

**Department for Environment, Food and Rural Affairs
Consultation on the draft climate Change Bill – June 2007**

Response proforma

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The Construction Industry Council (CIC) is the representative forum for the professional bodies, research organisations and specialist business associations in the construction industry. It provides a single voice for professionals in all sectors of the built environment through its collective membership of 500,000 individual professionals and 25,000 firms of construction consultants.

Targets and Budgets

Setting Statutory targets

1 Is the Government right to set unilaterally a long-term legal target for reducing CO2 emissions through domestic and international action by 60% by 2050 and a further interim legal target for 2020 of 26-32%?

The government is right to act unilaterally, as this is a field in which the international community is not yet ready for multilateral action, and leadership is required. It is right to set the proposed 'deep targets' on the basis that these demonstrate leadership, will be achievable and help develop UK planning, design, engineering and construction expertise, capable of delivering to such targets, whether here or overseas. Such an approach will help provide the UK with a strong intellectual and economic stake in greenhouse gas management. However, it must be recognised that even the most stringent and effective UK targets will not deliver tangible global benefits, unless matched by similar action from countries overseas. Passage and implementation of domestic legislation should not stand in the way of continuing government efforts to bring about action by other nations and ideally a multilateral or global solution.

The Bill should include a 'mechanism' enabling its provisions to be rapidly merged with multilateral trading and or target measures should these be developed and accepted by the UK.

Targets alone are no good without practical measures or a strategic framework for implementation. Government needs to strike a balance between regulation, public sector pump priming to encourage investment in low-carbon technologies and industries, leading by example through public sector procurement of goods and service, fiscal incentives such as taxation and VAT, and social incentives such as better consumer information and labelling to enable behavioural change. The current proposals set targets, allow for them to be checked (and modified) and suggest extensions to the existing carbon trading schemes, but make no mention of any of the above implementation measures.

2. Is the government right to keep under review the question of moving to a broader system of greenhouse gas targets and budgets, and to maintain the focus at this stage on CO2?

Carbon dioxide is the immediate priority gas, as the scale of emissions mean that effective control will deliver tangible climate change benefits even if most other gases are not managed in the short term.

That being said, relatively small emissions of other gases can have significant greenhouse implications. There is a strong argument for the early development of a 'special gas emissions control regime' that would deliver 'quick wins' where these can be easily identified: the capture or conversion of relatively small volume but greenhouse significant emissions from relatively predictable sources. The Bill could provide a minister with a power to make controlling regulations

about a defined range of gases with high greenhouse potentials, subject to consultations with stakeholders before controls were implemented.

Of such gases, methane is a strong candidate for early special control. Methane has a global warming potential 23 times that of carbon dioxide over 100 years*. For example, although only 2 Mt of methane was emitted to the atmosphere from the UK in 2002, averaged over 100 years this equates to 48 Mt of carbon dioxide, equivalent to just under 9% of the carbon dioxide emissions for 2002 [data source: NAEI greenhouse gas inventory, 2002]. If methane were to be designated as a special control gas, a regime could relatively rapidly be put in place for the major emitters (say) hydrocarbon fuels, waste management, large agriculture and the food processing industry, which could balance an emissions price or tax against rebates and grants for fugitive emissions control, gas capture from landfills, gas to power, gas to heat and related schemes.

Whilst relatively small in volumetric terms, such schemes would represent a 'quick win' of potentially material scale in carbon dioxide equivalent terms. Such a strategy would promote expertise and technologies in methane control, which in turn could deliver economic benefits to the UK through the provision of methane management services to other countries.

Methane control technologies are globally relevant, as many nations have higher proportions of methane within their greenhouse emissions mix than the UK. For example, 21% of Australian and 36% of New Zealand carbon dioxide equivalent emissions are accounted for by methane [sources: AGO national greenhouse gas inventory 2004; NZ greenhouse gas inventory 1999-2004]. This places an emphasis on the need for and potential market value of methane control.

* Attributing methane with a global warming potential 23 times that of carbon dioxide represents a potentially artificial use of an average figure, as atmospheric reactions give free methane a typically much shorter lifetime than 100 years: in the range 9.6 to 8.4 years depending on atmospheric elevation. Over shorter periods, free methane is a potentially much more powerful warming agent, with a global warming potential of 63 over 20 years, suggesting that a small volume of methane emissions could account for as much as 24% of the UK's carbon dioxide equivalent emissions in a year. This places a strong policy weight on its control.

Similarly, climate change is just one aspect, albeit an important one, of sustainable development in the round. This point is particularly pertinent given the cross-cutting nature of policy objectives in the Draft Climate Change Bill and those in the Planning White Paper, the Energy White Paper and the UK Waste Strategy. Policy and strategy across all four areas of climate change, planning, energy and waste should be mutually reinforcing.

For example: multi-functional green spaces can act as potential carbon sinks if planted and managed well, as well as being valuable resources for climate change adaptation; strategic urban planning and design can create places, which encourage low carbon patterns of living, working and travelling, and incorporating facilities for recycling and composting waste in new housing developments contribute to preventing methane emissions from landfill.

Carbon Budgeting

3. Should the UK move to a system of carbon management based upon statutory five-year carbon budgets set in secondary legislation?

Subject to a capacity to declare other gas control regimes (see 2 above), the basic premise of the Bill is sound and statutory five-year budgets should be set. However, it will be important that successive government take responsibility or ownership for meeting targets whilst they are in office.

There is nothing wrong in principle with a system for carbon management set in secondary legislation but it is unclear what the practical implications of this management system will be and what this bill is actually asking key public and private sector stakeholders to do.

A clear statement is required to outline what the implications of a carbon management system are for: existing regulatory frameworks such as building regulations and planning regulations (eg Code for Sustainable Homes); fiscal systems such as taxation, interest and mortgages, and other existing targets and legislation for the reduction of carbon emissions and other green house gases such as those set out in the Planning and Energy White Papers and the Waste Strategy for England.

There should be simple, government accredited software available to companies and individuals to enable them to manage their carbon consumption. Use of this software should be taught in schools. We should move to a standard method of measurement to track trends accurately. This should be linked to authoritative published data (e.g. the BRE Green Guide).

4. Do you agree there should be at least three budget periods in statute at any one time?

There is a strong argument that budgets should express a carbon trajectory, which commences before and ends after the relevant budget period. The means proposed in the Bill of requiring at least three budget periods achieves this. However, it will be important to ensure that the fifteen year trajectory period does not 'expire' and it should be rolled forward significantly before its end: ideally before the commencement of the last budget period in the trajectory period.

It will be essential to review targets on an ongoing basis and to carry out evaluation to measure success and the need for continuous improvement.

5. Do you agree there should be a power to review targets through secondary legislation, to ensure there is sufficient flexibility in the system?

Yes, some flexibility to review targets is required to respond to advancements in climate science and mitigation/adaptation techniques. However, flexibility is different to reneging on promises and this power should not be seen as a get out clause if meeting targets proves challenging.

The focus of efforts and resources should not be on constantly reviewing targets but on developing means for effective implementation of means to meet targets, and then monitoring, learning and evaluating these means to enable continuous improvement.

6. Are there any factors in addition to, or instead of, those already set out that should enable a review of targets and budgets?

A further review factor would be changed technical knowledge about the availability and economic efficiency of greenhouse gas emissions management techniques. The budget system should be able to adapt to capture the benefits from new techniques in a timely fashion.

The speed at which efforts to mitigate and adapt to climate change are effectively realised will inevitably affect the usefulness and currency of targets and budgets.

7. Do you agree that in line with the analysis in the Stern Review and with the operation of the Kyoto Protocol and EU ETS, effort purchased by the UK from other countries should be eligible in contributing towards the UK emissions reductions, within the limits set under international law?

Where a host country agrees a framework for greenhouse gas management investment by offshore investors, such effort should be eligible to contribute towards UK emissions reductions. However, a quality assurance or audit measure needs to be put in place, to ensure that the quality and duration of offshore effort is able to stand for the claimed effort in the UK budget system.

