

Is the Climate Change Act safe?

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New Thinking For Energy



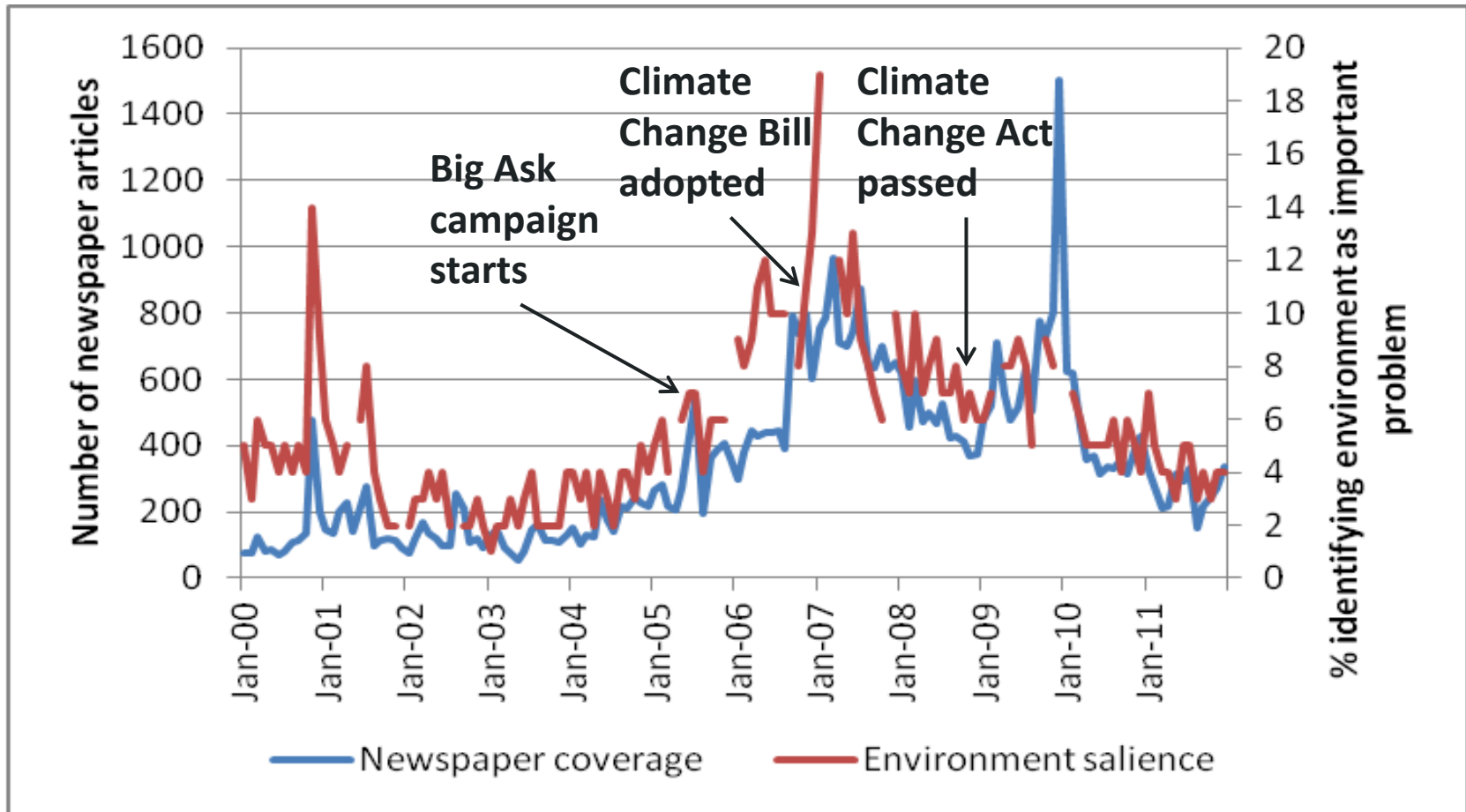
Introduction

- Climate Change Act 2008
 - greeted as historical piece of legislation
 - supposed to bind the hands of future governments, creating investor confidence
 - Passed almost unanimously and first 3 budgets agreed easily in 2009
- But problems emerge
 - major disagreements over fourth budget (2023-27) in spring of 2011
 - eventually agreed, but review to be held in 2014
 - 2030 electricity sector decarbonisation target called for to shore up confidence
 - April 2013 – The *Daily Telegraph* calls for repeal of CCA
 - Sep 2013 – Debate in House of Commons on motion to repeal the CCA
 - Nov 2013 – positioning on the review of the fourth carbon budget begins
- Is the CCA safe?
 - How was the Act supposed to work politically?
 - How might the Act work politically?

How was the Act supposed to work politically?

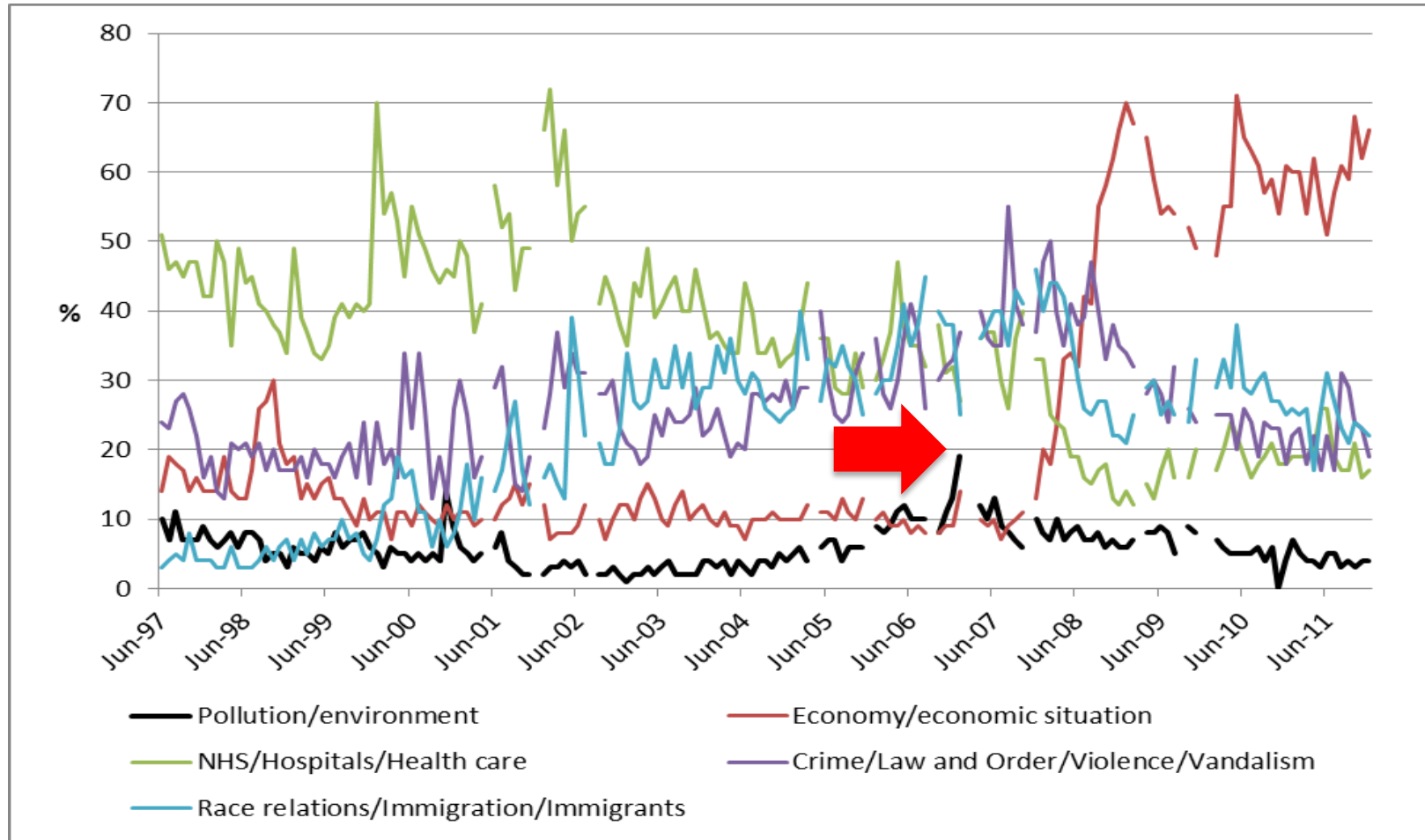
- Hill (2009: 6):
 - “The core philosophy of the Act is [that a] built-in series of duties, actions and reports will create the transparency, accountability and political pressure necessary to achieve the purpose of the legislation”.
- Tony Juniper (2006):
 - “...why is it that so many responses express frustration at slow rate of progress to date? Largely because so far the political will to seriously tackle this problem just hasn't been there. One reason for this is the view of many in Government that there isn't the ‘political space’ to attempt robust solutions. I think this debate shows that there has been a dramatic change in the public mood and it is now politicians who are lagging behind.” (Friends of the Earth 2006)

Wave of public concern about climate change in mid-2000s, but subsequently declines



Sources: Boykoff, M. & Mansfield, M. (2012; Ipsos MORI Issues Index (<http://www.ipsos-mori.com/researchpublications/researcharchive/poll.aspx?oltemID=56&view=wide>))

Even at peak, salience was far lower than that of other issues...



