Building a zero-carbon economy – Call for Evidence

I work for Global Witness as Policy and Campaigns Manager for Climate Change. I have worked in the international development and climate change sector for 20 years. Global Witness is an international NGO, based in the UK that works to break the links between natural resource exploitation, conflict, poverty, corruption, and human rights such as climate change. We work towards a world where all can thrive within the planet's boundaries, and governments act in the public interest.

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Question and response form

When responding, please provide answers that are as specific and evidence-based as possible, providing data and references to the extent possible. Please limit your response to a maximum of 400 words per question.

Part 1: Climate Science

Question 1 (Climate Science): The IPCC's Fifth Assessment Report and the Special Report on 1.5°C will form an important part of the Committee's assessment of climate risks and global emissions pathways consistent with climate objectives. What further evidence should the Committee consider in this area?

ANSWER:

The Committee must consider the implications of the Paris goals for UK oil, gas and coal production.

As of 2016, limiting warming to 1.5°C meant leaving 85% of known coal, oil and gas reserves in the ground. Emissions from proved and probable oil and gas reserves alone would generate warming beyond 1.5°C.
(Source – Oil Change International, "The Sky's Limit", 2016 http://priceofoil.org/content/uploads/2016/09/OCI_the_skys_limit_2016_FINAL_2.pdf)

As the UK government has made a commitment to phase out coal, we will not discuss this further, but note that it is essential this is implemented.

The Paris goals clearly require a portion of UK's known oil and gas reserves to remain undeveloped, yet the UK's current "maximising economic recovery" ("MER") strategy fails

Question 1 (Climate Science): The IPCC's Fifth Assessment Report and the Special Report on 1.5°C will form an important part of the Committee's assessment of climate risks and global emissions pathways consistent with climate objectives. What further evidence should the Committee consider in this area?

to consider this. MER incentivises indiscriminate development, often via tax incentives, to ensure a "maximum value of economically recoverable petroleum is recovered from the strata beneath UK waters". The UK anticipates developing 100% of our oil and gas reserves, when the Paris goals depend on us not doing so.

As well as costing the UK moral authority on climate change, this failure to factor climate-related supply and demand constraint into current oil and gas policy creates huge risks for the UK:

(1) Wasted capital investment, as money is spent exploring oil fields, which cannot ultimately be developed.
(2) Increased exposure of UK financial markets to "stranded assets" or natural resource equities, as production curbs impact fossil fuel company value.
(3) Tax incentives (such as extended carry-back of decommissioning-related losses and transferable tax histories) which create future rebate liabilities, which the Exchequer cannot fund through future oil revenues.
(4) Employment instability, with new jobs created which are unsustainable upon implementation of the Paris goals.

(Sources: Carbon Tracker Initiative, "Mind the gap", 2018; https://www.carbontracker.org/reports/mind-the-gap/
Global Witness, Submission to Treasury, 2018; https://www.globalwitness.org/en/blog/uk-treasurys-transferable-tax-history-plans/)

The Committee should examine these risks, and recommend a re-evaluation of MER in light of the oil and gas supply and demand constraints implicit in any 1.5°C scenario. A Paris-compatible strategy would first establish the UK's equitable share of the world's remaining carbon budget; a repurposed MER strategy should then:

i) determine which combination of oil fields can most safely, efficiently and profitably exhaust the UK's equitable fossil fuel "quota",
ii) implement a "managed decline" of current production, and
iii) fund a "just transition" to a low carbon economy.
(Source: Friends of the Earth, Scottish TUC, et al "joint statement on just transition" 2017, https://foe.scot/resource/joint-statement-just-transition/)

Question 2 (CO_2 and GHGs): Carbon dioxide and other greenhouse gas gases have different effects and lifetimes in the atmosphere, which may become more important as emissions approach net-zero. In setting a net-zero target, how should the different gases be treated?

ANSWER:

Part 2: International Action

Question 3 (Effort share): What evidence should be considered in assessing the UK's appropriate contribution to global temperature goals? Within this, how should this contribution reflect the UK's broader carbon footprint (i.e. 'consumption' emissions accounting, including emissions embodied in imports to the UK) alongside 'territorial' emissions arising in the UK?

ANSWER:

Question 4 (International collaboration): Beyond setting and meeting its own targets, how can the UK best support efforts to cut emissions elsewhere in the world through international collaboration (e.g. emissions trading schemes and other initiatives with partner countries, technology transfer, capacity building, climate finance)? What efforts are effective currently?

