

MILAN COP 9 - DECEMBER 11, 2003

ROUND TABLE 2

SPEECH BY UK ENVIRONMENT SECRETARY

RT HON MARGARET BECKETT MP

Roundtable 2: Environment Secretary Rt Hon Margaret Beckett

Technology, including technology use and development and transfer of technologies

The findings of IPCC show the scale of the challenge we face - emission trends still rising and their projections suggesting that global emissions could double by 2025.

Yet to achieve the ultimate objective of the Convention which we all support further deep cuts are globally necessary. Reductions of around 60% from developed countries will be needed by 2050. And we must assist developing countries so that theirs can be a cleaner development trajectory.

This requires a fundamental redirection of our economies towards increased energy efficiency and development and use of low carbon technologies - a step change in our understanding of the science and technology.

Change offers enormous opportunities for business and industry but it will not occur fast enough unless governments create the right policy frameworks.

But do not believe we simply face a choice between using existing technologies and stifling economic growth, or waiting for new breakthrough technologies to solve the problem.

Earlier this year we published our new energy policy, in which, based on existing technologies, we could plot a clear pathway to a 60% reduction in our emissions by about 2050 and what our models show is a very low cost – as low as the difference between reaching the same level of GDP in September 2050 rather than April 2050.

So it is not a choice between 2 extremes. We need to use and transfer existing technologies and stimulate innovation into new low carbon technologies for deployment in the longer term.

There is huge scope for improving energy efficiency and promoting the uptake of existing low carbon technologies like PV.

And there are important new technological developments to pursue. But we need to avoid just trying to pick winners and instead create the conditions in which all suitable technologies have the opportunity to flourish.

And technology alone is not enough. It is important to send the right signals to markets now. Strong and unambiguous signals must give investors the long-term confidence that investments in low-carbon technologies will pay off.

That requires collective commitment to ambitious action by developed countries to cut emissions in the short run. We need to put in place measures which are both concrete and effective. Most of all we need to implement the commitments in the Convention and Kyoto Protocol with renewed vigour.

This really is the only game in town.

Elliot Morley's describes the UK's New Energy Policy

UK Minister of State for the Environment speaks at side event during the CoP 9 talks in Milan – Thursday 11th December 2003.

In presenting to you today the UK's ideas for a sustainable energy policy, I am pleased to be joined by my colleagues Adrian Gault Head of strategy development in the Energy Strategy Unit at the Department for Trade and Industry, and Henry Derwent, Head of Climate, Energy and Environmental Risk at Defra. Their presence here today and the work of their respective teams demonstrate the joined up approach across Government that has been taken in devising this new strategy.

We are here today to give you the big picture on the UK's new energy policy. The key message is two-fold: one- large cuts in carbon emissions can be achieved at a low cost, which is not detrimental to a country's economy; two- we can succeed in cutting global emissions, but only by working both at the domestic and international level.

The restructuring of the UK's energy industry during the 1990s provided the foundations for further emission reductions, but it has been the additional policies and measures that have provided the majority of the reductions and helped us achieve a reduction in emissions of 12.5% below 1990 levels. These policies are part of the current UK climate change programme, which runs to 2010, and will continue to reduce emissions until then. After this, in the absence of a new climate change programme, emissions would begin to rise. We have set ourselves the challenge of moving away from this carbon intensive future and onto a low-carbon pathway towards reductions in emissions of 60% by 2050.

We started with a detailed assessment of the Royal Commission for Environmental Pollution's recommendation that the UK should reduce by 60% by 2050. Our own analysis of the situation factored in the stark reality that Annex I countries will need to make deep long-term reductions if we are to achieve the ultimate aim of the convention – stabilisation of greenhouse gas concentrations. In accepting this, we took no account of what shape the international framework would be like in a second commitment period. We also considered the uncertainties, but were guided by the general EU position that we should stabilise at a level no greater than 550 parts per million CO₂ equivalent.

Further analytical work, including work done within Government as well as by independent analysts, shows that reductions of 60% by 2050 are possible at a low-cost.

This is the challenge that the UK has set itself. Earlier this year, following a wide ranging policy review and public consultation, which received over 2500 written responses in addition to focus-groups, workshops and web-based questionnaires, the UK Government published its new sustainable energy policy. This new policy is groundbreaking in that for the first time, one of the principal goals of our energy policy is the reduction of carbon emissions.

We have set ourselves four new goals:

- Putting ourselves on a path to cut the UK's carbon emissions by 60% by 2050, with real progress by 2020.
- Secure reliable energy supplies.
- Maintaining competitive energy markets.
- and ensuring that every home is adequately and affordably heated.

Leaving action until the last minute is not a sensible option. This would make the necessary changes more disruptive. We need early and well planned action to allow businesses to act over the course of normal capital replacements and to do so with confidence in their investments over the long-term.

Independent expert analysis commissioned by the UK concluded that the deep cuts in developed countries' emissions needed by 2050 are economically and technologically feasible, if we use energy more efficiently and develop low carbon technologies. And our own analysis supports this. The cost of a 60% cut in emissions will be very small- equivalent in 2050 to just 0.5-2 % of the UK's GDP, which by then is likely to have tripled. In other words people in 2050 will have to wait just six months for their incomes to rise to what they would have been in the absence of action. This is a small price to pay and does not even take account of the costs avoided by tackling climate change.

