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Ask a question

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To find out more about the team, and our capabilities [click here](#)

News bites

Energy

Nuclear must be given 'a level playing field' claim EDF

On 26 May, the UK chief executive of EDF argued that the nuclear industry must be given support to enable it to compete with other low-carbon generation such as wind power. Mr de Rivaz suggested that the price of carbon under the EUETS must be high enough to make nuclear investment attractive.

European Commission to award €4bn worth of energy grants

On 18 May the Commission announced a call for proposals for the development of key energy infrastructure projects in the EU to which it will award grants, allocated between gas and electricity infrastructure projects (€2.365bn), offshore wind projects (€565m) and carbon capture and storage projects (€1.05bn). This is part of the EU stimulus programme, mentioned in the UK Government budget. Closing date for submissions is the 15 July.

€4bn worth of energy grants

The Institute of Civil Engineers recommends the Government commission a study into district heating

The ICE has released a report, Why Waste Heat? recommending that the Government should commission a feasibility study into capturing heat and creating a district heating network from a number of existing power stations. The report also recommends that heat capture potential should become a planning condition on all new power stations, with Local Authorities mapping current and future heat demand in their area.

Access the full report

[Why Waste Heat?](#)

EU Commission study claims reaching 2020 renewable energy targets will create jobs and boost the economy

The study states that around 2.8m jobs in the renewable energy sector could be created, together with a total value added of around 1.1 billion of GDP. The study said however that stronger policies were needed to gain the maximum economic benefits.

Access the full report

[EU Study](#)

Public sector bodies are urged to use land and property to generate renewable energy

The Environment Agency and Partnership for Renewables have calculated that installing green technology could potentially generate 3 GW of power. The two organisations have criticised public bodies for failing to save taxpayer money and secure 'home grown' energy.

Access the EA Press Release

[Here](#)

Climate Change

Energy efficiency measures could be undermined by the 'Rebound' effect

Research undertaken by the Cambridge Centre for Climate Research found that energy savings from increased efficiency were partially negated by increased energy use in response to the energy saving, either in the same energy activity or elsewhere. Reported in the Times on 1 June, the Centre stated that by 2030 half the carbon emission saving gained from more fuel efficient transport, buildings and industry would be cancelled out by a corresponding rise in consumption of fossil fuels.

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Corporations are 'failing' to fully account for the risks and potential costs of climate change

A report from the Ceres network of green organisations and investors and the Environment Defence Fund claims that the world's largest corporations are providing only minimal information to their shareholders on how global warming may affect their 'bottom line'.

Access the full Ceres report

[Here](#)

EU Climate Change and Energy Package legislation published

On 5 June the key EU legislation implementing the package was published in the Official Journal of the European Union. The package of directives included the Renewable Energy Directive, the EU ETS Directive, the Fuel Quality Directive, the Carbon Capture and Storage Directive and Regulation 443/2009 which limits carbon dioxide emissions from cars. We will provide an update on the Directives when they come into force on 25 June.

UK and Norway to investigate the role of the North Sea in CO2 storage

UK and Norway have jointly commissioned a study on the role of the North Sea in storing carbon dioxide under the sea-bed. The findings are intended to develop a profile of the North Sea which can be used to ascertain the storage potential, projections of likely volumes and locations of CO2 flows.

Sustainable Development

London Mayor announces redraft of the 'London Plan'

In addressing access to housing, transport and jobs, Boris Johnson's 'Vision for London' seeks to 'place environmental sustainability at the heart of [the] approach because job security, energy security and climate security are all interlinked and must inform the policies on housing, transport and quality of life'. To this end, there are challenging CO2 emissions reduction targets to support the wider reduction target of 60% by 2025. Comments on the plan are welcomed until 30 June.

Access the London Plan

[Here](#)

Anaerobic projects to be Government funded

Defra's Anaerobic Digestion Demonstration Programme is to provide £10m of funding to five projects to be built between now and the end of March 2011. The five have been chosen as they will demonstrate "cutting-edge technology" using the anaerobic digestive process to break down organic matter to be re-used for heat, power and transport. The successful applicants are: Biocycle South Shropshire, Blackmore Vale Dairies, GWE Biogas Ltd, Staples Vegetables and United Utilities and National Grid.

The European Parliament propose all new buildings to source energy from on-site renewables by 2019

Amendments have been proposed to the draft Directive on the Energy Performance of Buildings (published in November 2008) which would see all new buildings in the EU built to source all the energy they needed from on-site renewable energy technologies. The draft Directive, including the proposed amendments, will be considered by the EU Council of Ministers later this summer. We will report further on the proposals following the Council's debate.

England to build its first large-scale housing scheme to level 6 of the code for sustainable homes:

South Gloucestershire Council approved the proposal from Barratt Developments and the Homes and Communities Agency (HCA) for 195 zero carbon homes at Hanham Hall near Bristol. The HCA's Carbon Challenge initiative will reuse existing materials to build the eco-village by 2010. Heat and water will be recycled whilst residents will have access to allotments and orchards.

Zero carbon homes: house builders give their perspective

A new study has surveyed major house builders in the UK to understand what actions are required if all new homes are to be zero carbon by 2016. The house builders generally felt that it is not an impossible challenge, but a comprehensive approach with clear guidelines, supported by necessary legislation is required.

