

The Right Honourable Greg Clark, MP
Secretary of State for Business, Energy and Industrial Strategy
1 Victoria Street
London SW1H 0ET

22nd November 2016

Dear Secretary of State,

RE: Department for Transport's assessment of the case for a third runway at Heathrow

The Department for Transport published, in October 2016, its business case supporting a third runway at Heathrow airport. The Committee on Climate Change ("Committee") has concerns about how it presented the implications for greenhouse gas emissions from aviation in that business case.

The Government, coordinated by your Department, is in the process of developing the Emissions Reduction Plan that follows from Parliament's legislation of the allowed level of greenhouse gas emissions from 2028 to 2032 ("the fifth carbon budget"). The fifth carbon budget, in keeping with all the other carbon budgets, is likely to require action in all sectors of the economy.

As part of its analysis the Committee has long set out an appropriate planning assumption for emissions from aviation: aviation emissions should be at the same level in 2050 as they were in 2005 without the use of international credits. Innovation, including technological improvements in aircraft, engines and fuels and changes in air traffic management and operations, mean that maintaining emissions at 2005 levels allows demand for air travel to grow. The Committee has estimated that these likely improvements would allow demand to grow by about 60% from 2005 to 2050.

To date aviation demand has grown 11% since 2005 while emissions, based on latest data, are below 2005 levels. Future developments need to take into account the agreement reached through the International Civil Aviation Organisation (ICAO) and the ambition set out in the Paris Agreement but the current status of the ICAO agreement does not change the Committee's existing view.

Successive governments have accepted this Committee analysis in legislating carbon budgets to 2032. Based on advice from the Committee, the Airports Commission also accepted that it needed to assess whether the case for airport expansion - including the assessment that a third runway at Heathrow was the preferred option - made sense on the basis of this planning assumption.

The Committee did not get involved in the detailed discussions about a third runway on the basis of this approach. The Committee is now concerned that there is scope for some misunderstanding of DfT's position based on the business case for a third runway at

Heathrow published in October 2016. In particular, the business case concentrates on a “central” case which has emissions in 2050 that are about 15% higher than the planning assumption. A full business case is only presented for this central case. Using the Government’s publications, it is not possible to assess whether the investment makes sense when emissions conform to the planning assumption.

The Government’s detailed case for the development of a third runway at Heathrow will be published early in 2017 in its National Policy Statement, which will then be consulted upon. This is similar timing to the planned publication of the Emissions Reduction Plan. I understand that your department is coordinating with DfT, and widely across all departments, to ensure an Emissions Reduction Plan that is clearly consistent with meeting the fifth carbon budget and on track to the 2050 target:

- If actual aviation emissions (i.e. without international credits) in 2050 are still anticipated to be at 2005 levels, the National Policy Statement should clarify how the business case supports the favoured option in this case.
- If emissions from aviation are now anticipated to be higher than 2005 levels (i.e. aviation emissions will be higher than assumed when the fifth carbon budget was passed) then all other sectors would have to prepare for correspondingly higher emissions reductions in 2050. Aviation emissions at 2005 levels already imply an 85% reduction in emissions in all other sectors. My Committee has limited confidence about the options for other sectors to go beyond these levels by 2050. We would publish further analysis about the implications. We would also expect to see that reflected in the Emissions Reduction Plan. This could require significantly more action in the period up to and including the fifth carbon budget.

The Committee stands ready to help your team should they have any questions about our concerns or, more generally, about the best steps to meet the fifth carbon budget.

Yours,



Lord Deben, Chairman, Committee on Climate Change