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BCC Chamber Briefing:

UK Low Carbon Transition Plan

July 2009

Background

The Government published its Low Carbon Transition Plan on Wednesday 15th July. The plan, a road map to move the UK onto a permanent low carbon footing and to maximise economic opportunities, growth and jobs, is made up of the following documents:

- Low Carbon Transition Plan: National Strategy for Climate and Energy
- Low Carbon industrial Strategy – focussed on green growth in industry and business;
- Renewable Energy Strategy – detailing how the UK will meet its 15% target;
- Low Carbon Transport: A Greener Future – outlining the transport sector's contribution to greenhouse gas reductions.

Full soft copies of the report can be found at the following locations:

Transition Plan

http://www.decc.gov.uk/Media/viewfile.ashx?FilePath=White%20Papers\UK%20Low%20Carbon%20Transition%20Plan%20WP09\1_20090714221339_e_@@_DECCTheUKLowCarbonTransitionPlanwebversion.pdf&filetype=4

Low Carbon Industrial Strategy

<http://www.berr.gov.uk/files/file52002.pdf>

Renewable Strategy

http://www.decc.gov.uk/Media/viewfile.ashx?FilePath=What%20we%20do\UK%20energy%20supply\Energy%20mix\Renewable%20energy\Renewable%20Energy%20Strategy\1_20090715120226_e_@@_TheUKRenewableEnergyStrategy2009.pdf&filetype=4

Summary

The UK Low Carbon Transition Plan plots out how the UK will meet the cut in emissions set out in the budget of 34% on 1990 levels by 2020. The aim of the plan is to transform the UK into a cleaner, greener and more prosperous place to live and ensuring the UK is ready to take advantage of the opportunities ahead. The plan forecasts that by 2020:

- More than 1.2 million people will be in green jobs
- 7 million homes will enjoy pay-as-you-save home energy makeovers, and more than 1.5 million households will be supported to produce their own clean energy
- 40% of electricity will be from low carbon sources, from renewables, nuclear and clean coal
- We will be importing half the amount of gas that we otherwise would

- The average new car will emit 40% less carbon than now.

UK Low Carbon Strategy

The UK Low Carbon Industrial Strategy a series of active government interventions to support industries critical to tackling climate change. It puts workers and businesses in the UK at the forefront of massive global opportunity by targeting key industries and regions where the UK has competitive or commercial advantage, including offshore wind, marine power and carbon capture and storage. This includes the first allocations from the £405m funding for green industry and technology announced in the Budget.

Renewable Energy Strategy

The Renewable Energy Strategy maps out how the Government will deliver the UK's target of getting 15% of all energy (electricity, heat and transport) from renewables by 2020.

Low Carbon Transport Plan

The Low Carbon Transport Plan sets out how to reduce carbon emissions from domestic transport by up to 14% over the next decade.

Key Elements of the published reports

The Power Sector

Around 50% of the annual emissions cuts between now and 2020 will be achieved by further greening of the electricity mix. We expect 40% of the electricity we use in 2020 to come from low carbon sources – 30% from renewables, the rest from nuclear (including new build) and clean coal. We need to all-but eliminate carbon from electricity by 2050.

New today:

- Up to £6m to start development of a 'smart grid', including a policy road map next spring.
- DECC to take direct responsibility from Ofgem for establishing a new grid access regime within 12 months.
- Launch of the new Office for Renewable Energy Deployment in DECC to speed up the growth of renewables in the UK.
- £11.2m to help regions and local authorities prepare for and speed up planning decisions on renewable and low carbon energy whilst protecting legitimate environmental and local concerns.
- The final shortlist of the schemes for the Severn Tidal Power feasibility study is confirmed as three barrages (including the Cardiff-Weston barrage) and two lagoons. Three innovative schemes have also won funding to support their development.
- A consultation covering the changes to the existing Renewables Obligation, such as extending the life-time of the RO to at least 2037 and the introduction of a 20 year limit on support, to make it capable of delivering some 30% of our electricity from renewables.
- Approval for the UK's largest biomass power station on Teesside

Workplaces and Jobs

The Government believes that around 10% of the annual emissions cuts between now and 2020 will be achieved through greater efficiencies in our workplaces. By 2050, it states that our offices, factories, schools and hospitals need to reduce emissions to almost zero. Jobs and business opportunities will be created in new sectors outside the energy sector and help will be needed to support all businesses be more energy efficient.

Proposals:

- Up to £120m from low carbon investment funding to significantly advance the offshore wind industry in the UK.
- Up to £60m from low carbon investment funding announced in the Budget to cement the UK's position as a global leader in wave and tidal energy including:
- Up to £9.5m investment in the Wave Hub sub-sea socket off Cornwall and up to a further £10m funding to make the South West the UK's first Low Carbon Economic Area, a world centre for wave and tidal energy, building on business opportunities and skills.
- Up to £10m for testing facilities at the National Renewable Energy Centre in Northumberland and up to £8m for the European Marine Energy Centre in the Orkneys.
- Up to £22m for a new Marine Renewables Proving Fund for testing and demonstration of wave and tidal technologies.
- £6m of funding to explore areas of potential "hot rocks" to be used for geothermal energy. The deep geothermal resource of the South West of England alone could meet 2% of annual UK electricity demand.
- A £4 million expansion of the Manufacturing Advisory Service, to provide more specialist advice to manufacturers on competing for low carbon opportunities, including support for suppliers for the civil nuclear industry.
- A new Nuclear Advanced Manufacturing Research Centre to combine the knowledge, practices and expertise of around 30 manufacturing companies with the capability of universities on manufacturing, processes and skills.
- Campaign to be launched later this year to help small and medium businesses in the shift to low carbon.
- The public sector must lead by example. Emissions have already reduced by a third between 1990 and 2007 and DECC has challenged itself to reduce emissions from its own building by 10% in 09/10 with more to follow.

Transport System

Around 20% of the annual emissions cuts between now and 2020 will be achieved by cleaning up the way we travel. By 2050, road and rail transport will be largely decarbonised and aviation and shipping will have seen a significant improvement in efficiency.

Proposals:

- Providing proposed detail on the kinds of electric and plug-in hybrid cars that could qualify for the £2-5000 consumer incentives expected to apply from 2011. This

includes the requirement for the vehicle to have maximum tailpipe emissions of 75g CO2/km. An update has also been published on the infrastructure framework which is supporting this scheme.

- A new steering group for the freight and logistics industry to find effective ways of measuring, reporting and reducing emissions across the logistics sector
- Commitment to work with our European partners to develop a robust mechanism for regulating CO2 from new vans.

ENDS.

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