

5 September 2019

Environmental Audit Committee Inquiry into Net Zero Government

Supplementary note from Dr Rebecca Willis, Research Fellow

Many thanks for the opportunity to give evidence to this Inquiry. As requested, I am writing to follow up on the main issues raised in the evidence session.

This evidence is based on the work of [IGov](#), a project of the University of Exeter's Energy Policy Group, examines innovation and governance in the energy system. We focus on the fundamental, rapid energy system change that is happening at the moment, driven by technological, social and environmental factors; and examine the shifts in governance that are required in order to meet crucial goals, including carbon reduction.

It is also based on my own past experience as Vice-Chair of [the Sustainable Development Commission](#), which provided government with independent advice and monitoring on sustainability issues from 2000-2011. From 2004-11 I was lead Commissioner for the Greening Government agenda.

1. Overall government framework for net-zero

Accountability and responsibility for net-zero: As we discussed, the UK's Climate Change Act is world-leading, in setting a long-term target - now net-zero - and interim five-yearly budgets, overseen by the Committee on Climate Change. However, beyond the top-level responsibility held by BEIS, it is not clear who is responsible for delivering these targets. Many Departments and Agencies of government make reference to decarbonisation, but this is not linked into the national carbon budget, and it is not clear where responsibility for achieving carbon budgets lies. For example, the Department for Transport, who are responsible for the rollout of Electric Vehicles, have presided over increases in carbon emissions from transport.ⁱ The six stated 'strategic objectives' of the Department for Transport make no direct reference to carbon reduction.ⁱⁱ The Committee on Climate Change offers advice on reduction pathways for different sectors of the economy, but individual Departments and Agencies are free to take or leave this advice.

We argue that all Government Departments and Agencies should have clear responsibilities and targets for carbon reduction in line with the overall national carbon budget.

The role of Local Government: This should also apply to local government. In recent years there has been increased attention to the role of local areas in energy and climate change. Through the Industrial Strategy, Local Enterprise Partnerships (LEPs) have been encouraged to focus on low-

carbon growth; funding has been provided for local energy system demonstrators; and five regional energy ‘hubs’ have been established to work with LEPS. In addition, pressure from activists has led to a large and growing number of local authorities declaring a ‘climate emergency’ and pledging to develop local climate strategies, often involving deliberation with local people in the form of a Citizens’ Jury or Citizens’ Assembly.

Despite this upsurge in local activity, energy governance mechanisms remain concentrated at the national level. Local authorities have no statutory duties on carbon, and activity on decarbonisation varies widely across authorities. We argue that a formal co-ordinating role should be devolved to local authorities.ⁱⁱⁱ This should take the form of a new statutory duty on local authorities, requiring them to produce a Local Transformation Plan (LTP), which includes setting (in negotiation with central government) and meeting devolved carbon budgets; and the freedoms, flexibilities and funding to enable this process. The main purpose of the LTP would be to devolve responsibility to local areas, and to co-ordinate across energy, planning, transport and economic development.

Proposal for an Energy Transformation Commission (ETC): IGov has drawn up proposals for a new institution, provisionally called an Energy Transformation Commission (ETC). The ETC would oversee a direction-setting process, co-ordinating key actors. The ETC would not manage day-to-day regulatory issues; its function would be advisory, but it would set the overall direction within which other actors operate.

IGov’s vision for the ETC is informed by experience from elsewhere. The New York REV process is the most similar to our proposals. Lessons can also be learned from the Danish system of negotiated Energy Agreements, which are agreed between the major political parties and supported by the Danish Energy Agency.^{iv}

The purpose of the ETC is not to replace elected politicians. Government and parliament would continue to set high-level goals, agreeing trajectories for carbon reduction under the carbon budget framework; social goals; and other aims such as industrial strategy and innovation. The ETC would work with stakeholders, as described below, to oversee the implementation of these goals. As such, it would provide the link between political direction-setting and day-to-day governance.

The guiding principles of an ETC would be to:

- **Transform:** The ETC oversees a process of change over time – a transformation of the energy system. Its role is not to oversee a static market. The goals would be set through a negotiated process, overseen by government; the aims would be to decarbonise, to allow innovation, to reinvigorate competition, to develop efficient and effective energy services, and to protect vulnerable groups, including getting rid of fuel poverty as a major issue within the GB by agreeing a process for energy justice within the energy transformation.
- **Co-ordinate:** The ETC would be the main focus of co-ordination between different energy actors, including governance and advisory bodies, private companies and other stakeholders. It would bring different groups together, depending on the issue; for example, on electric vehicles it would bring together BEIS, the Department for Transport, the NIC, companies involved in the sector, network operators and so on.
- **Engage:** The ETC would engage a wider constituency in energy governance issues. This would include a stakeholder engagement process – eg businesses not directly involved in the energy industry; business associations; trade unions; consumer, environmental and other interest groups; etc. It would also include public engagement, to gather intelligence on public views and values on the transformation process.

The role of incumbency: Our research shows that the governance system favours established players, because it was designed for them, and because increasing complexity in the system benefits incumbents, which understand and can influence the rules. For example, IGov studies of the Industry Codes process^v within the energy industry, and the creation of the capacity market^{vi} show strong evidence of the overriding influence of incumbent actors in rule-setting processes. The process of energy and climate governance must be opened up and made transparent, to ensure that all actors, particularly new market entrants, can engage fairly in the system.

