

Minutes of CCC Meeting - 19/03/10

Present were Adair Turner, Jim Skea, Sam Fankhauser, Julia King, John Krebs, Robert May, Michael Grubb, Brian Hoskins, David Kennedy

1. Residential sector update

The Committee considered the Government's recently published Household Energy Management Strategy, and agreed that this is a positive step, but that the framework is high level and requires much more detailed elaboration.

Key areas where further details are required include:

- **Area based partnerships** (e.g. what will be the specific duties of the national body, the energy companies and the local authorities? How will the area based approach work?)
- **Information and the whole house approach** (e.g. what arrangements will be in place to ensure that those households potentially willing to implement more difficult measures are given appropriate information and follow up?)
- **Financing arrangements** (e.g. what financial incentives will be in place to ensure development of a market for more difficult measures, noting financial incentives in other areas such as renewable heat and microgeneration?)
- **Regulating minimum energy efficiency standards** (e.g. implementing arrangements for proposed regulation of the private rented sector, and possible regulation of the owner occupied sector).

The Committee welcomed the level of ambition on loft and solid wall insulation.

However, further details on the proposed transition from insulating solid walls in social houses to private houses is required, given the very different characteristics of these markets.

In addition, the assumption that it is only practical to insulate 75% of cavity walls (compared to the Committee's assessment that 90% of walls could beneficially be insulated) should be fully justified.

2. Developments in international shipping: implications for the UK

The Committee considered assessment of international shipping emissions under alternative methodologies, and noted that activity based measures are significantly higher than those based on a bunker fuels methodology, both globally and at the UK level.

Given that the Committee has previously accounted for international shipping emissions using a bunker fuels methodology, moving to an activity based measure could have implications for meeting carbon budgets and targets. However, some of the additional required emissions reduction effort under an activity based approach could be offset through abatement measures in shipping, which are currently higher uncertain. The Committee agreed an approach to shipping emissions going forward comprising three elements:

- A short commentary on trends in shipping emissions as part of the June 2010 report to Parliament.
- An assessment of possible inclusion of shipping emissions in the fourth carbon budget, as part of broader advice on the fourth budget to be published before the end of 2010.
- An in depth of review of international shipping emissions in 2011; this review is required under Section 32 of the Climate Change Act prior to a Government decision on the treatment of shipping emissions in 2012.

3. Update on scenarios for the fourth budget

The Committee agreed an approach to demonstrating feasibility of the fourth budgets through setting out a number of emissions scenarios for the 2020s based on technical and economic analysis.

These scenarios will differ according to assumptions based on build rates of low carbon power generation and therefore scope for extending low carbon power to other sectors.

The scenarios will also reflect different on assumptions for other abatement options (e.g. use of biomass in and CCS in industry, biofuels and hydrogen in transport, energy efficiency in the residential sector, etc.)

4. Approach to incentives for power sector investment in the 2020s

The Committee agreed an approach to power sector investment incentives building on the analysis in the October 2009 report. Going forward, and as part of the advice on the fourth budget, the Committee will work through each of the options previously identified (e.g. carbon price instruments, electricity price instruments, quantity instruments, etc.) and map the risks that these address / residual risks, given an assessment of the appropriate path for power generation carbon intensity through the 2020s.

5. CCC Corporate Strategy

The Committee requested that the start point for the key corporate objective should be the Climate Change Act (i.e. given the duties defined under the Climate Change Act, the Committee will...).

The Committee agreed that an in depth review of limits on, and best use of, sustainable bioenergy is required to underpin work on international aviation and shipping, and on the fourth budget; the Committee agreed to carry out an in depth review in 2011.

The Committee agreed the Corporate Strategy subject to drafting changes.

6. DECC's 2050 vision

The Committee were presented with an overview of DECC's 2050 vision by David Mackay (i.e. DECC's Chief Scientist).

The Committee welcomed the approach, but noted uncertainties about the methodology for developing abatement scenarios and requested more details.

The Committee will comment in more detail following publication of the vision, and in the context of the advice on the fourth budget.