The UK should not support offshore greenhouse gas management investment in countries that do not have an agreed investment framework that supports inward investment. This is for two reasons: firstly, the lack of a domestic framework will mean that there will often be no independent means of quality assurance or audit; and secondly, a number of developing economies are expressing concerns that their own greenhouse gas management capacity, required to address their own development ambitions is being 'colonised' by fleet-footed offshore investment, placing carbon management beyond the reach of domestic investors in their own onshore market.

This raises significant equity issues that will suggest that certain (typically more densely populated and industrialising) nations will be unlikely to agree significant offshore investment frameworks. The UK should not seek to compel such nations to accept investment counter to their immediate interests. In contrast,

greater offshore investment opportunities may exist in less densely populated but more developed and better regulated economies, such as the USA, Canada or Australia.

However, another member of CIC does not support the inclusion of overseas achievements in UK targets on the basis we can do so much more in the UK now. With awareness growing in developing countries of how they may need to manage their own reductions, the UK can lead by example and boost its own economy by the export of technology and expert

8. Do you agree it should be permissible to carry over any surplus in the budget? Are there any specific circumstances where you consider this provision should be withdrawn?

The primary objective of greenhouse gas budgeting should be to reduce net emissions as soon as possible. There should be a presumption in favour of capturing surpluses into the budget, enabling 'low hanging fruit' to be harvested in to the gas reduction as soon as possible and at the lowest achievable cost. The carry forward of a greenhouse gas budget surplus is to some extent contrary to such a principle, as it can enable efficient and lower cost budget gains to be offset against the continuation of other emissions that can also be managed at reasonably low cost. To some extent, such an effect can represent a subsidy from the emitters whose gains are carried over, to those who have failed to take sufficient action.

There may be an argument that making a surplus available for borrowing (see below) overcomes this issue.

9. Do you agree that limited borrowing between budget periods should be allowed?

Borrowing should be allowed. However, it should be for a known volume, term and cost. The cost (interest) should be charged at the current basket greenhouse gas price for the volume, unitised and variable over time (the term) to reflect fluctuations in the gas price. Further, an interest 'surcharge' element should reflect the fact that a unit of gas remaining in the atmosphere for a longer period due to borrowing exerts greater climate change potential than a unit of gas removed from the atmosphere now. Although the gas price is likely to rise to reflect this that is not certain, as the price could also fall based on improvements in management techniques, and so a distinct surcharge to penalise avoidable duration should also be charged.

10. Is it right that the Government should have a legal duty to stay within the legal limits of its carbon budgets?

Yes. But any such duty requires to be underpinned by clear monitoring and public access to monitoring results and possibly a right in action by public interest litigants or even an offence where the duty is breached. Without such steps a duty will carry little weight.

The duty to maintain standards should be given an economic value. An independent monitoring body should ensure that measures are maintained and should have the power to impose fines and penalties on government commensurate with the economic value of those measures.

11. Do you agree that establishing an independent body will improve the institutional framework for managing carbon in the economy?

The setting up of a Committee is welcomed however it must attract members with the right technical expertise from all sectors (transportation, construction, industry and agriculture). The draft bill doesn't clearly state who will sit on the Committee and who will take responsibility when targets are not met. Will it be government or the committee?

CIC would like to see clear reciprocal links between the proposed Committee on Climate Change (CCC), the existing Office for Climate Change (OCC) and the proposed Infrastructure Planning Commission (IPC).

To give the Committee real enabling powers Government should examine the virtue of creating a more enabled 'greenhouse gas commission' that would be charged with finding and delivering means of delivering greenhouse gas reduction through legislative and policy reform and market management.

12. Do you agree that the Committee on Climate Change should have an advisory function regarding the pathway to 2050?

Yes, the Committee should have an advisory role.

However, executive action to secure greenhouse gas reductions will also be necessary.

13. Do you agree with the proposal that the Committee on Climate Change should have a strongly analytical role?

Yes, the Committee should have an analytical role with the capacity for advocating suitable measures for achieving targets. But it should also have other functions and roles. These should cover enabling action to meet targets, undertaking evaluation of

actions and generating a process of continuous learning and improvement as knowledge, technology and action progresses.