However, it will always be the case that established players have greater power and resources to influence decision-making processes. This is particularly the case at a time of rapid change in the energy system, driven by innovation and decarbonisation. This must be countered through specific support for new entrants to access these processes. The ETC proposal, as above, would help to engage new entrants in this way.

[This short policy briefing](#) offers more detail on all the above points.

2. The Government's own performance on net-zero

In my evidence, I set out two challenges to be addressed in terms of the Government's own performance, as follows:

Target-setting: Government should be leading by example and setting targets to achieve net-zero long before the overall national goal of net-zero by 2050 (which itself is, [we have argued](#), too late). We would suggest a target of net-zero by 2030 for government operations and estate. Yet currently, in the Annual Report on Greening Government Commitments, there is a statement that Departments are, effectively, free to set their own targets and plans: "The Greening Government Commitments wherever possible aim to avoid being prescriptive about the standards which should be used and actions which should be taken by departments to meet objectives". We believe that a much stronger leadership is required.

Government leadership is also important in terms of social and cultural messaging, to counter 'social denial', where people accept the science of climate change but do not acknowledge the changes to social norms that will be necessary. High-profile commitments from government, such as a commitment to end domestic flights for government business, and a commitment to use no red meat in catering on the public estate, would help to create discussion and leadership on these issues.

Independent monitoring and verification: There is a need for independent oversight of government activity in this area. As the Environmental Audit Committee Chair highlighted in the session, the government currently "sets and marks its own homework". As a result, it is very difficult to get a clear picture of performance. Examples of problematic areas include:

- Reporting against the Greening Government Commitments includes total figures for carbon reduction in government departments, rather than per capita (per employee). The civil service headcount declined by 19% over 2010-2016, according to the Institute for Government, so much of the carbon reduction could have been simply a result of fewer employees and less activity.
- There is very limited reporting on procurement, despite the potential of procurement to contribute to building markets for low-carbon goods and services. In separate evidence to this Committee, Duncan Brack highlighted the example of timber procurement, stating that

there is currently “no way of telling” whether the government is meeting required standards.

Previously, as Vice Chair of the Sustainable Development Commission, I was the lead Commissioner for the ‘greening government’ agenda. The SDC was tasked and resourced to provide independent advice, monitoring and verification of sustainability across the government estate, with support from the National Audit Office. This required a team of 3-4 people, plus NAO input. This gives an idea of the time and resource required for proper scrutiny. Despite the best efforts of the Environmental Audit Committee, there is not currently adequate monitoring or verification of government performance.

3. Definition of net-zero

One issue which I did not have time to cover in oral evidence was the need for a careful definition of ‘net-zero carbon emissions’, in order to avoid over-reliance on untested technologies which could delay progress in mitigation.

A ‘net zero’ target contains within it two types of solution to the problem of GHGs in the atmosphere. The first is to stop releasing GHGs into the atmosphere. The second is to remove them from the atmosphere – so-called ‘negative emissions technologies’ (NETs). A ‘net zero’ target is reached when the two are in balance – when removals equal releases. The problems lie in the interaction between these two. If attention is focussed on removals, how does that affect releases?

Research suggests that a focus on ‘net-zero’ potentially conceal harmful ways in which negative emissions technologies could substitute for feasible emissions reductions. This can happen in three ways: 1) NETs could formally substitute for emissions reductions, then fail to deliver, given that many of these technologies are not proven at scale; 2) side-effects from NETs could generate increased ‘rebound’ emissions (eg land-use change); 3) the promise or imagined future availability of NETs could encourage the delay of emissions reductions.

[This paper](#) from a team led by Lancaster University, which I have been part of, explains the issue.

I hope this note helps to clarify the issues discussed at yesterday’s evidence session, and look forward to seeing the Committee’s conclusions. Please do get in touch if I can be of further assistance.

ⁱ <https://www.theccc.org.uk/wp-content/uploads/2018/10/Lord-Deben-to-Chris-Grayling-Greg-Clark-on-Road-to-Zero.pdf>

ⁱⁱ <https://www.gov.uk/government/publications/department-for-transport-single-departmental-plan/department-for-transport-single-departmental-plan-may-2018>

ⁱⁱⁱ <http://projects.exeter.ac.uk/igov/new-thinking-governance-for-local-energy-transformations/>

^{iv} <https://stateofgreen.com/en/profiles/state-of-green/news/the-energy-commission-presents-recommendations-for-denmark-s-future-energy-policy>

^v Lockwood, M., Mitchell, C., Hoggett, R., and Kuzemko, C., 2015. Innovation and energy industry codes in Great Britain. [online], (December 2015). Available from: <http://projects.exeter.ac.uk/igov/wp-content/uploads/2015/12/ML-Innovation-energy-industry-codes-in-GB1.pdf>

^{vi} Lockwood, M., 2017. The development of the Capacity Market for electricity in Great Britain. [online]. Available from: <http://projects.exeter.ac.uk/igov/wp-content/uploads/2017/10/WP-1702-Capacity-Market.pdf> [Accessed 11 Oct 2017]