Source: Ipsos MORI Issues Index (<http://www.ipsos-mori.com/researchpublications/researcharchive/poll.aspx?oltemID=56&view=wide>)

How might the Act work politically?

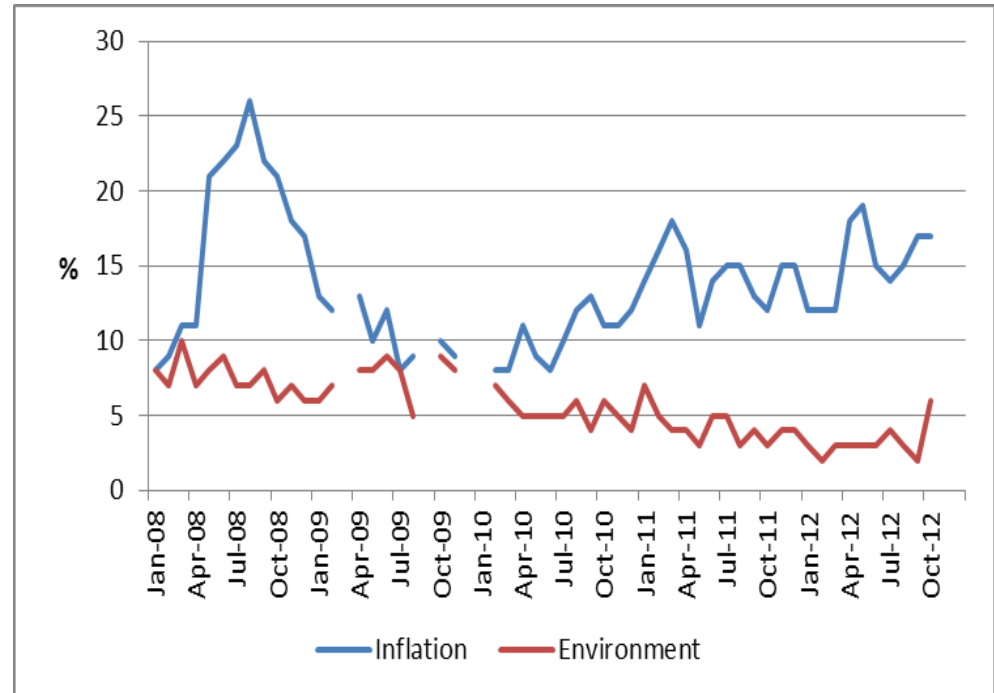
- Political sustainability of public interest reforms (Patashnik 2008)
- Institutional transformation
- ‘Policy feedback’ effects
 - Mass perceptions and incentives
 - Group perceptions and incentives
 - Investment effects

Institutional reforms

- Climate Change Committee – significant, but advisory not policy making; influence not power; does not remove role of EU in target setting
- Creation of DECC – significant, but Treasury retains power

Mass policy feedback effects

- *Perceptions of costs* – hostile media attacks especially against offshore wind
- ‘Green jobs’ – not yet credible/established?



Source: <http://www.ipsos-mori.com/researchpublications/researcharchive/2905/Issues-Index-2012-onwards.aspx?view=wide>

Group feedback effects

- Business – important source of support for CCA, despite role of EI industries, but concerns about competitiveness and political uncertainty
- Right-wing Conservatives/UKIP – constrained during passage of CCA but not since 2010 election. Failure to reframe climate policy and resonance for right (state intervention, green tax, subsidy, Europe)

Investment effects

	Gross build since 2006 (MW)		Gross investment since CCA (£m)	
	Renewable	Thermal	Renewable	Thermal
Centrica	410	895	500	260
E.On UK	651	1,417	815	450
EDF Energy	435	1,300	365	600
RWE npower	1,822	3,700	1,650	1,400
Scottish Power	1,490	0	1,200	0
SSE	1,732	826	2,000	50
Total Big 6	6,540	8,138	6,530	2,760
Others	6,000	1,300		
Total	12,540	9,438		

Source: Bloomberg New Energy Finance (2012)

Conclusion

- CCA has had an effect, but that is different from its political sustainability
- Underlying problem is that people don't care enough
- “On a knife-edge”?
- Full repeal unlikely; erosion more likely
 - Review of fourth budget 2014
 - Reduce budget for CCC?
 - Fail to meet budgets
- A lot depends on EU 2030 targets

Lockwood, M. (2013) 'The political sustainability of climate policy: the case of the UK Climate Change Act', *Global Environmental Change*, 23, 5, pp. 1339-1348