Access the report

[Here](#)

Renewable energy investment: two recent reports give cause for guarded optimism

Summary and implications

Recently published reports have provided an insight into renewable energy investment in these difficult times. On 22 May 2009, Ernst and Young (EY) published their latest Renewable Country Attractiveness Indices. The United Nations Environment Programme (UNEP) published their own report into the market on 3 June 2009 entitled Global Trends in Sustainable Energy Investment 2009.

The reports make it clear that the renewables market has been impacted by the global economic crisis. However,

- it has remained relatively well insulated in comparison to other markets such as manufacturing.
- This is partly due to government remaining committed to encouraging investment in this field as they seek to tackle very real climate issues.
- Additionally, private equity and venture capital appears attracted to the growing and dynamic alternative energy market.

Access the full report

[Here](#)

In the UK the impact of the recession has been felt strongly. However, the Government has retained its focus on climate change and placed investment in this area at the centre of many of its recovery plans.

The reports

Both reports provide useful information on the renewables market and suggest that whilst investment may have slowed down, there remains considerable optimism. This is backed up by a KPMG report which found that 78% of senior executives surveyed in the energy industry believe renewable energy projects are economically viable despite collapsing fossil fuel and commodity prices and the credit crunch.

78% of senior executives surveyed in the energy industry believe renewable energy projects are economically viable

Global Trends in Sustainable Energy Investment 2009

The UNEP report states that overall in 2008 a total of \$155bn was invested globally in the market; a more than four-fold increase on 2004. However it was only a 5% increase on 2007 compared to the previous two years of over 50% growth. This was mainly due to the global financial crisis which saw investment in the second half of the year drop off significantly as banks became more cautious with their lending. Reports suggest now however that the banks are more willing to lend again.

In 2008 a total of \$155bn was invested globally in the market; a more than four-fold increase on 2004

Furthermore, throughout the period, the level of venture capital and private equity funding in clean energy, particularly in the UK, remained

impressive. Globally \$19.3bn was invested by venture capital and private equity in 2008, an increase of 43% from 2007. However the UNEP report notes that even in the second quarter of 2009 despite some promising signs, there is still a long way to go before overall investment reaches 2007-2008 levels.

Despite this, renewable energy investment clearly remains something governments are focussed upon. UNEP note that leading governments committed over \$180bn to sustainable energy within their stimulus packages. This is likely to help in countering the drop in investment in renewables via the world's stock markets; which fell 51% in 2008 to \$11.4bn. significantly, the amount of money changing hands in mergers and acquisitions in 2008 fell 16.2% to \$21.7bn.

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Renewable Country Attractiveness Indices

UNEP's findings are confirmed by the EY report which looked at the first quarter of 2009. The impact of the global economic crisis was notable across all markets and indices. In particular the effects were felt to be particularly pronounced in the UK. The US extended its lead at the top of the 'all renewables' list, with the rest of the top five made up of (in order): Germany; China; India; and Spain. The UK dropped below Italy into 7th largely due to considerable European funding in Italy. However recent allegations of corruption related to renewables investment may undermine Italy's position.

Overall, European nations are deemed to have benefited from the European Recovery Plan, reinforced by the announcements from the EC that one-third of Cohesion Policy funds will target a 'green economy'. The impact of the UK Budget 2009 was also felt to have had a positive impact on the UK's attractiveness to investors. In particular the UK's attractiveness with regards to offshore wind is highlighted. However it is felt that, in particular with regard to the new banding for Renewable Obligation Certificates (ROCs), much of the UK's attractiveness is long-term rather than short-term. The introduction of carbon budgets in the April Budget is also seen to have a long-term positive impact on investment opportunities.

UK government set to increase intervention in the energy market

Summary and implications

In an interview with the Times on 1 June 2009, Ed Miliband, Secretary of State for the Department of Energy and Climate Change (DECC), declared that the Government was set to intervene more in the energy market in order to achieve climate change targets. Mr Miliband stated that this Government intervention was required as the market alone will not ensure that the UK achieves its ambitious targets for cutting carbon emissions by 34% by 2020 and 80% by 2050.

Based upon internal government forecasts, the UK by 2020 would only be sourcing 5% of its energy from renewables. This clearly illustrates the need for a change in how the market is operated but it remains to be seen whether Mr Miliband's rhetoric results in anything more concrete.

A "clear framework" for Britain's future energy mix

Mr Miliband is pushing for a large increase in electricity generated from low-carbon sources. To do this he suggested setting a "clear framework" for Britain's future energy mix. The Times suggested this would mean a return to targets for total power generated from nuclear, gas, clean coal and renewables for the first time since the 1980s. However this has been subsequently denied by a spokesperson for DECC who stated:

Therefore it seems this will be more of a goals and guidance approach than a rigid target-based one. In the so-called 'summer strategy', there are also plans for a long-term development and overhaul of the national grid in order to prepare if for the huge increase in offshore wind power that is in development as well as the impact of new nuclear reactors.

