For example, although only 2 Mt of methane was emitted to the atmosphere from the UK in 2002, averaged over 100 years this equates to 48 Mt of carbon dioxide, equivalent to just under 9% of the carbon dioxide emissions for 2002 [data source: NAEI greenhouse gas inventory, 2002]. If methane were to be designated as a special control gas, a regime could relatively rapidly be put in place for the major emitters (say) hydrocarbon fuels, waste management, large agriculture and the food processing industry, which could balance an emissions price or tax against rebates and grants for fugitive emissions control, gas capture from landfills, gas to power, gas to heat and related schemes.

Whilst relatively small in volumetric terms, such schemes would represent a 'quick win' of potentially material scale in carbon dioxide equivalent terms. Such a strategy would promote expertise and technologies in methane control, which in turn could deliver economic benefits to the UK through the provision of methane management services to other countries.

Methane control technologies are globally relevant, as many nations have higher proportions of methane within their greenhouse emissions mix than the UK. For example, 21% of Australian and 36% of New Zealand carbon dioxide equivalent emissions are accounted for by methane [sources: AGO national greenhouse gas inventory 2004; NZ greenhouse gas inventory 1999-2004]. This places an emphasis on the need for and potential market value of methane control.

* Attributing methane with a global warming potential 23 times that of carbon dioxide represents a potentially artificial use of an average figure, as atmospheric reactions give free methane a typically much shorter lifetime than 100 years: in the range 9.6 to 8.4 years depending on atmospheric elevation. Over shorter periods, free methane is a potentially much more powerful warming agent, with a global warming potential of 63 over 20 years, suggesting that a small volume of methane emissions could account for as much as 24% of the UK's carbon dioxide equivalent emissions in a year. This places a strong policy weight on its control.

Carbon budgeting

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

Subject to a capacity to declare other gas control regimes (see 2 above), the basic premise of the Bill is sound and statutory five-year budgets should be set.

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

There is a strong argument that budgets should express a carbon trajectory which commences before and ends after the relevant budget period. The means proposed in the Bill of requiring at least three budget periods achieves this. However, it will be important to ensure that the fifteen year trajectory period does not 'expire' and it should be rolled forward significantly before its end: ideally before the commencement of the last budget period in the trajectory period.

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?

There is a strong argument that there should be a capacity to review targets in a flexible manner to ensure that they respond to changes in climate science and mitigation/adaptation techniques.

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

A further review factor would be changed technical knowledge about the availability and economic efficiency of greenhouse gas emissions management techniques. The budget system should be able to adapt to capture the benefits from new techniques in a timely fashion.

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?

Where a host country agrees a framework for greenhouse gas management investment by offshore investors, such effort should be eligible to contribute towards UK emissions reductions. However, a quality assurance or audit measure needs to be put in place, to ensure that the quality and duration of offshore effort is able to stand for the claimed effort in the UK budget system.

The UK should not support offshore greenhouse gas management investment in countries that do not have an agreed investment framework that supports inward investment. This is for two reasons: firstly, the lack of a domestic framework will mean that there will often be no independent means of quality assurance or audit; and secondly, a number of developing economies are expressing concerns that their own greenhouse gas management capacity, required to address their own development ambitions is being 'colonised' by fleet-footed offshore investment, placing carbon management beyond the reach of domestic investors in their own onshore market.

This raises significant equity issues that will suggest that certain (typically more densely populated and industrialising) nations will be unlikely to agree significant offshore investment frameworks. The UK should not seek to compel such nations to accept investment counter to their immediate interests. In contrast, greater offshore investment opportunities may exist in less densely populated but more developed and better regulated economies, such as the USA, Canada or Australia.

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?

The primary objective of greenhouse gas budgeting should be to reduce net emissions as soon as possible. There should be a presumption in favour of capturing surpluses into the budget, enabling 'low hanging fruit' to be harvested in to the gas reduction as soon as possible and at the lowest achievable cost.

