

Minutes of CCC Meeting - 31/07/09

Present were Adair Turner, Julia King, Jim Skea, Brian Hoskins, John Krebs, Bob May, David Kennedy

1. Chapter 2 – Implications of the recession and credit crunch for meeting budgets

New emissions projections to reflect lower GDP forecasts

The Committee considered analysis showing the impact of changed assumptions on GDP, policy delivery and the non-traded / traded split on emissions projections.

The Committee requested clarification on the proposed new methodology for splitting emissions between non-traded and traded sectors.

Based on a preliminary assessment that the new methodology result in a significant reduction in projected emissions, the Committee agreed that the non-traded sector budget should be revised to reflect this.

To the extent that there may be significant emissions reductions due to reduced GDP, the Committee agreed that the objective should be to outperform the budget and not to bank any outperformance between budget periods.

Future monitoring by the Committee should be based on implementation of measures in addition to comparisons of actual with allowed emissions, therefore identifying the cause of any outperformance and more generally providing confidence that sustainable emissions reductions through implementation of measures are being achieved.

Measures in the fiscal stimulus

The Committee requested that the analysis of energy efficiency improvement and scrappage be presented in terms of what more might be desirable given what was done as part of the fiscal stimulus, rather than a historical assessment.

In making recommendations about arrangements for securing finance for wind generation projects in the medium term, the Committee felt that the focus should be on arrangements for mitigating risk rather than any possible role for the Government in financial intermediation.

2. Chapter 4 – Roadmap for reducing power sector emissions

The Committee requested that statements about favourable economics of nuclear new build be accompanied with the caveat from the December report about concerns of waste and possible proliferation.

The Committee agreed the range of scenarios for wind generation, including the benchmark scenario in which 23 GW of new capacity is added by 2020.

The Committee agreed key messages on power transmissions: that there is a need for timely resolution of regulatory issues around grid access and investment; the Committee should not enter into debates on detailed regulatory methodology.

The Committee agreed key messages on investment in coal fired generation / CCS demonstration, and strongly agreed the need for an early review of CCS viability (e.g. in 2016) which would also consider arrangements for supporting further roll out of CCS.

The Committee agreed the key message on the power market, that there are plausible scenarios where low carbon investment does not ensue, and that an early review of possible changes to current arrangements is required.

3. Options for a global deal on aviation

The Committee agreed to send a letter as requested by Andrew Adonis based around six key messages:

- Aviation should be covered by an emissions cap.
- There may be a necessary transitional phase where the cap applies initially to developed countries.
- Allowances should be auctioned rather than issued free to airlines in order to prevent windfall profits.
- Adaptation and aviation R&D should be funded in the context of a global emissions reduction deal, from aviation auction revenues or other sources.
- There is an important role for emissions trading to limit the costs of compliance with any cap.
- The aviation industry should plan for cuts in gross emissions (e.g. developed country aviation emissions should return to 2005 levels in 2050).

4. Demonstration and deployment of electric cars

The Committee considered analysis of market readiness of electric cars / plug ion hybrids, battery cost and potential cost changes, required price support and infrastructure to support roll out, and implications of roll out for the power system.

The Committee agreed a benchmark scenario which would result in 20% of new cars being as being an appropriate objective for the UK in achieving its stated aim of leading on development of electric cars.

The Committee agreed that pilot projects including tens of thousands of cars are a necessary by 2015 are necessary on the path to realising the benchmark scenario, with price support and funding of infrastructure costs as appropriate.

The Committee requested further information on scope for simple / low cost charging mechanism (e.g. running a cable from houses to cars parked in the street).

5. Chapter 6 – reducing transport emissions

The Committee agreed to recommend phased roll out of Smarter Choices based on evidence from sustainable travel towns suggesting that a significant emissions reduction may be available at the national level.

The Committee requested that the Secretariat develop indicators for emissions reductions due to consumer behaviour change (smarter choices, eco-driving, enforcement of the speed limit)