We don't intend to predict or mandate precise shares for the mix. The aim is to ensure diversity and a shift towards low carbon technologies

More intervention required

Mr Miliband insisted that private investment and the market would remain central to future UK energy policy but that it was clear more intervention was needed to reflect changing goals in energy production. This move is considered one of the largest changes since Nigel Lawson called for the free market to govern the energy mix in the 1980s. Mr Miliband pointed out, though, that Mr Lawson's move was taken at a time of plentiful gas supply and no consensus over the threat of climate change. It is now seen as necessary to clarify the long-term direction of UK energy policy and encourage less short-term decision-making by energy companies, in order to tackle the issue of not only climate change, but security of energy supply.

The minister added that he believed the new interventionist approach would be greeted positively by the energy industry as it clarified the Government's position and tied them into the long-term future of the energy market.

"It is important that the right framework is put in place in order to make it economic to deliver the investments which will bring about the low-carbon energy industry", spokesman for Centrica

But note the failure to meet targets

Mr Miliband's new approach comes in the light of previously unpublished reports by DECC that suggest the UK will fail to meet its 2020 targets. The Times has reported that, based upon internal government forecasts obtained through a Freedom of Information request, by 2020 the UK would only be sourcing 5% of its energy from renewables; far short of the 15% target signed up to with the European Commission. At present only about 2% of our electricity is generated by renewables with about 76% coming from fossil fuels; chiefly coal and gas.

Incentivising offshore wind

Summary and implications

In our April 2009 edition, we reported how the Government has earmarked £525 min the Budget for offshore wind energy projects over the next two years. Continuing to investigate measures of incentivising offshore wind, DECC has:

- commissioned a report, 'Cost of and financial support for offshore wind' examining the role of the Renewables Obligation
- considered a review of the scheme., and
- launched a small scale grant scheme to incentivise 'next-generation' technology.

Cost of Financial Support for Offshore Wind

Following the Budget announcement, DECC published 'Cost of Financial Support for Offshore Wind' on 27 April 2009, a report prepared by Ernst & Young which considered an assessment of the current capital and operating costs for offshore wind projects in the UK and the historical evolution of the key drivers of these costs as well as an initial assessment of the likely evolution of such costs.

The report considered the level of financial support required to encourage the short-term roll-out of offshore wind projects in the UK and made an outline of alternative support measures that could be considered. The Government commissioned the report as they are aware that the economics of offshore wind projects have been particularly hard hit by a combination of the credit crunch coming at a time when supply chain costs have been rising.

The report illustrates how a combination of factors have led to a significant increase in costs over a relatively short period. These factors include: increased costs due to the immature supply chain; increased foreign exchange costs where the majority of the capital costs are priced in Euros or Danish Kroner and increased cost of risk in the current financial climate.

The report indicates that offshore wind projects at or near financial close in January 2009 have considerably higher costs than an analysis completed in April 2007 which indicated that Renewables Obligation (RO) banding of 1.5 Renewable Obligation Certificates (ROCs) per MWh was appropriate for offshore wind.

The report concludes that if support were to be provided through the existing mechanism of the RO, the number of ROCs per MWh required to provide a reasonable economic return would need to be between 2 and 2.5 ROCs. The report recommends that Government considers providing additional support in the near term to enable projects to proceed, to counteract short term price issues (i.e. exchange rate fluctuations).

To access the April edition of the Climate Change and Energy update

click [here](#)

Offshore Wind Review

The Secretary of State has decided that the evidence of changes to the costs of offshore wind generation meet the criteria for announcing an early review of the offshore wind banding provisions set out in the Renewables Obligation Order 2009. Therefore, they have announced a review of the support for offshore wind under the RO.

DECC have indicated that if the review confirms the information they have received to date on the costs of offshore wind, they would consult on amending the Renewables Obligation Order with effect from 1 April 2010 so that offshore wind projects qualified for 2 ROC/MWh (building on the current uplift of 1.5 ROCs). This would be subject to conditions which are designed to ensure that the additional support is targeted at projects which would not otherwise proceed, being most affected by the current high costs caused by the supply chain issues and current financial climate.

These changes to the RO would be limited to offshore wind projects which sign contracts between 23 April 2009 and 31 March 2010 and which start offshore works before the end of 2011. The cut-off date of the 23 April 2009 has been introduced as DECC consider that where contracts were signed before the Budget announcement, this was on the basis that projects were commercially viable at 1.5 ROCs/MWh. The proposal to set the cut-off date for eligibility at 23 April 2009 will be subject to the forthcoming consultation.

The consultation will also consider if there is scope to allow projects which sign contracts between 1 April 2010 and 31 March 2011 and start offshore works before the end of 2012 to qualify for 1.75 ROC/MWh.

ETF Offshore Wind Demonstration Call

DECC, continuing its support for offshore wind, has made a call for proposals for demonstration projects for offshore wind technology (the "Call"). The Call was announced on 28 May 2009 and will run until 31

March 2011. The Call aims to provide up to £10m to support a limited number of projects. The scheme aims to stimulate and encourage the development and demonstration of next-generation offshore wind technologies for larger multi-MW turbines to enable their faster deployment within the 2020 timescales, as well as to build the capability of the UK supply chain and industry.

The Call aims to provide up to £10m to support a limited number of projects

Other aims of the Call have been identified as providing a learning experience which can improve confidence and help reduce future costs and also to produce an economic evaluation of all projects supported by the scheme. The closing date for applications was 3 June 2009.