The carry forward of a greenhouse gas budget surplus is to some extent contrary to such a principle, as it can enable efficient and lower cost budget gains to be offset against the continuation of other emissions that can also be managed at reasonably low cost. To some extent, such an effect can represent a subsidy from the emitters whose gains are carried over, to those who have failed to take sufficient action.

There may be an argument that making a surplus available for borrowing (see below) overcomes this issue.

Borrowing

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

Borrowing should be allowed. However, it should be for a known volume, term and cost. The cost (interest) should be charged at the current basket greenhouse gas price for the volume, unitised and variable over time (the term) to reflect fluctuations in the gas price. Further, an interest 'surcharge' element should reflect the fact that a unit of gas remaining in the atmosphere for a longer period due to borrowing exerts greater climate change potential than a unit of gas removed from the atmosphere now. Although the gas price is likely to rise to reflect this, that is not certain, as the price could also fall based on improvements in management techniques, and so a distinct surcharge to penalise avoidable duration should also be charged.

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. But any such duty requires to be underpinned by clear monitoring and public access to monitoring results and possibly a right in action by public interest litigants or even an offence where the duty is breached. Without such steps a duty will carry little weight.

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?

Yes, but the committee described in the consultation has unduly limited powers. Government should examine the virtue of creating a more enabled 'greenhouse gas commission' that would be charged with finding and delivering means of delivering greenhouse gas reduction through legislative and policy reform and market management.

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?

Yes.

However, executive action to secure greenhouse gas reductions will also be necessary.

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

Yes.

However, this role should complement the role of an executive 'greenhouse gas commission' which will implement the budgets.

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?

The range of factors appears broadly correct and we do not seek to add to it. To some extent it may be argued that it is too broad. For example, by making fuel poverty an express consideration, the committee may be laying itself open to the charge that it could distort otherwise potentially valuable gas control measures, in circumstances where fuel poverty impacts could probably be mitigated through the benefits system.

Membership and composition

15. Do you agree the Committee on Climate Change should be comprised of technical experts rather than representatives of stakeholder groups?

The Committee should be comprised of technical experts. A representative committee will tend to respond to evidence on the balance of represented interests and take decisions on political grounds. That should remain the function of Parliament, to which the Committee does in any case report.

That being said, the Committee should be required to take steps to appraise itself of stakeholders' expertise and opinions through consultative exercises.

Further, if the Committee reports primarily to an executive 'greenhouse gas commission', that body should closely and carefully liaise with a broad range of stakeholders to obtain the highest possible levels of commitment to and compliance with budget measures.

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?

The composition of the Committee is broadly appropriate. However, it should work with or to a 'greenhouse gas commission' that would provide detailed expertise in implementation and would also have the capacity to engage stakeholders.

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?

Yes. However, stakeholders should be consulted before any new trading scheme affecting them could be implemented.

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?

Yes.

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?

Yes.

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 a first step. However, to achieve meaningful actions in relevant timescales, an executive entity focussed on designing and implementing policy across government would also be valuable. The concept of a 'greenhouse gas commission' has been discussed above and may be a way forward.

Other responses or comments

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

This response has developed the concept of a 'greenhouse gas commission', which is a proposal that was not set out in the consultation document.

The purpose of such a commission would be to have a strong body with a cross governmental overview, charged with implementing carbon budgets.

This proposal emerged in our considerations in conversation with member bodies of the Construction Industry Council, who shared our concern that the Bill as proposed established a Committee as a strong source of independent advice, but did not establish an 'implementation arm' for the proposed greenhouse gas budgets. If the budget proposals are going to succeed, there will have to be an arm of government with strong carriage and ownership of implementation measures.

Members were also concerned that, whilst there was a justification for the proposed Committee to be a technical expert advisory as opposed to representative body, there must be an entity charged with engaging and consulting stakeholders about the directions of greenhouse gas budgeting and budget implementation. A commission could undertake such a role.