So, how will we achieve our goals?

We estimate that achieving the first of these goals will involve making reduction equivalent to between 15 to 25 Million tonnes of Carbon. Coordinated actions across a range of sectors will contribute savings which will add up to this overall goal, the main areas we have identified are energy efficiency, both domestic and in business and the public sector; Transport; increasing the amount of electricity produced from renewable sources; and use of emissions trading, particularly the EU Emissions Trading Scheme.

Our new energy strategy makes it clear that **energy efficiency** is the most effective way of delivering big savings across the economy. It is our belief that energy efficiency can contribute to around half of the 15-25 MtC savings the UK is likely to need by 2020. It is an ambitious target, and will involve improvements in energy intensity which are twice that of those seen over the past 30 years. But, this is achievable if we take action in a wide range of areas including: developing energy efficiency commitments, EU product standards, building regulations, and public sector performance. End user energy efficiency also has vast potential to contribute towards the affordability of energy. We need to change our perception of energy use, away from the use of energy itself and toward the reliable supply of the services it provides – including the basic needs such as heating, lighting and cooking.

Renewables will also play a major role and we expect them to contribute reductions of between 3-5 Million Tonnes Carbon – around a fifth of the total savings needed. Our plan is for 10% of UK electricity to be supplied from renewables by 2010. A renewables obligation and climate change levy tax exemption will provide £1 billion support for the renewables programme per annum by 2010. By 2006, we will increase our capital grants funding by some £60 million above its current £288 million level, which will provide more support for more research and innovation. We will also

examine other policy areas, such as planning policy to ensure it supports the installation of renewable energies.

Diversification of energy sources will also increase the security of supply – at the same time as increasing the share of renewables we should also consider our supplies of traditional energy sources. We are currently heavily reliant on oil and gas, and are a net exporter of energy. This is likely to change and it is likely that we will be a net importer of oil by around 2006 and gas by around 2010. Reliance on imports is not a problem in itself, but security of supply is then dependent on factors outside our direct control, we will be working to monitor and reduce the risks associated with this by not becoming too reliant on energy imports from too few international sources, and working to ensure competitive global markets for energy.

Emissions trading is a key part of our climate change programme and we expect it to contribute reductions of 2-4 MtC by 2020. In April last year the UK set up its own emissions trading scheme, which was the first economy wide scheme. In addition, when the EU emissions trading scheme comes on line in 2005, electricity generation, oil refineries and other sectors will also be covered. Carbon markets can set a signal for the value of carbon reductions in an economy. We will continue to encourage emissions trading at all levels, within the UK, the EU and internationally.

Transport produces a quarter of the UK's total carbon emissions, of which road transport accounts for 85%. In July 2002 we produced a strategy titled 'Powering Future Vehicles', which is complementary to our energy strategy. For example, this sets targets that one in ten cars and one in 5 buses will be 'low-carbon' with emissions of 100gCO₂ per kilometre or less. We have also implemented an emission linked car tax system, to incentivise ownership of low emitting cars. New technologies in transport will help us to contribute to cuts through increased efficiency from hybrid vehicles and biofuels, and emissions savings from forthcoming EU voluntary agreements on vehicle efficiency. Overall, we expect transport improvements to contribute up to 2-4 MtC cuts by 2020.

Besides domestic action, international cooperation on innovation in the field of science and technology is vital in moving towards a low carbon economy. We will need to improve global standards and coordination if we are to drive down the costs of deep reductions in greenhouse gas emissions and maintain economic competitiveness. One of the less reported aspects of the G8 Evian Summit was that Heads of Government agreed steps to spur innovation into cleaner energy technologies, including promoting collaboration between the international research community and senior policy makers. International cooperation, along with other possible initiatives, is vital to accelerate the development of new technologies to help deliver the low-carbon future we are striving for.

It is right that developed countries take the lead in reducing greenhouse gas emissions. The UK is working in partnership with other countries to share experiences and ideas. We expect the Renewable Energy and Energy Efficiency Partnership, which was launched in London in October, to be instrumental in identifying co-benefits and promoting cost effective opportunities for climate friendly technologies. The aim of this partnership is to remove barriers and expand the global market for renewable energy and energy efficiency. We want to help ensure that developing countries do not lock themselves into unnecessary and unsustainable pathways. New technologies, appropriately applied, can help

developing countries avoid the carbon intensive stages of development without interfering with their economic growth.

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BRIEFING FOR ROUND TABLES

Draft Speaking Bullets

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ANNEX E
EUROPE & commitment
U.K.
17.12.03

Roundtable 2: Technology, including technology use and development and transfer of technologies

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Scale of challenge facing us made clear by the findings of IPCC. Emission trends still upwards and IPCC projections suggest that global emissions could double by 2025. 32
The scale of the challenge we face
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emission

Yet further deep cuts globally necessary to achieve ultimate objective of the Convention which we all support. Reductions of around 60% from developed countries will be needed by 2050. And we must assist developing countries to follow a cleaner development trajectory. 14
The further deep cuts are already necessary

- This Requires a fundamental redirection of economies towards increased energy efficiency and low carbon technologies, And a step change in our understanding of the science and technology. 110
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~~do need as repeated so often vigorously~~

~~Enter~~
→ This really is the only game in town.

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What do provide
more effective use of
+ access to tech. where
Further devt will need
what action now
Inventory