However, this role should complement the role of an executive 'greenhouse gas commission', which will implement the budgets.

14. Are these the right factors for the Committee on Climate Change to take into account in assessing the emission reduction pathway? Do you consider there are further factors that the Committee should take into account?

The range of factors appears broadly correct.

However, 'fuel poverty is a social phenomenon and cannot be solved through technological processes. Its inclusion risks distorting target setting in areas, which might be better served through social policy mechanisms'.

The international circumstances factor (g) should specify international equity as a key element.

The impact of imported products and commodities on the carbon emissions of source countries should be a further factor.

15. Do you agree the Committee on Climate Change should be comprised of technical experts rather than representatives of stakeholder groups?

The Committee should be comprised of technical experts. 50% of UK emissions of carbon is directly related to construction and use of the built environment (excluding transport). In addition to those listed, there should be a professional engineer with expertise in the efficiency of the built environment.

A representative committee will tend to respond to evidence on the balance of represented interests and take decisions on political grounds. That should remain the function of Parliament, to which the Committee does in any case report. That being said, the Committee should be required to take steps to appraise itself of stakeholders' expertise and opinions through consultative exercises.

Further, if the Committee reports primarily to an executive 'greenhouse gas commission' that body should closely and carefully liaise with a broad range of stakeholders to obtain the highest possible levels of commitment to and compliance with budget measures.

While the CIC Committee on Climate Change will be advising government on technical issues, we should not forget that the CIC is a council of deliverers of professional services. This gives CIC the opportunity, which should not be missed in the work of the advisory committee, to act as a forum of consultation with both its membership, namely individual professionals and its wider clientele, namely the general public and other stakeholders. This will provide a reality check on the nature and potential speed of implementation of its otherwise technical pronouncements. Such a move would enable any technical recommendations to embody also a realistic implementation program.

16. Are these the appropriate areas of expertise which should be considered? Do you consider there are further areas that should be considered or any areas that are less important?

We would strongly suggest that experts from the fields of town planning, strategic urban design, architecture, construction, engineering and landscape management are considered for membership of the OCC. This is due to the significant contribution that planning, design, construction and management of the built environment makes to carbon dioxide and other green house gas emissions.

However, the Committee should work with or to a 'greenhouse gas commission' that would provide detailed expertise in implementation and would also have the capacity to engage stakeholders.

17. Do you agree with the principle of taking enabling powers to introduce new trading schemes?

Yes, having a range of powers, which provide additional means to enable the UK to stay within carbon budgets and meet targets for carbon emissions reductions is a sensible idea. However, stakeholders should be consulted before any new trading scheme affecting them could be implemented.

18. Do you consider that these powers are sufficient to introduce effective new policies via secondary legislation? If not, what changes would you make?

Yes, these powers seem sufficient and secondary legislation seems appropriate given that the targets set out in this Bill will be enshrined in primary legislation. The draft bill needs a stronger focus on implementation mechanisms.

19. Do you agree that the Committee on Climate Change should be responsible for an independent annual report on the UK's progress towards its targets which would incorporate reporting on a completed budget period every five years?

Yes. But statutory reporting, based on regular and impartial monitoring, needs to be an open and transparent process. The learning and knowledge gained in meeting, or missing, targets needs to be captured and incorporated into ongoing efforts to reduce carbon emissions.

20. Is statutory reporting the best way to drive forward progress on adaptation while at the same time ensuring Government is able to develop flexible and appropriate measures reflecting developments in key policy areas?

Yes. However, to achieve meaningful actions in relevant timescales, an executive entity focussed on designing and implementing policy across government would also be

valuable. The concept of a 'greenhouse gas commission' has been discussed above and may be a way forward.

The proposed quinquennial review of the risks to the UK posed by the impacts of climate change is a sensible idea. It will assist Government, business and the public in responding to developments in scientific knowledge and understanding, as well as developments in key policy areas. We would strongly endorse the use of work done by the UK Climate Impacts Programme, particularly their forthcoming 2008 scenarios, along with the work of the Sustaining Knowledge for a Changing Climate (SKCC) consortium.