DEFRA guidance: how to measure and report on greenhouse gas emissions

Summary and implications

On 5 June 2009, the Department for Environment, Food and Rural Affairs (DEFRA), in conjunction with the Department of Energy and Climate Change (DECC),

- published draft guidance on how to measure and report greenhouse gas emissions
- invited consultation on this draft, with the deadline for responses being 7 August 2009.
- said that final guidance will be published on 1 October 2009.

Reporting under the Climate Change Act

Under the Climate Change Act 2008 (the Act) the UK must reduce total greenhouse gas emissions by at least 80% by 2050. Voluntary reporting of emissions by organisations is seen as crucial to achieving these legally binding 'carbon budgets'. Guidance clarifying how organisations should report is required by s.83 of the Act. The draft guidelines are based upon the Greenhouse Gas Protocol; the internationally recognised standard for the corporate accounting and reporting of greenhouse gas emissions.

The guidance is not however directly concerning the introduction of mandatory reporting of greenhouse gas emissions as required by 2012 under the Climate Change Act. There is further consultation planned for this. However there are hints in this consultation that the Government is moving away from the introduction of this reporting requirement. It can be avoided by a report being laid before parliament by the Secretary of State explaining why mandatory reporting will not be introduced. Throughout the published materials there are references to this alternative option being given serious consideration.

The measuring and reporting requirements

The guidance does not intend to align measuring and reporting under other reporting requirements; for example the Carbon Reduction Commitment, with the suggestions it puts forward. It is left specifically up to the organisation itself to decide what methods it uses for measuring and reporting emissions.

UK must reduce total greenhouse gas emissions by at least 80% by 2050

Where your organisation reports greenhouse gas emissions data for [other] regulatory schemes you may wish to use this data for the purpose of calculating and reporting your organisation's total greenhouse gas emissions.

Alternatively, you may choose to follow this guidance to measure and report all your organisation's total global emissions

This flexibility in what method an organisation selects is understandable with the Government not looking to be too heavy-handed. However, given that it allows organisations to pick and choose whichever reporting and measurement standard will put them in the most positive light, it seems to undermine the key goal of the guidance; to reduce greenhouse gas emissions. Organisations can avoid making real cuts in emissions by picking a methodology that effectively appears to reduce their emissions. Furthermore this flexibility undermines comparability of organisations, an aim which lies at the heart of the Carbon Reduction Commitment.

The 'key' questions for a measuring reporting exercise:

Overall the guidance seeks to provide help to organisations by outlining a series of questions to take into consideration:

- Which parts of your organisation do you need to collect data from?
- Which activities in your organisation release greenhouse gas emissions?
- What information should you collect from these activities to calculate your greenhouse gas emissions?
- How do you calculate your greenhouse gas emissions?
- How do you report your greenhouse gas emissions?
- How do you set targets for reducing your greenhouse gas emissions?

In order to produce this guidance five stakeholder meetings were held to consult with representatives from a wide range of organisations both public and private. A number of workshops are planned to be held for consultees to engage more directly after comments have been received. We will provide a further report on the progress of the guidance as responses become available.

New legislation: monitor UK commitment under the Climate Change Act 2008

Summary and implications

As part of the UK's programme to bind itself to the ambitious framework to limit greenhouse gas emissions, three new statutory instruments came into force on 31 May 2009. This new legislation enables the Government to implement its policy objectives under the Climate Change Act 2008. Businesses and the public sector are not directly targeted under the new legislation, but to meet the statutory targets outlined, the Government will have to subsequently implement measures (such as the Carbon Reduction Commitment) that will directly affect the business and public sectors.

Although businesses and the public sector are not directly obligated under these statutory instruments, there are a suite of measures either in force or due to come into force which will require parties to cut greenhouse gas emissions. These include the EU Emissions Trading Scheme and the Carbon Reduction Commitment. We will report on the Government's 'proposals and policies' to be released this summer in a subsequent update.

The new legislation

The three statutory instruments consist of

- the Carbon Budgets Order 2009,
- the Climate Change Act 2008 (2020 Target, Credit Limit and Definitions) Order 2009 and
- the Carbon Accounting Regulations 2009.

a) The Carbon Budgets Order 2009

This Order sets the level of the first 3 carbon budgets for the UK from 2008 to 2022. These budgets set limits on the total amount of carbon dioxide that the UK can emit. The budgets will be divided into five-year periods:

- First carbon budget : 2008-2012
- Second carbon budget : 2012-2017
- Third carbon budget : 2017-2022

The carbon budgets are expressed by reference to a percentage reduction from the 1990 levels of carbon emissions. These have been based on the advice of the Climate Change Committee and comprise of interim budgets, to take effect immediately, and more strict intended budgets.

If a new international climate change agreement, replacing the Kyoto Protocol, is entered into as expected following talks in Copenhagen in December, the Climate Change Committee will review the intended budgets to ensure that the UK's targets reflect the international agreement. Once confirmed these intended budgets will replace the interim budgets.

The Government indicated that during this summer it will publish details of the proposals and policies for the meeting these three carbon budgets. It is hoped that this will join up the numerous, and so far disjointed, climate change strategies that the Government has put in place so far.

b) The Climate Change Act 2008 (2020 Target, Credit Limit and Definitions) Order 2009

This Order increases the medium term target for reduction of greenhouse gases. The target reduction is now 34% by 2020, having previously been set at 26%.

Target reduction is now 34% by 2020, having previously been set at 26%.

In addition the definition of emissions has been changed. The previous definition captured only carbon dioxide emissions, the new amendment covers all greenhouse gases.

International shipping and international aviation are currently excluded from the current emissions target. The Secretary of State must incorporate this within the definition by 2012 (or report to Parliament explaining why it has not). However, the EU has recently brought aviation within the EU Emissions Trading Scheme and the Government is consulting on how to implement this within the UK.

c) Carbon Accounting Regulations 2009

These regulations introduce the carbon accounting system used to monitor the Government's compliance with its targets on greenhouse gas emission reduction. The system outlined in the Regulations will calculate the UK's total greenhouse gas emission.

The net UK carbon account is calculated by taking net UK emissions (comprising aggregate gross emissions from sources in the UK, including emissions from land use, land use change and forestry) for a given period and factoring in carbon units which have been brought in from overseas to offset UK emissions (credits) and UK credits which have been disposed of to a third party (debits). It is this net carbon account which must not exceed the carbon budget.

The Order clarifies what types of emissions may be taken into account in calculating the gross and net emissions and also what constitutes a credit and a debit.

Climate change: international news

Australia

Australia to build its largest wind farm:

Planning permission has been granted for 'Silverton Farm' in New South Wales. The project is part of the New South Wales plans to reduce carbon emissions by 6 m tonnes annually. The site, covering 32 hectares, will comprise of almost 600 turbines and is expected to generate electricity for over 400,000 homes.

Canada

Canada announces details of its clean energy fund

Canada has proposed investment of C\$1bn into a clean energy fund. It will be predominately invested into the development of carbon capture and storage projects. C\$650m has been earmarked for large-scale CCS demonstration projects, with the remainder being invested into smaller renewable and alternative energy projects and research into clean energy technologies.

Chile

Chilean Hydro Project plans to yield 400,000 'UN Carbon Credits' per year

Australian renewables firm Pacific Hydro plans to build a 111 MW Hydro project south of the capital Santiago, after securing \$450m investment . It is expected to be completed by January 2011 and may yield up to 400,000 'UN Carbon Credits' the year before the introduction of trading under the Kyoto Protocol.

China

China to aim for 20% renewables by 2020

In a recent interview with the Guardian, Zhang Xiaoqiang, vice-chairman of China's national development and reform commission, stated that China intend to increase its target for wind power to 100 GW by 2020 and the target for solar power to 9 GW by 2020. These goals are to be met by directing a significant share of China's \$590bn economic stimulus package to low-carbon investment.

Beijing expected to introduce subsidised rates for solar energy

China's Renewable Energy Society has reported the subsidy, due to be introduced in the second half of this year, is to be paid for by a surcharge on electricity end-users based on usage. Local media reports a planned preferential tariff of 1.09 yuan per kilowatt-hour.

Europe

Swiss Re closes its emissions trading desk:

Following the fall in carbon prices and the weaker trading of carbon emissions under the EU emissions trading scheme, Swiss Re announced that it would end its carbon trading activities. Swiss Re has been known as an insurance market leader in climate change issues.

Global

Green energy overtakes fossil fuel in attracting investment

UN figures detail green energy has surpassed fossil fuels for the first time last year. Wind, solar and other clean technologies used in electrical power generation obtained \$140bn investment in comparison to \$110bn for gas and coal. The UN has urged that \$750bn worldwide must be spent between 2009 and 2011 to facilitate further growth.

UN publishes post-2012 climate text:

The UN has released a 53 page negotiating text, aimed to facilitate the new climate change deal in December. The text does not address the country specific or collective action goals of the December summit, instead offering options upon which to base the long term objectives; capping emissions, subsidising alternative fuels, a global carbon market and a sectoral crediting mechanism. [Click here for a copy of the text.](#)

India

UNEP reports on India's renewable energy investment growth

The UN Environment Program (UNEP) has reported a 12% increase in investment in the Indian renewable energy sector during 2008. Wind energy experienced the largest growth in investment, with increases of 17% in 2008. Solar energy investment increased by \$329m from 2007 to 2008. Biofuel investment underwent growth of \$543 m, expanding fourfold between 2007 and 2008.

India under pressure to cut greenhouse gas emissions: Industrialised countries are calling for India to reduce gas emissions by 25-33% by 2020. Indian negotiators met with its counterparts from G77 in May 2009 where the UN Framework Convention on Climate Change (UNFCCC) had been tabled for discussion. Discussions continue in the last of the three preparatory meetings in preparation for the Climate Summit in Copenhagen in December.

Italy

Italy's solar industry is expected to become the first to achieve "grid parity"

Italy is expected to be the first country which has reduced the costs of producing photovoltaic energy to below retail electricity prices. Forecasted reductions of 40-50% in costs over 6 years for producing solar energy could make gas-fired power stations less economical than solar by 2015. The Italian state-run power management agency has however warned the incentives have been too high at 68-75 cents per kilowatt hour. There is pressure to reduce tariffs in 2010 by around 2%.

Japan

Japan pledges to reduce greenhouse gas emissions by 15% over 10 years

The proposals have been heavily criticised as "inadequate" for reducing emissions, Japan remaining far from achieving its 1997 commitment to cut emissions by 6% from 1990 levels by 2012. In 2005 emissions had increased by 7.8% since 1990.

Mexico

Mexico has proposed a global climate change fund as an alternative to a global cap and trade scheme:

The Mexican proposal of a global climate change fund focuses on a central fund in which each state contribution is measured by population, gross domestic product and greenhouse gas emissions. Withdrawal from the fund would be based upon a country's need to cut emissions, build green technologies or adapt to climate change impacts. Jos Delbeke of the European Commission's Environment Directorate, has commented that the proposal may find favour over a cap and trade scheme due to its flexibility. The proposals would not however be mutually exclusive to cap and trade, with a potential that the fund could be partially funded through the EU and future US trading schemes.

South Korea

The South Korean Government endorses a \$30bn spend on green growth projects:

the government has unveiled its 'Green New Deal' under which \$9.6bn would be spent on developing green technologies including energy saving electronics and information technology services.

United States

New US vehicle standards propose strict limits to reduce emissions

President Obama unveiled stringent proposals intended to cut vehicle emissions by 900m metric tons over the life of the program. If enacted, the proposals would be introduced from 2012.

High court considers how to reconcile renewable energy generation and landscape planning policies

Summary and implications

In the recent case of Benacre Estates, the High Court considered the difficulties of reconciling Planning Policy Statement 22 (the "PPS 22") on renewable energy with Local Planning Policies (the "LPP") on landscape protection.

Benacre Estates Company & another v Secretary of State for Communities and Local Government & others

[2009] EWHC 680 (Admin)

PPS 22 and the LLP

In 2004 the Government published PPS 22 which sets out their policy for renewable energy. It was envisaged that local authorities should have regard to it when considering planning applications in line with their own LPP and when decisions are made regarding planning applications. The case of Benacre Estates highlights the problems that arise when attempting to reconcile the PPS 22 with LPP. It also reflects the Government's commitment to tackling climate change and supporting renewable energy.

How to reconcile the PPS 22 with LPP

Benacre Estates Company 2009

An Inspector, appointed by the Secretary of State, made the decision to grant planning permission to construct and operate two wind turbines on a site in Kessingland in Norfolk. The Inspector concluded that the development of renewable energy resources, including the erection of onshore wind turbines, was important to facilitate the Government's commitments on both climate change and renewable energy. He considered the following factors in making his decision:

- the development of renewable energy sources is fundamental to give effect to the Government's commitment to climate change and renewable energy;
- a broader interpretation of the Government's commitment to climate change and renewable energy will take precedence over the protection of the landscape and areas of natural outstanding beauty;
- renewable energy schemes are now more commonly part of the landscape and are accepted as such;
- the overall intensity of the two turbines did not warrant setting aside the Government's policy; and
- the facts of the case meant that the LPP could be set aside.

This decision went against the local planning authority who had considered their LPP deciding not to grant planning permission.

The Benacre Estates Company (who own a significant amount of land as well as 3.5 miles of Suffolk Coastline that also comprises areas of outstanding natural beauty) and Gisleman Parish Council (who own the area of land adjacent to the proposed wind turbine site) appealed the decision by the Inspector at the High Court under Section 288 of the Town and Country Planning Act 1990.

The High Court held that the Inspector had balanced the environmental impact of the wind turbine site with the PPS 22 and his decision should stand

The Government's commitment to climate change and renewable energy

The Government has set the target that 10% of electricity should be generated by renewable sources by 2010, with the aim that this should increase to 20% by 2020. Currently only 3% of electricity is generated by renewable sources.

As a renewable energy source, wind power is becoming a more popular choice. It is the world's largest growing source of renewable energy and we currently have approximately 40% of Europe's wind resource in the UK. Wind power currently provides enough electricity to supply 1.2m UK homes every year and is viewed by many as one of the more reliable large scale sources of renewable energy.

We currently have approximately 40% of Europe's wind resource in the UK

In the past, approval for wind farms has been hampered by the inefficiencies in Government policy towards planning permission. The main problem has always been reconciling LPP with the requirements for a renewable energy source.

PPS 22 was published with the aim of encouraging developers and councils to consider opportunities for renewable generation in all new developments. This decision was welcomed by many who had previously felt that an overhaul of Government policy with regard to renewable energy was long overdue. PPS 22 is intended to encourage the development of more, and varying sizes, of renewable energy schemes across England.

There are still those who feel PPS 22 is not strong enough to push England forward with regards to reaching the renewable energy targets that the Government has set. The emphasis will always be upon the developer to search out sites, propose plans and bring to fruition renewable energy projects. This can be time consuming and costly and as Benacre Estates Company [2009] demonstrates, problematic. Too many renewable energy projects are hampered by LPP and waiting review by the Local Planning Authority in question. Furthermore, applications to develop sites with renewable energy sources such as wind turbines are being challenged under the Town and Country Planning Act 1990 and therefore slowing the process down even more.

Statistics provided by the British Wind Energy Association indicate that to date nearly the same amount of planning applications for wind farms are approved as they are refused. It is clear that for renewable energy to be more successful in future either the Local Authority will need to take a more sympathetic view to planning applications, or the government will have to overhaul their policy on renewable energy again and make it more robust.

Consultation Update

We aim to include in each issue of our Climate Change and Energy Briefing an update of relevant current consultations and calls for evidence to enable our clients to be aware of or even get more involved in the decision-making processes that may shape their businesses in the future.

Consultation Update		
Consultation	Seeking views on	Closing date
Consultation on the Draft Order to Implement the Carbon Reduction Commitment	<p>This is the third consultation on the development of the Carbon Reduction Commitment (CRC) scheme. The Department for Energy and Climate Change is seeking views on the Draft CRC Order and on a few detailed elements of the policy developed since the previous consultation.</p> <p>(For more information, please see our web page on the Carbon Reduction Commitment)</p>	4 June 2009
Consultation on the Form and Content of New Climate Change Agreements	<p>The Department for Energy and Climate Change is seeking views on the form and content of existing Climate Change Agreements. A number of questions are also raised about other possible changes to the Agreements on which the Government may decide to make proposals, subject to the nature of the responses it receives.</p> <p>Current Climate Change Agreements expire in March 2013. However, the Government announced in the Pre Budget Report in 2007 that “the scheme will continue until 2017, subject to State Aid approval, and [it] will discuss with business the most effective way of taking this forward”.</p> <p>The Government has reviewed the current Climate Change Agreements with a view to simplifying them for the benefit of business and Government and to achieve greater coherence with other relevant climate change policy.</p>	4 June 2009
Guidance on Carbon Capture Readiness and Applications under Section 36 of the Electricity Act 1989	<p>The Department for Climate Change and Energy is seeking views on the clarity and coverage of draft guidance on complying with the Government’s new policy on carbon capture readiness or CCR.</p> <p>The guidance is designed for operators seeking consent under section 36 of the Electricity Act 1989 to construct and operate generating stations in England and Wales. This policy applies to new combustion plants with a generating capacity of 300 MWe and above and was introduced by Government with effect from 23 April 2009 following the “Towards Carbon Capture and Storage” consultation which covered the role CCR should play in the development consent process.</p>	22 June 2009

Consultation Update

Consultation	Seeking views on	Closing date
<p><u>Consultation on Smart Metering for Electricity and Gas</u></p>	<p>The Department for Energy and Climate Change is seeking views on proposals relating to the roll-out of smart meters to domestic households and at small and medium non-domestic sites. The consultation makes proposals in two areas fundamental to rolling out smart meters to domestic households:</p> <p>the delivery model or market arrangements for installing and on-going management of smart meters; and</p> <p>smart meter functionality.</p> <p>The consultation also invites views on the type of energy consumption information that should be provided to consumers to maximise their engagement and on the Government's expectation that a standalone real-time display would be provided with a smart meter.</p> <p>For non-domestic metering, the Government issued a consultation on advanced/smart metering for small and medium sized (commercial and public sector) sites in July 2008. Building on the responses to that consultation, the Government is now consulting on specific proposals for the introduction of new metering requirements in this sector.</p> <p>The consultation also discusses the preparatory programme that will be needed to implement a smart meter roll-out across Great Britain.</p>	<p>3 August 2009</p>
<p><u>Consultation on draft guidance on how to measure and report your greenhouse gas emissions</u></p>	<p>The Department of Energy and Climate Change and the Department for Environment Food and Rural Affairs have launched a joint public consultation on draft guidance for how UK organisations should measure and report their greenhouse gas emissions required by the Climate Change Act.</p> <p>The Guidance sets out how an organisation should go about measuring and reporting their greenhouse gas emissions in a clear and consistent way. It takes account of the views of a range of businesses and organisations both nationally and internationally who have already informally been engaged with.</p>	<p>7 August 2009</p>

Consultation Update		
Consultation	Seeking views on	Closing date
<u>Consultation on the Standard Assessment Procedure (SAP)</u>	<p>The Department of Energy and Climate Change has launched this technical consultation to seek views on the proposed amendments to the Standard Assessment Procedure (SAP) methodology, the UK Government's tool for assessing the energy performance of dwellings.</p> <p>Since its introduction in 1993, SAP has developed over time and now underpins many of Government's energy and environmental policy initiatives, such as Warm Front, Carbon Calculator, Code for Sustainable Homes, Stamp Duty Exemption for Zero Carbon Homes, Energy Performance of Buildings Directive, Building Regulations for England and the Devolved Administrations, etc.</p> <p>To minimise the disruption to the construction industry, SAP revisions are timed to coincide with Amendments to Part L of the Building Regulations for England, the conservation of fuel and power, (currently scheduled for 2010 and 2013) and DECC aims to publish a revised version of the SAP in the latter quarter of 2009, around six months before the Part L Amendment comes into force.</p> <p>The consultation invites views on the SAP methodology. The revised SAP methodology will help inform the Department for Communities and Local Government's consultation on the 2010 Amendment to Part L of the Building Regulations for England and there will be a separate opportunity to comment on the proposed Amendment.</p>	12 August 2009
<u>Proposals for A Future Exemptions Regime under The Radioactive Substances Act 1993 and The Environmental Permitting Regulations 2010</u>	<p>The Department of Energy and Climate Change is looking for views on their proposals regarding new ways to meet the modern requirements for the regulation of ubiquitous and low risk radioactive materials and waste.</p>	4 September 2009
<u>Public involvement process on new nuclear power station designs</u>	<p>The Health and Safety Executive and the Environment Agency are assessing two new nuclear power station designs. In order for the assessment to be open and transparent, they have asked the companies involved to publish their safety, security and environmental reports on their websites, except for those parts containing sensitive or commercially confidential information.</p> <p>The public is invited to view the design information and comment on the safety, security and environmental aspects of the design.</p>	30 September 2009

Legislation Update

Legislation Update		
Bill / regulation	Summary	Progress
<p>Climate Change Act</p>	<p>The purpose of the Act as cited by the Government is to address both the causes and consequences of climate change. "It will create a new approach to managing and responding to climate change in the UK through: setting ambitious targets, taking powers to help achieve them, strengthening the institutional framework, enhancing the UK's ability to adapt to the impact of climate change and establishing clear and regular accountability to the UK, Parliament and devolved legislatures".</p>	<p>The Carbon Budgets Order 2009 came into force on 31 May 2009.</p> <p>The Climate Change Act 2008 (2020 Target, Credit Limit and Definitions) Order 2009 came into force on 31 May 2009.</p> <p>The Carbon Accounting Regulations 2009 came into force on 31 May 2009.</p> <p>(For more details see our article 'New legislation to monitor and implant UK's commitment under the Climate Change Act 2008')</p>
<p>EPB Regulations 2007 (as amended by the EPB Amendment Regulations 2007, the EPB Amendment No. 2 Regulations 2007 and the EPB Amendment Regulations 2008)</p>	<p>The Government has started making energy performance certificates (EPCs) compulsory for residential buildings, and will be rolling these out to commercial and other types of buildings during 2008</p>	<p>Click here to see when the EPCs will come into force.</p>

Legislation Update		
Bill / regulation	Summary	Progress
<p>Cheapest Energy Tariff (Information) Bill 2008-09</p> <p>(The Bill is yet to be printed)</p>	<p>A Private Members Bill to amend the law relating to the regulation of domestic energy providers; to require an energy company to publish on invoices information indicating whether the customer is on the cheapest tariff offered by that company, based on pattern of energy use, and the savings to be gained from any switch to this tariff; and for connected purposes</p>	<p>The Bill was given its first reading on 27 April 2009 in the House of Commons, the second reading debate is due on 16 October 2009.</p> <p>Click here for up to date progress of the bill.</p>
<p>Climate Change (Sectoral Targets) Bill 2008-09</p>	<p>A Private Members' Bill to set targets relating to energy generation and consumption; to make provision for the sectoral targets to be met; and for connected purposes.</p> <p>A copy of the Bill was published on 30 April 2009. For more details, please see our article 'Bills Update'.</p>	<p>The Bill was given its first reading on 11 February 2009 in the House of Commons; the second reading is due to take place on 12 June 2009.</p> <p>Click here for up to date progress of the bill.</p>
<p>Fuel Poverty Bill 2008-09</p>	<p>A Private Members' Bill to:</p> <ul style="list-style-type: none"> • require the Government to introduce an energy efficiency programme to bring existing homes up to current energy efficiency levels; • impose a duty on energy suppliers to offer social tariffs to limit vulnerable households' exposure to high energy bills; and • reinforce the legal duty on the Government to act to end fuel poverty. 	<p>The Bill was debated at its second reading on 20 March 2009. As the debate was still ongoing at the close of the day's session the debate was adjourned until 12 June 2009.</p> <p>Click here for up to date progress of the bill.</p>
<p>Fuel Poverty (No.2) Bill 2008-09</p>	<p>A Private Members' Bill to make further provisions about fuel poverty.</p>	<p>The Bill was given its first reading on 10 June 2009 with the second reading due on 26 June 2009. Click here for progress of the bill.</p>

Legislation Update

Bill / regulation	Summary	Progress
<p><u>Green Energy (Definition and Promotion) Bill 2008-09</u></p>	<p>A Private Members' Bill to define the term "green energy"; to promote its development, installation and usage; and for connected purposes.</p> <p>A copy of the Bill was published on 24 April 2009. For more details, please see our article 'Bills Update'.</p>	<p>The Bill was given its first reading on 21 January 2009 in the House of Commons, the second reading took place on 8 May 2009. There is no date yet set for the committee stage.</p> <p>Click here for up to date progress of the bill.</p>
<p><u>Industrial Carbon Emissions (Targets) Bill 2008-09</u></p> <p>(The Bill is yet to be printed)</p>	<p>A Private Members' Bill to make provision for the establishment of carbon emissions performance targets for electricity generating stations; and for connected purposes.</p>	<p>The Bill was given its first reading on 21 January 2009 in the House of Commons, the second reading is due to take place on 3 July 2009.</p> <p>Click here for up to date progress of the bill.</p>
<p><u>Renewable Content Obligation Bill 2008 – 09</u></p>	<p>A Private Members Bill to make provision for the establishment of minimum levels of recyclates in designated products and classes of product; to establish a scheme for the certification of designated products; and for connected purposes.</p> <p>This Bill was published on 6 May 2009. For more details please see our article "Bills Update".</p>	<p>The Bill was given its first reading on 25 February 2009 in the House of Commons, the second reading debate is due to take place on 3 July 2009.</p> <p>Click here for up to date progress of the bill.</p>

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