ANSWER:

The Committee should question the UK's continued financing of fossil fuel development overseas. Between 2010 and 2014 UK disbursed $9.73bn for energy in developing countries, of which 46% went on fossil fuel development. An astonishing 99.4% of UK Export Finance support for energy was for fossil fuels. Source: CAFOD, https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/Sustainable-energy/Analysis-UK-support-for-energy

The UK's aid programme to combat climate change is an important tool it employs in its wider efforts to achieve the Paris goals. Working to mitigate climate change, while helping those most affected to adapt, is a worthy policy goal. However, these goals are being significantly undermined by the UK's export financing.

UK Export Finance, an agency of the Department for International Trade, aims to help exporters of UK goods and services to win business, and to help UK firms to invest overseas. It provides guarantees, insurance and reinsurance against loss. Companies working in the supply chain of the fossil fuel industry in the UK have disproportionally benefited from the UKEF's support.

The UK should phase out funding fossil fuel projects abroad, and instead use UK export funding and other public money to better support the export of clean energy technologies. This will also help to develop world-leading green industries in the UK, an important plank of the Clean Growth Strategy, and an essential element of efforts to achieve a zero-carbon economy in the UK.

Question 5 (Carbon credits): Is an effective global market in carbon credits likely to develop that can support action in developing countries? Subject to these developments, should credit purchase be required/expected/allowed in the UK's long-term targets?

ANSWER:

Part 3: Reducing emissions

Question 6 (Hard-to-reduce sectors): Previous CCC analysis has identified aviation, agriculture and industry as sectors where it will be particularly hard to reduce emissions to close to zero, potentially alongside some hard-to-treat buildings. Through both low-carbon technologies and behaviour change, how can emissions be reduced to close to zero in these sectors? What risks are there that broader technological developments or social trends act to increase emissions that are hard to eliminate?

ANSWER:

Question 7 (Greenhouse gas removals): Not all sources of emissions can be reduced to zero. How far can greenhouse gas removal from the atmosphere, in the UK or internationally, be used to offset any remaining emissions, both prior to 2050 and beyond?

ANSWER:

Question 8 (Technology and Innovation): How will global deployment of low-carbon technologies drive innovation and cost reduction? Could a tighter long-term emissions target for the UK, supported by targeted innovation policies, drive significantly increased innovation in technologies to reduce or remove emissions?

ANSWER:

Question 9 (Behaviour change): How far can people's behaviours and decisions change over time in a way that will reduce emissions, within a supportive policy environment and sustained global effort to tackle climate change?

ANSWER:

Question 10 (Policy): Including the role for government policy, how can the required changes be delivered to meet a net-zero target (or tightened 2050 targets) in the UK?

ANSWER:

The UK government – with assistance from the Committee – should enforce a moratorium on projects, which substantially increase UK's carbon emissions.

This should include fossil fuel extraction. As mentioned in the answer to question 1, there needs to be a reform of the policy governing oil and gas production "Maximise Economic Recovery" ("MER"). It should be replaced by a policy which ensures extraction is in line with the goal of limiting temperature rises to 1.5 degrees. This will include a moratorium and eventual ban on future licensing, with a coordinated strategy for ensuring the UK extracts its remaining equitable quota in the most efficient way. This should be delivered through a long-term and systematic just transition policy.

This will require a change of approach to the current fiscal policy. Tax for oil and gas producers has been reduced over the last five years, including the reduction of rates in 2015 and 2016 and the incoming Transferable Tax History measure in the current Finance Bill. Fiscal policy for oil and gas production needs to be re-examined so that it aligns with and funds the transition to a zero-carbon economy.

Question 10 (Policy): Including the role for government policy, how can the required changes be delivered to meet a net-zero target (or tightened 2050 targets) in the UK?

More broadly, the Overseas Development Institute has found that the UK government provides over £14 billion worth of fossil fuel subsidies. These should be re-examined and this public money should be redirected over time so that it is used to help support and incentivise a just transition to a zero-carbon economy rather than thwart one.

Source:https://www.odi.org/sites/odi.org.uk/files/resource-documents/11787.pdf

Part 4: Costs, risks and opportunities

Question 11 (Costs, risks and opportunities): How would the costs, risks and economic opportunities associated with cutting emissions change should tighter UK targets be set, especially where these are set at the limits of known technological achievability?

ANSWER:

Question 12 (Avoided climate costs): What evidence is there of differences in climate impacts in the UK from holding the increase in global average temperature to well below 2°C or to 1.5°C?

ANSWER:

Part 5: Devolved Administrations

Question 13 (Devolved Administrations): What differences in circumstances between England, Wales, Scotland and Northern Ireland should be reflected in the Committee's advice on long-term targets for the Devolved Administrations?

ANSWER:

Part 6: CCC Work Plan

Question 14 (Work plan): The areas of evidence the Committee intend to cover are included in the 'Background' section. Are there any other important aspects that should be covered in the Committee's work plan?

ANSWER: