

INSIDE TRACK

“green alliance...”



“the budget is the acid test”
page 2

“to fail now is not an option”
page 5

“simply expecting the market to deliver is a risk we cannot afford to take”
page 7

“...their homes would be ‘fuel poverty proofed’”
page 11

“we need to see leadership across the political spectrum”
page 13

WHY WE CAN'T AFFORD TO GET IT WRONG

COMMENT

The budget will be imminent by the time this reaches you. Gordon Brown has already trailed the idea that a commitment to electric vehicle pilots will play a leading role. However, any single measure on its own is unlikely to do the trick. Widespread take up of electric vehicles will require the roll out of smart meters in homes and new infrastructure investment in electricity transmission and distribution networks (or the system will overload when we all plug our cars in at 7pm as we arrive home from work). Carbon capture and storage technology will also be needed in our power stations, alongside investment in renewables, or we'll simply be moving our cars from one high carbon fossil fuel to another (unabated coal). The budget is the acid test of whether the government is prepared to face the significance and the scale of the issues to be tackled, or whether ambition and leadership is reserved only for the rhetoric.

So in that context we bring you this special edition of *Inside Track*, focused entirely on the budget. We begin with an update on Green Alliance's new and emerging programme of work around the sustainable recovery. In March we held a thought provoking pre-budget seminar and opposite we outline what was discussed, and our plans for taking this forward.

Then, in the pages that follow, we publish together the series of five policy briefings we have been producing online over the past few weeks under the title *Climate change: the risks we can't afford to take*.

They give evidence of the risks we face if we fail to act now, from the scientific, corporate, economic, social and political perspectives. We hear from Martin Rees of the Royal Society, Professor Paul Ekins of Kings College London, Steve Holliday of National Grid, Ed Mayo of Consumer Focus and, finally, from Green Alliance's director Stephen Hale, who gives our view of the politics.

They address what government must do in and around the budget to minimise the risks to the implementation of the emissions reduction targets within the Climate Change Act. We believe that this is fundamentally tied up with the budget process, partly because government commitment to kick start low carbon infrastructure investment is so important and partly because the framework for private investment must be in place if we are to see the transition to a low carbon economy within the time frame required. The collapse of the financial system as we know it has provided the opportunity for the lexicon of 'sustainable recovery' and 'green budget' to enter mainstream political discourse. The challenge now is to give those words some meaning.



Thomas Lingard, deputy director

THE QUARTERLY MAGAZINE
OF GREEN ALLIANCE

- 2 COMMENT
- 3 A REAL INVESTMENT OPPORTUNITY
- 4 THE RISKS OF IGNORING SCIENCE
- 6 THE DANGER OF DELAYING PUBLIC INVESTMENT
- 8 THE RISK OF UNCERTAIN MARKETS
- 10 THE RISK OF FORGETTING THE POOR
- 12 THE RISK OF A LACK OF VISION
- 14 GREEN ALLIANCE NEWS

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A REAL
INVESTMENT
OPPORTUNITY

It was relegated to an afterthought by the G20, but climate change has to be central to the April budget

Two weeks before the G20 rolled into town, Jonathon Porritt, speaking at a Green Alliance seminar in March focused on the budget, called the government's low carbon economy summit 'a high-water mark in climate rhetoric'. This charge could not be levelled at the G20 communiqué, a document whose environmental ambitions fooled no-one into thinking the environment was a central theme of the much-vaunted plan to save the global economy.

Of course, it is action not rhetoric that counts and for action on the domestic front, we look towards the budget.

Our seminar was chaired by Lord Smith of the Environment Agency, and brought together forty people from across government, business, investment, NGOs and academia, to discuss ideas for immediate measures the budget could contain to kick start a recovery based on energy efficiency, renewables, public transport and smart grid infrastructure.

Paul King, chief executive of the Green Building Council, laid out a coherent plan for a dramatic uplift in the number of properties retrofitted with energy efficiency measures every year. Jonathon Porritt, chair of the Sustainable Development Commission (SDC), argued that at least 50 per cent of the UK's fiscal stimulus package has to be invested in green technologies and infrastructure. At the launch of the low carbon industrial strategy, Peter Mandelson said, "Now there can only be a low carbon economy". This is laudable but, as Jonathon Porritt pointed out, it begs the question: what use is a stimulus package that drives high rather than low carbon growth?

Since our March seminar, arguments for a sustainable recovery, led by a green fiscal stimulus, have been gaining momentum on both sides of the Atlantic. Proposals have come from Lord Stern, Greenpeace, nef, the Renewable Energy Association, the Aldersgate Group and a coalition of investment companies linked to the UK Social Investment Forum. Now these have been reinforced by a strong call from the CBI for the government to "get on with it" on climate policy, warning that billions of pounds controlled by jittery investors will move abroad unless decisive steps are taken here fast. The budget is the key opportunity for the government to tackle this threat head-on.

In the US, the concept of a green bank is currently being discussed in Congress. The National Clean Energy Lending Authority would be independent, tax-exempt and wholly owned by the US government, but would invest jointly with the private sector to finance long term clean energy investment. An initial capitalisation of \$10 billion would be provided through the issue of green bonds by the US Treasury. Green Alliance, and others, are looking at developing a similar model for the UK in the coming months.

We will be keeping track of this and similar developments as we look beyond the immediate priorities of a green fiscal stimulus to three crucial areas: how to attract private investment into low carbon technologies post-recession; how green taxes can help to rebuild the public finances; and how to ensure the skills and capacity to move rapidly to a low carbon economy.

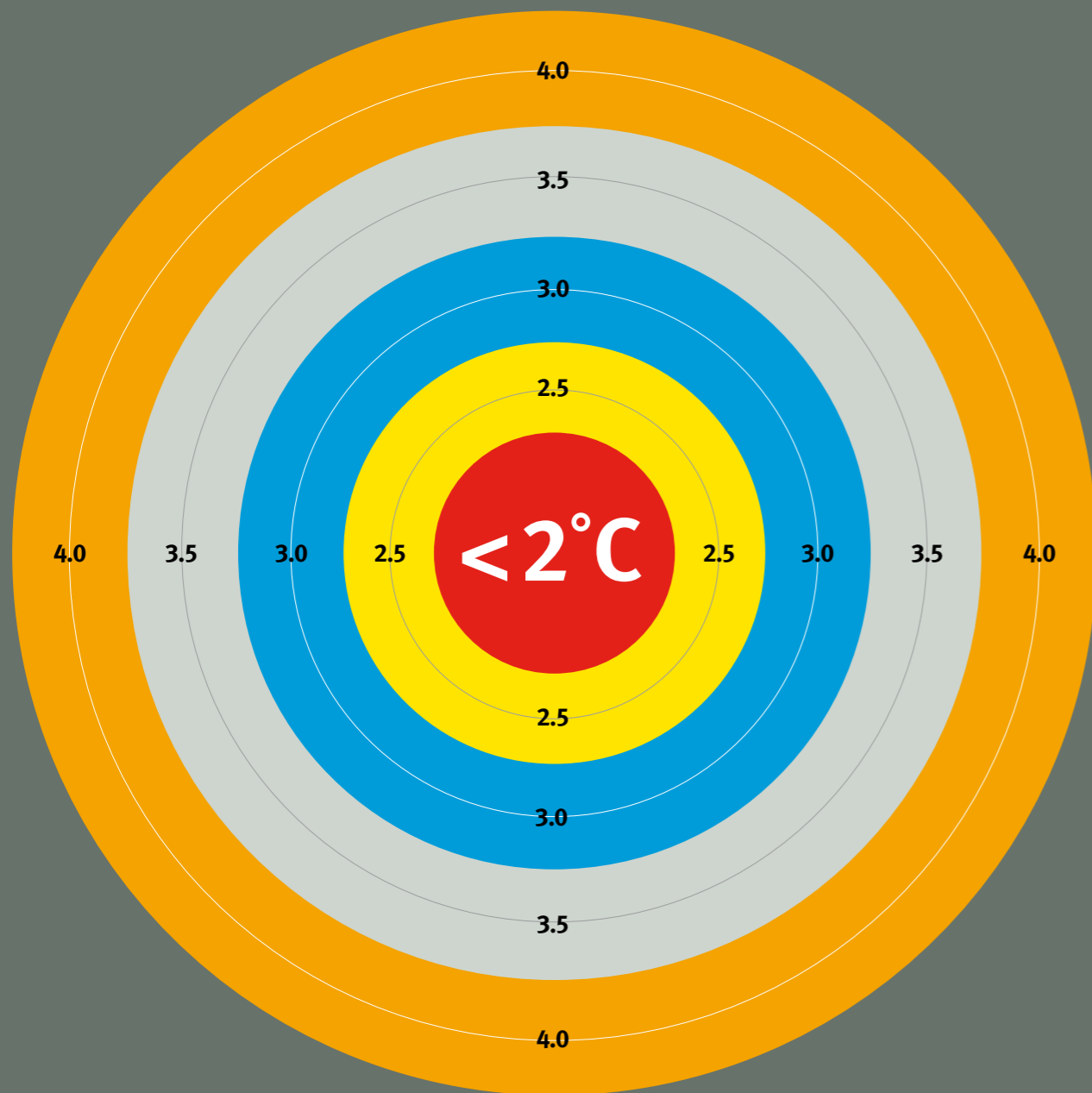
In the near future Green Alliance will be

publishing *From crisis to recovery*, a showcase of emerging thinking in these three areas and beyond. This is part of a major new programme of work focused on making sure that we emerge from the recession a greener, more resilient and sustainable economy.

For more information on our sustainable economy theme contact **Chris Hewett**, chewett@green-alliance.org.uk, or **Hannah Hislop**, hhislop@green-alliance.org.uk.

THE RISKS OF IGNORING SCIENCE

Martin Rees is clear that we cannot turn a blind eye to the scientific evidence



At last year's G8 summit in Japan, the member nations recognised that climate change is one of the great global challenges of our time and formally espoused the goal of reducing global CO₂ emissions by at least 50 per cent by 2050. This would correspond to just two tonnes of CO₂ per year from each person on the planet. For comparison, the current European figure is about ten, and the Chinese level is already four. To achieve such huge cuts without stifling economic growth, to turn around the curve of CO₂ emissions well before 2050, is a huge challenge.

It is however a challenge that we have no choice but to rise to. The fourth assessment report of the Intergovernmental Panel on Climate Change (IPCC) set out in very clear terms the implications of failing to tackle global warming. They predicted probable global average temperature increases of between 1.8 and 4°C by 2100 (relative to the period 1980-1999). This might not seem like a lot but an increase of 4°C would lead to water shortages across much of the globe, widespread

“an increase of 4°C would lead to food shortages, widespread coastal flooding leaving many millions of people displaced from their homes, and the spread of diseases into new areas**”**

species extinctions and the disappearance of most of the world's coral reefs, reduced productivity of cereals, particularly in the lower latitudes of the globe, leading to food shortages, widespread coastal flooding leaving many millions of people displaced from their homes, and the spread of diseases into new areas. An increase of this magnitude would exceed the capacity of many physical and human systems to adapt.

There are still important uncertainties in regional predictions of climate change, and significant government support is required to improve the accuracy of these predictions. However, some of the evidence published in the past few years suggests that changes are

occurring even faster than the upper limits discussed in the IPCC's fourth assessment report. For example, the annual rise in global greenhouse gas emissions has rapidly increased from 1.3 per cent per year in 1990-1999 to 3.3 per cent per year in 2000-2006, and the trajectory of emissions since 2000 is close to the upper limit of the most pessimistic emission scenario provided by the IPCC. Some scientists believe that we are now close to reaching a tipping point in the climate system which could see further acceleration of global warming.

Many scientists believe that global temperature increases must be kept to no more than 2°C above pre-industrial temperatures if we are to avoid the worst effects of climate change. Even then significant damage will already have been done and the world must prepare itself to deal with that. In the UK, the Climate Change Act has enshrined into law a commitment to making the 80 per cent cuts by 2050 deemed necessary to try and avert dramatic temperature increases. This target of 80 per cent cuts will be truly challenging but we must not lose sight of the fact that it is keeping global temperature increases to no more than 2°C that is ultimately the target. We must continue to invest in climate science to ensure we have the best possible understanding of what is happening and if we need to alter the targets required to achieve the 2°C figure, then we must.

As well as investing in climate science we must also look to ways in which science can deliver the technologies required to decarbonise the global economy. Realistically, without new technologies there is no chance of reaching the 80 per cent target, nor of achieving real energy security. And, of course, the involvement of not only the EU and G8, but India and China (increasingly dependent on coal) is crucial if global warming is indeed to be constrained.

The creation of the Department for Energy and Climate Change has given the opportunity for the UK to show real international leadership in developing the technologies to tackle emissions of greenhouse gases. The UK has the expertise in the science base to be able to turn investment into real breakthroughs, not only for our own energy needs but which can also be exported around the globe. To do this will require a significant increase in spending on R&D in the energy sector. We must develop environmentally sustainable renewable energy and invest in technologies such as carbon capture and storage.

The current rate of response to growing emissions is too slow to avoid climate change. This has given rise to discussion of more radical approaches to tackling the issue which may be

required if we continue to fail to stem emissions. One such area is geo-engineering, proposals that could counteract the climatic effects of increasing greenhouse gas production. Later this year the Royal Society will publish the results of a comprehensive study of geo-engineering which will provide an independent review of current

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proposals and consider the role that it should play in complementing and supporting mitigation and adaptation priorities.

We are at a crucial point in time. The world will come together in Copenhagen this December to create a successor to the Kyoto Protocol. To fail now is not an option. The negotiations must be based on the most up to date science and this time around no one can stand on the sidelines. Developed and developing countries must commit to rapid action to reduce greenhouse gas emissions with the aim of keeping the global average temperature increase below 2°C. The UK must go to Copenhagen not just talking about leadership but with real evidence of what that leadership looks like in terms of action at home.



Martin Rees is president of the Royal Society, the independent scientific academy of the UK and the Commonwealth dedicated to promoting excellence in science. <http://royalsociety.org>

Paul Ekins sets out what the government must do in respect of public investment and why

THE DANGER OF DELAYING PUBLIC INVESTMENT

The government is faced with a daunting challenge. The climate change committee has recommended a minimum greenhouse gas emissions reduction of 34 per cent (against 1990 levels) by 2020, with the prospect for further reduction to the statutory 80 per cent reduction target by 2050.

To meet the 2020 target nearly all the emissions reduction will need to come from the large-scale deployment of renewables, such as wind energy or biomass, or from simply using less energy, either by doing less driving, flying, heating and so on, or by doing it more efficiently.

The timescale is too short for significant new nuclear or carbon capture and storage (CCS) technology to be on stream by then but, if these technologies are to make a contribution post-2020, then there will need to have been considerable investment in the next ten years to demonstrate that they are commercially and technically feasible.

The balance between public and private investment

Most of the investment will need to come from the private sector. This was the case even before the financial crisis, and emphasises the importance of government creating the right framework conditions to stimulate private investors to put their money into low carbon technologies. Steve Holliday, CEO of National Grid will say more about this in the following article but, in my view, an essential element of the framework is a stable and high price of carbon, with the expectation that it will rise over time, something the European emissions trading scheme has failed to deliver.

The economic downturn has left a huge deficit in the public finances, which will inevitably have to be addressed at some point by substantial tax increases (probably combined with public spending cuts). It is imperative for a large part of these tax increases to take the form of increases in the price of carbon, ie green taxes on fossil fuels in whatever form. Because public investment will also be critical, some of the resulting revenues must then be used to prime the key investments to start the journey towards a low carbon economy. What follows is a thumbnail sketch of three areas

where significant public investment will be required if we are to meet the targets set out in the climate change act.

Public investment in R&D

Hopefully one of the least controversial areas for public investment is energy research and development. Investment in energy R&D fell to historically low levels at the end of the last century. It has only just recovered to remotely respectable levels, and there is no prospect of having the low carbon technologies we will need post-2020 if it is not substantially further increased.

“the ultimate goal of this programme should be to make one million homes per year ‘super-efficient’”

The good news is that even a substantial increase would fit into a small corner of the stimulus packages that are being implemented. The bad news is that R&D is often perceived as an easy element to cut in times of public spending stringency, such as the UK is about to experience. We will know how serious the government is about a low carbon economy from the fate of publicly funded energy R&D when the time comes.

Household energy efficiency

A further priority for public investment is to prepare the way for a programme of home energy efficiency that is an order of magnitude larger than that currently being undertaken under the carbon emissions reduction target (CERT). The ultimate goal of this programme should be to make one million homes per year super-efficient, which is likely to entail, on relatively conservative assumptions, expenditure of about £10,000 per home, totalling investment

of about £10 billion per annum. Even then it would take a quarter of a century to bring the UK housing stock up to the levels of energy efficiency implied by an 80 per cent carbon reduction target. The recent consultation is a welcome sign that the government is at last beginning to think at the right sort of scale. It needs to have the courage of its new convictions and propose to go further with an inspiration and vision that can take the people with it.

Home energy efficiency is almost universally described as a low cost carbon reduction option, but it is also a high investment option, and persuading private households to make those investments will be anything but easy, politically. It will require higher energy prices, balanced to some extent by tax discounts, far greater awareness of energy use, eg through the widespread roll out of smart meters, a building industry at the local level that both understands energy efficiency technologies and is prepared to promote them, and a regulatory mechanism that increases the pressure of higher prices to overcome the well-documented inertia of householders, in respect of the installation of energy efficiency measures. There must also be incentives for the householder too. Without all of this, the low carbon economy will not even get to the launch pad.

Pump-priming low carbon infrastructure

A year ago, before the recession, the need was already clear for government to pump-prime, and prepare the infrastructure for a massive new off-shore wind industry; to subsidise two or three CCS demonstration plants, not just one; to prepare the infrastructure for the hybrid/electric car revolution that is required; and to set the ball rolling for the high-speed train network that will make more aircraft runways both unnecessary and uneconomic.

In the current economic circumstances the huge private investments required will be incomparably more difficult for public investment to seed. Nevertheless, the government must do what it can in the limited investment space that is left to it. I am aware that this is a less optimistic view than the Green

New Deal rhetoric coming recently from Davos and elsewhere, but I believe it is also more realistic. The fact is that it would have been far easier for the UK and other governments, and for industry and households, to have invested

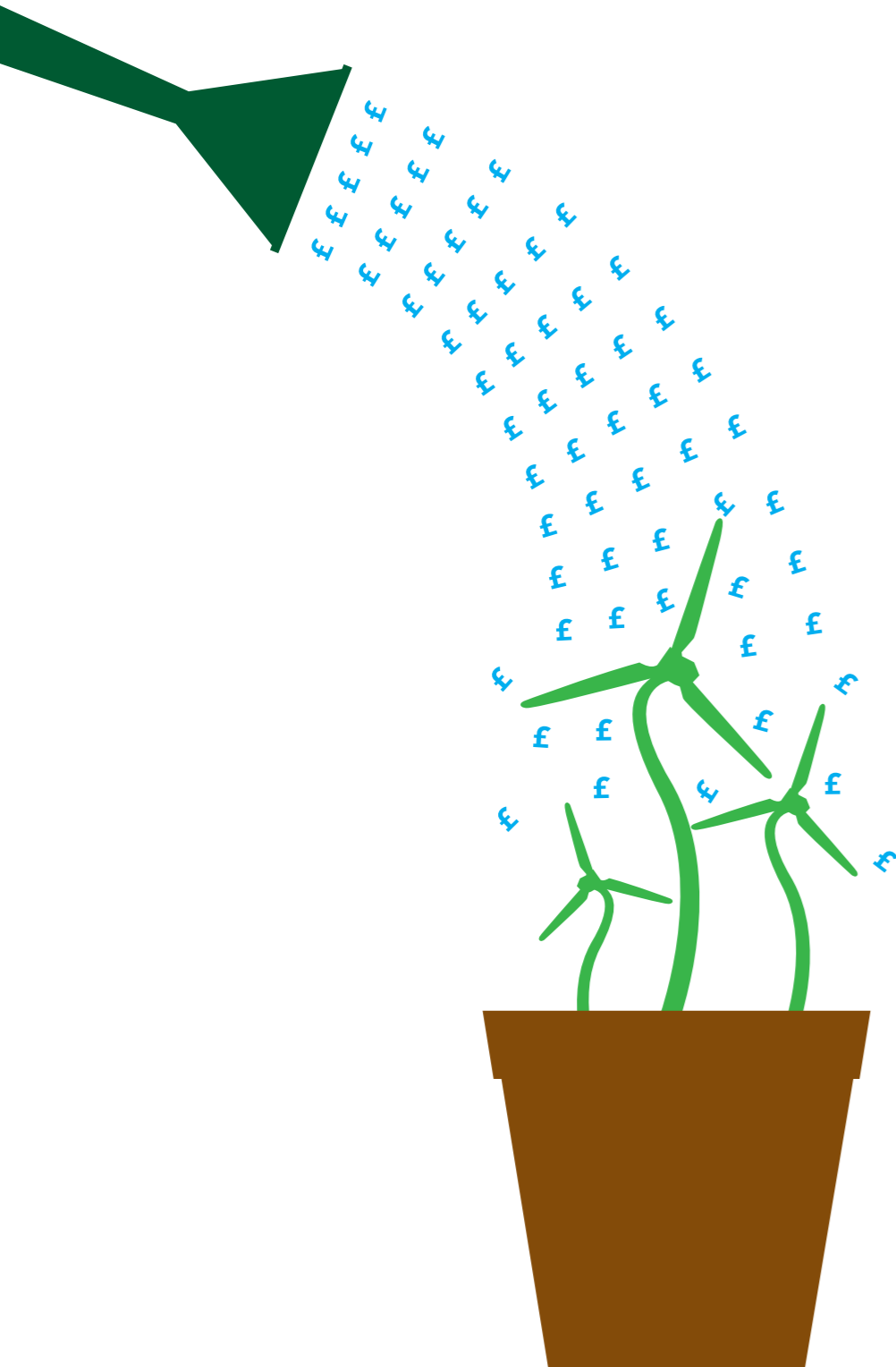
“the government must do what it can in the limited investment space that is left to it”

heavily in green technologies in the good times. They didn't, so they must now do it in bad times if they want the low carbon economy to have any more substance than the rhetoric that proclaimed the end of boom and bust.

Simply expecting the market to deliver, without further public intervention, pump-priming of energy efficiency measures and support for low carbon technologies, is a recipe for failure and a risk we can't afford to take.



Paul Ekins is professor of energy and environment policy at Kings College London and a member of Green Alliance.



THE RISK OF UNCERTAIN MARKETS

We can't afford to wait for the economy to improve to make tough decisions, says **Steve Holliday**



Uncertain times call for direction and leadership and, despite the challenging economic conditions we all face, now is not the time for the government to take their eye off the ball in tackling climate change.

To create a sustainable, low carbon economy, we need to invest in our country's infrastructure both on a public and private level. We need to start creating the jobs of the future and ensure our workforce has the skills to take our economy forward. We can tackle climate change and fight a recession but, and it's a big but, we need a joined-up approach: a master plan from government that provides the support, incentives and milestones business needs to deliver.

“ they must push ahead before the next general election to ensure the implementation is not delayed

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Delivering on the UK's target in the Climate Change Act of an 80 per cent reduction in greenhouse gas emissions by 2050, as well as a target of 15 per cent of the UK's energy to come from renewables by 2020, will be tough. Last year, the Secretary of State for Energy and Climate Change, Ed Miliband, said that the country should not shy away from strategic state intervention to reach its energy goals. This really is revolution and not evolution. We are in uncharted waters and the way we have successfully delivered in the past will not necessarily be the way we deliver our future. We should see this as a great opportunity to renew ageing infrastructure with investment that delivers a low carbon future.

We need leadership; government and industry working together. We are clear on the longer-term goals, but we now need to agree the milestones to reach those goals. This would be important in normal circumstances but it is even more critical, given the difficult economic environment. The government needs to work with the private sector to set out a clear policy and regulatory route to give the private sector and its investors the confidence to commit the billions of pounds of investment needed to deliver this revolution.

At National Grid, we have a key role to play. We will need to deliver and operate the networks of the future, so we always take a long-term view. We have developed scenarios up to 2050 of the infrastructure investment that will be required to meet the renewables target and put

us on a trajectory to meet our greenhouse gas reduction targets.

The priority up to 2020 is to decarbonise electricity. No other sector offers such huge near-term potential or has a mature and economic technology platform. However, we need the right sort of generation to come forward and for companies to invest in carbon capture and storage. But with a current carbon price of below ten Euros, this is looking unlikely. If the EU emissions trading scheme is not going to provide a sufficiently strong carbon price then we need alternative methods to ensure delivery. For example, the government could consider a carbon price floor.

At the same time as new low carbon generation is being built, we need the networks in place to connect them to consumers. National Grid is already investing £3 billion a year but more is required and without further action by government and the regulator, increasing this investment will not be possible. We are at the point where if we do not start work in the near term on new networks, we will not meet our 2020 emissions reduction targets. We could miss our first milestone straight away if the right decisions are not made soon.

Electricity generation is not the full story. Alone it cannot deliver the government's ambitions and heat and transport must play their part. We believe that low carbon electricity should not be used for heat as greater carbon savings can be achieved through the displacement of carbon emissions from transport. Instead we would rather see efforts made to lower the carbon intensity of heating through better efficiency and the use of biogas.

Heat, transport and energy efficiency are all areas where policy is still to be developed and new technology needs to be fostered. Reducing research and development in response to the credit crunch is not a serious approach. Incentives must be introduced to support the development of smart grids, facilitated through smart meters that manage energy more efficiently; handle new plug-in hybrid vehicles; and electric transport; and encourage better use of waste to create renewable gas. Without the right frameworks in place, these projects cannot get off the ground.

We also need to solve the conundrum of how to stimulate the take up of energy efficiency measures. It is the single most effective approach to combating climate change, helping ensure security of supply and reducing costs to consumers. We have worked with McKinsey to understand the cost of carbon abatement and their cost curves show it is economic to invest in established energy efficiency measures now, and while businesses are ready to do so, households aren't. It is not only large companies that need the right signals to invest at a time when most are tightening their belts. We must quickly find what will tip the balance for households too.

The next year will be crucial. The government's heat and energy savings strategy and the results of the renewable energy strategy provide the opportunity for government to set a clear and unambiguous way forward. Something we can all agree. They must push ahead with these before the next general election to ensure the implementation is not delayed.

The private sector, particularly us in the energy world, will need innovation and creativity to meet the challenge. We need to recruit, train and retain talented people, to bring the levels of innovation we need and deliver this huge programme of work. A common understanding of the route map helps all of us to make sure we get people doing the right jobs and have the right skills at the right time.

“ we should see this as a great opportunity to renew ageing infrastructure with investment that delivers a low carbon future

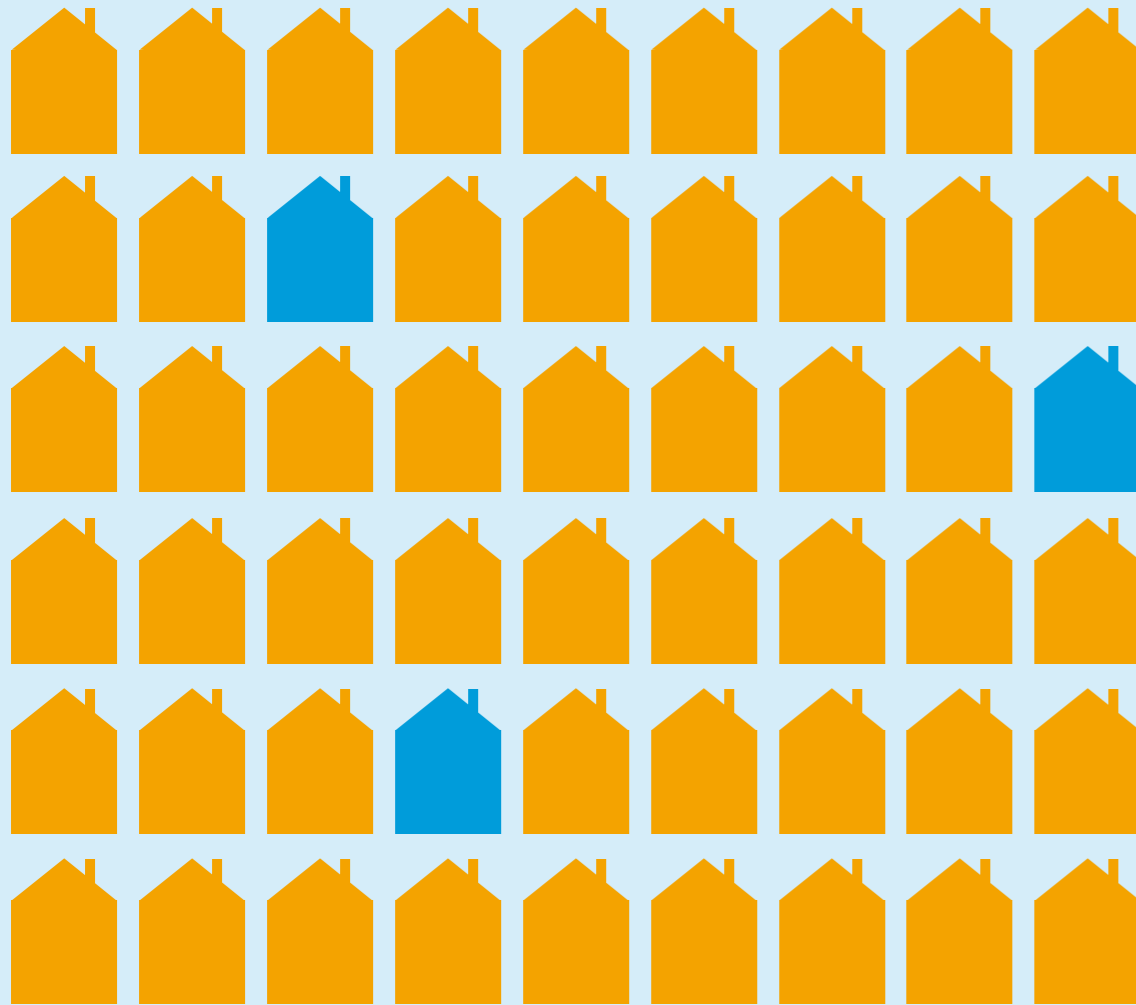
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We can't wait until the economy has achieved a more secure footing. We have to move now and tough decisions have to be made. Government should not be afraid to be brave with changes and the regulators must have a role in facilitating and/or incentivising the energy sector to make the investments necessary to enable a low carbon future for all of us. Delaying those decisions only creates uncertainty for business, and increases the risk that the emissions reductions targets will be missed. This is a risk that none of us can afford to take.



Steve Holliday is chief executive of National Grid which owns the high-voltage electricity transmission network in England and Wales and operates the system across Great Britain. It also owns and operates the high pressure gas transmission system in Britain and its distribution business delivers gas to 11 million homes and businesses. For more information go to www.nationalgrid.com

THE RISKS OF FORGETTING THE POOR



The transition to a low carbon economy has to be fair for all. **Ed Mayo** warns of backlash and political retreat on climate change unless we tackle the effect of carbon targets on fuel poverty

It is going to be easier to take the action we need on climate change if Britain moves at the same time to end the scourge of fuel poverty. Ending fuel poverty is not just one more pull on our heartstrings. It is an essential part of action on climate change. It deals with climate adjustment costs that would otherwise be democratically unacceptable. Ending fuel poverty is also an astute political approach. After all, sustainable development is about meeting basic human needs within ecological constraints. When it comes to negotiating an effective global response to climate change, fairness in terms of meeting human needs is a make or break factor.

Just as there are climate deniers, we also have fuel poverty deniers, the most prominent of which is unfortunately the current policy regime. There is a statutory duty both in relation to greenhouse gas emissions reduction targets, and to eliminate fuel poverty by 2016 (the latter from the 2000 Warm Homes and Energy Conservation Act). In reality however, while there is some good work at a devolved level, there is no credible fuel poverty strategy to deliver this. Targets, even set in legislation, are comforting but they are no substitute for the hard work of rolling up sleeves and making things happen.

But the issue is even more confused than the gap between setting targets and achieving them. Action to mitigate climate change will raise the price of carbon-based fuels and this, if nothing else changes, will have a dramatic ratcheting up effect on the number in fuel poverty. The first report of the Committee on Climate Change makes a stark prediction of the effect of carbon targets on fuel poverty. It states that by 2022, the investment in renewable electricity and heat required to meet the targets will lead to 1.8 million more fuel poor households than would have otherwise been the case. So that is a government report saying that six years after government has committed to ending fuel poverty, there are likely to be at least 1.8 million more households in fuel poverty.

Increased fuel prices could also be politically unpopular, as well as disastrous for the fuel poor. This may risk political retreat from carrying out the essential investment in renewables required. So, what needs to happen? The answer is three-fold. We need action on incomes, energy tariffs and energy efficiency. With respect to incomes, we must make more efforts in the context of an economic downturn to protect and raise the incomes of the poorest in our society, which are amongst the lowest in Western Europe. This requires action to ensure they get a fair deal as consumers as well as improvements to benefits, tax credits, pensions, jobs and wages. But a boost to incomes should improve the quality of life of those on the poverty line, not pay for expensive heat that simply leaks out of the walls, roofs and windows.

With respect to energy tariffs, we need bold interventions in the British energy market. Our current market excludes the poor, makes minimal provision for social tariffs and provides perverse incentives to consume more, rather than less, energy. The Committee on Climate Change

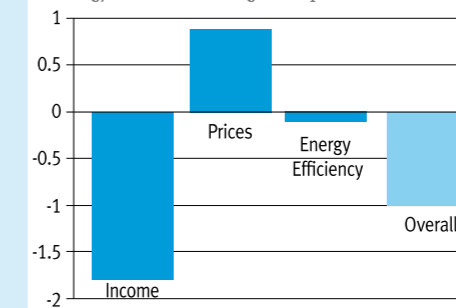
“ending fuel poverty is not just one more pull on our heartstrings. It is an essential part of action on climate change”

proposes introducing a rising block tariff structure, which they term misleadingly a social tariff. This provides the first block of energy consumption at a low subsidised cost and increases charges for subsequent blocks. This could potentially cut bills for low-income consumers, who tend to have low consumption, and provide incentives to the better off to reduce consumption and invest in energy efficiency. The idea is attractive. However, it will involve a major shift in regulatory policy and parallel measures to protect consumers with higher needs for fuel because of disability or medical conditions.

Most importantly, we need action in the form of a radical energy efficiency programme. Progress on energy efficiency, to date, has been very modest, as illustrated by the chart below, which compares the impact of energy efficiency, income and fuel prices on fuel poverty trends between 1996 and 2006.

Relative effects on change in fuel poverty 1996-2006

Source: Defra (2008) *The UK Fuel Poverty Strategy 6th Annual Progress Report*.



The limited impact of energy efficiency is due to the fact that programmes have almost entirely focused on cheap measures, such as cavity wall insulation and gas boilers. Yet these measures have little meaning for the half of fuel poor households living in solid wall properties or the third living off the gas network. The potential for

more substantial improvement is considerable. The average energy efficiency rating (using the Standard Assessment Procedure) of a fuel poor home today is 36 out of 100, compared to 48 for all homes and 81 for modern homes. If the homes of the fuel poor were improved to the same standard as modern homes, their fuel bills would reduce by over a half. Almost all households would be taken out of fuel poverty and their vulnerability to volatile fuel prices much reduced. In effect their homes would be 'fuel poverty proofed'.

Not every home can reach these standards.

However, many can achieve Energy Performance Certificate (EPC) Band B, through existing technologies and almost all homes can be improved to EPC Band C. Technologies include conventional measures, such as gas condensing boilers and cavity wall insulation. They also include more innovative measures such as solid wall insulation, biomass boilers, solar water heating and heat pumps.

A major energy efficiency programme is essential to protect the fuel poor against high fuel prices. The programme should include ambitious EPC targets designed to fuel poverty proof the homes of the fuel poor. It should use a systematic, street-by-street approach to make sure all homes are improved. It should engage the voluntary and community sectors to reach the vulnerable and provide further support such as benefits advice. It should dovetail with programmes to install discounted measures in the homes of the more affluent and market its offers as 'something for everyone'. And it should offer subsidised energy to the fuel poor in the form of social tariffs until their homes are improved.

We do not shirk from the fact that our proposed programme would be expensive and need a three to four-fold increase in current investment on energy efficiency. However, the potential benefits are considerable. It would rid our society of the social evil of fuel poverty. It would reduce carbon emissions from those helped by at least a half. It would provide a much needed boost to our economy by providing jobs in the building and energy efficiency industries. Above all, it would allow us to undertake the increasingly ambitious carbon reduction programmes that the scientific consensus now calls for.



Ed Mayo is chief executive of Consumer Focus, the new statutory organisation campaigning for a fair deal for consumers. www.consumerfocus.org.uk

THE RISK OF A LACK OF VISION

There is a compelling need for political commitment to a low carbon future, says **Stephen Hale**



LOW CARBON
FUTURE

The debate on the government's response to the report by Lord Turner's committee on climate change last December has been relatively low key to date. Certainly far less high profile than the debate around the Climate Change Act that brought the committee into being. But it is how government delivers the Act that really matters.

“existing policies have so far failed to reduce our emissions from their soaring trajectory”

Sadly, we've seen how great targets can end up: 2010 will see the missing of two targets whose existence was heralded as a victory when they were introduced. First, the target to eradicate fuel poverty in the UK and second, the Labour government's pledge to reduce carbon dioxide emissions by 20 per cent. We need a vision and an implementation plan to ensure that the Climate Change Act does not go down in history in the same way.

The government's understanding of what constitutes a vision and implementation plan seems woefully inadequate. There appears to be the view that existing policies will deliver the UK's basic climate change targets, and that even the stretching ones are within reach, or that the UK has plenty of policy, and we simply need to give it time to take effect.

At Green Alliance we are convinced that the Turner report demands a substantive shift in the government's approach to climate change. Not only because existing policies have so far failed to reduce our emissions from their soaring trajectory but also because our response to this issue needs to be able to keep pace with the science, as Martin Rees, president of the Royal Society, argues on page five.

This is in part an issue of policy design. But we believe that the Turner report demands far more than a technical review of the policy mix. What is required is a clear, comprehensive and compelling vision.

This vision of the UK must be one that will inspire industry, unions, researchers and scientists, and give business clear goals to work towards. A vision that will inspire industry's future employees, who today are still in school, with the prospect of rewarding and meaningful careers in sectors of the economy that do not yet exist. A vision that will give confidence to investors assessing whether or not the UK will be the place to invest their limited funds earmarked for low carbon technology development; and one that will convey a sense of

urgency and purpose to all those in the public, private and voluntary sectors who will ultimately make the transformation possible.

We had hoped that the government's emerging low carbon industrial strategy would provide this kind of vision. So to find out that the strategy itself was limited to a seven page document and website was both disappointing and uninspiring.

The scale of the challenge is immense. Pointing in the direction of a low carbon future is simply not good enough. We need maps, guidebooks, transport and financial incentives to travel there. This must be a plan that will deliver on both climate change and broader industrial policy objectives, to simultaneously address the climate and economic crises. In the US, President Obama has shown how to kick start low carbon spending, with a comprehensive spending package in his fiscal stimulus. It has won support from environmentalists, industrialists and trade unions alike. If imitation is the highest form of flattery, then it's time to show the Americans just how much we like them.

“the need for solutions that address both the long-term future of our economy and our climate is the central political challenge of this generation”

A real vision must come with a new, strengthened framework of tax, trading, regulation and spending; a suite of policies that can help to get us on the path to achieving it. None of these policies on their own can deliver the changes needed. In particular, we have consistently argued that the government has exaggerated the contribution that trading can make, and underplayed the contribution of regulation and public expenditure. Although trading can provide a much needed carbon price, on its own, it cannot deliver the certainty that business needs, nor action in the timescale required. Changes to the tax system must be aligned to the overall goal of creating a low carbon economy. We should use the tax system as a lever for behavioural change, to encourage consumers to choose greener options and create markets for low carbon goods and services.

Sometimes however market mechanisms simply aren't enough. Recently Green Alliance hosted a delegation of regulators from California who showcased how progressive regulation across a range of sectors, such as energy efficiency standards for consumer electrical

products and green building standards has helped drive California's per capita electricity consumption down to half the American national average. Clever regulation has played its part, but the longstanding determination on the part of the Californian administration to work towards a vision of their state as a leader is what has really driven the change.

In the current economic climate it is unlikely that the private sector will deliver what is required, in the time frame in which it is required, without some form of government support. On carbon capture and storage for example, a decision taken on commercial grounds alone might lead towards a decision to wait while the price of the technology falls. But we simply do not have this option if we are serious about meeting our emissions reduction targets and decarbonising our electricity supply. There is a real public interest case to be made for accelerating the deployment of this technology, even in its early stages.

Of course spending requires money and this is the toughest challenge. Both the taxpayer and the consumer will have to take a share of the upfront investment needed to avert devastating costs and suffering later on. That won't be a welcome message at the Treasury. That said, if Gordon Brown wants to be hailed for getting this right, that is the issue on which he must now focus. And he must focus on how to do this in the most equitable way.

But this is not just an issue for one person, or even one party. We need to see leadership across the political spectrum. The need for solutions that address both the long-term future of our economy and our climate is the central political challenge of this generation. We must bring together the best creative minds and begin to address the question of how we can make this most necessary transformation desirable, both economically and politically. The political leaders who achieve this will secure their place in history.

We must break out of the current mindset of incremental change and tinkering around the edges. We must stop pretending that we are doing enough already, for we are not. Choosing to believe that the vision is there, when all we have is a sketch, would perhaps be the most dangerous risk of all, and it is one that we can't afford to take.



Stephen Hale is director of Green Alliance and author of *The new politics of climate change: why we are failing and how we will succeed*, published by Green Alliance in November 2008 and free to download from www.green-alliance.org.uk

GREEN ALLIANCE NEWS

NEW FACES

We are very pleased to announce the appointment of **Zac Goldsmith** and **Sophia Tickell** as trustees of Green Alliance.

As editor of *The Ecologist* Zac Goldsmith launched campaigns on climate change, GM food and pesticides. In 2004 he received Mikhail Gorbachev's Global Green Award for International Environmental Leadership. He oversaw the Conservative Party's Quality of Life policy group, reviewing party policy on issues ranging from energy, transport and housing to food and farming, which published its report in 2007.

Sophia Tickell is chair and director, research, communications and advocacy at SustainAbility. Prior to SustainAbility, Sophia was director for the Pharma Futures scenario planning project. She has also been a senior adviser on private sector strategy at Oxfam.

We are also pleased to welcome **Laura Williams**, our new fundraising manager. Laura brings valuable insight and skills to the Green Alliance team from her previous roles. She joins us from Compton Fundraising Consultants where she was consultant campaign manager at Trinity Hospice, Clapham. She also worked previously in corporate hospitality and events.



Top: Zac Goldsmith
Centre: Sophia Tickell
Bottom: Laura Williams

GERARD MORGAN-GRENVILLE: ENVIRONMENTAL PIONEER AND CO-FOUNDER OF GREEN ALLIANCE



Gerard Morgan-Grenville, who died on 2 March aged 77, was for many years a lone voice in the establishment concerned about the environment. Described by his friends as "smart, professional, respected, quirky,

radical" and "off-the-leash", we are extremely fortunate that co-founding Green Alliance with Maurice Ash thirty years ago was one of his many, varied and extraordinary achievements. The original aim of Green Alliance was to 'inject an ecological perspective into the political life of

Britain', a radical idea at a time when the environment did not feature at all in political discourse.

He created the Centre for Alternative Technology on a shoestring in 1973 to demonstrate green ideas. The 'muddy quarry' in Wales included some of Britain's first windmills for electricity generation and is now a flagship education and visitor centre.

He was a Countryside Commissioner for England and then for Wales, an accomplished landscape painter and a fervent anti-nuclear campaigner. Although environment was his primary passion, his entertaining memoir *Breaking Free*, published in 2001, chronicles an interesting and unconventional life pursuing what he believed in and what he enjoyed.

NEW INDIVIDUAL MEMBERS

welcome to:

Bernadett Baracskaï
Catherine Beswick
Jessica Brown
Rachel Butterworth
Ray Georgeson
Emilia Hanna
Alex Jelly
Elizabeth Salter-Green
Jenny Saunders
Bruce Stanford
Laurie Walmsley

BUSINESS CIRCLE

welcome to:

FirstGroup PLC

Green Alliance's mission is to promote sustainable development by ensuring that the environment is at the heart of decision-making. We work with senior people in government, business and the environmental movement to encourage new ideas, dialogue and constructive solutions.

staff

Stephen Hale
director

Thomas Lingard
deputy director

Louise Humphrey
head of resources

Tracy Carty
senior policy adviser

Karen Crane
communications adviser

Josephine Evetts
pa to director and office manager

Chris Hewett
associate

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