

# Climate change tracker: monitoring progress in a changing economy



**Momentum at risk:  
focus on delivery  
now critical**

Climate change remains one of the most critical issues affecting the UK, but in tough economic times it is at clear risk of slipping down the political agenda. Urgent action to cut emissions must be delivered if we are to hit government emissions reduction targets, ensure a future independent supply of energy, and manage rising energy costs.

The CBI's 2007 report *Climate change: everyone's business* set out pivotal roles for government and business in tackling climate change. How they both perform is critical to achieving the UK's emission reduction targets.

Both have made some commitment to tackling climate change over the past 12 months. The government has established a new department for energy and climate change and has placed a new target of reducing emissions by 80% by 2050 in legislation. More businesses have climate change policies and targets. But momentum is at risk: targets on their own aren't enough. Climate change must remain a high priority with delivery taking centre stage for government and business.

The debate on climate change is an opportunity to tackle the current economic situation. Energy efficiency can help consumers and business cut their energy bills. Efforts to reduce energy consumption must become commonplace

In addition to weathering the economic downturn, both government and business has a crucial role over the next 12 months in supporting the delivery of low-carbon technology, and in driving forward European and international climate change deals that maintain and enhance the competitiveness of the UK economy, while avoiding carbon leakage.

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**Government priorities for 2009 should be:**

- Delivering an investment framework to decarbonise the UK's energy supply
- Driving a coherent strategy to realise energy efficiency opportunities
- Promoting a policy framework to support delivery of low-carbon technology
- Ensuring the EU climate change deal is agreed and progress is made towards an international agreement

**Business priorities for 2009 should be:**

- Planning for investment in a decarbonised UK energy supply
  - Realising opportunities to reduce energy consumption
  - Developing low-carbon technology
  - Making the business case for a robust EU deal and international agreement to tackle climate change
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Little progress



Good ambition but insufficient delivery



Progress on track

## Government: long-term ambition must be matched with short-term action

The government's Climate Change Act with its 80% emissions reduction target is rightly ambitious. To meet the UK's targets, the CBI has identified action to reduce emissions from energy, buildings, transport and industrial processes. Early next year we will publish a series of 'roadmaps' to set out the business vision of how these reductions should be delivered in order to meet the new 80% target. But urgent short-term action will ultimately determine whether that target is met. Below we highlight where government has made progress over the last 12 months and pinpoint what its immediate priorities should be for 2009.

### Energy



<b>Nuclear</b>	<b>Developments in 2008:</b> Government supports new generation of nuclear stations, creates Nuclear Development Authority and consults on how sites for new reactors should be selected.		<b>Action for 2009:</b> Identify nuclear sites and complete pre-licensing
<b>Renewables</b>	Government consults on proposals to incentivise renewable expansion. Meanwhile 7.4GW stuck in planning system and potential investors seeking opportunities elsewhere		Set out clear renewable energy strategy, which draws in investment. Approve an additional 300 onshore and offshore wind farms
<b>Carbon capture and storage (CCS)</b>	CCS competition finally underway, but will support only one demo plant		Announce competition winner, confirm additional CCS support either through ETS or separate mechanism
<b>Planning</b>	Planning Act should greatly speed up large scale energy applications		Establish Planning Commission and policy statements
<b>Emissions trading scheme (ETS)</b>	Phase 2 auctioning underway, government lobbying for a third phase		Finalise detail for third phase (eg determine sectors at risk from carbon leakage)

## Buildings



	<b>Developments in 2008:</b>		<b>Action for 2009:</b>
<b>Existing homes</b>	Obligation on energy suppliers to insulate more homes increased		Incentivise further reductions through fiscal measures
<b>New homes</b>	Lack of agreed definition of zero carbon		Agree definition of zero carbon
<b>Existing business premises</b>	Cap and trade scheme on track to start in 2010		Incentivise further reductions through fiscal measures
<b>New business premises</b>	Government ambition for new offices to be zero carbon by 2019		Establish a framework to achieve ambition

## Transport



	<b>Developments in 2008:</b>		<b>Action for 2009:</b>
<b>Low-carbon vehicles</b>	Government supports an EU emissions standard for cars and pledges £100m to support electric vehicles		Finalise EU emissions standard. Implement government pilot scheme for electric vehicles
<b>Biofuels</b>	Government planning to reduce RTFO (Renewable Transport Fuel Obligation) targets given biofuel sustainability concerns, which may undermine investor appetite. Sustainability criteria not yet agreed		Agree sustainability criteria
<b>Aviation and shipping</b>	Support for aviation to be included in EU ETS from 2012, but little progress on air traffic control (ATC) reforms to cut emissions		Make progress on ATC reforms that would reduce aviation emissions. Clarify methodology for including aviation and shipping in third phase ETS

## Industry



	<b>Developments in 2008:</b>		<b>Action for 2009:</b>
<b>Energy efficient plants</b>	The tough ETS phase 3 cap and F-Gas (fluorinated compounds) Directive, which the government has supported, will increase incentives for companies to cut non-CO <sub>2</sub> emissions		Tighten sectoral Climate Change Agreement (CCA) targets appropriately for the next phase of CCAs, subject to review of sectoral progress

## Business: converting positive intentions into emissions reductions

Unless the business community takes seriously the challenge of tackling climate change the UK will struggle to meet its targets. Results from a new annual CBI climate change survey provide a generally positive snap-shot of business commitment to reducing emissions. But there is much more business can do to ensure positive intentions translate into emissions reductions.

### Overall business rating:



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### Key survey findings

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#### Carbon reporting

“Under half of respondents to the CBI survey monitor their greenhouse gas emissions but less than a third actually report their carbon emissions.”

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#### Commitment

“Fifty-nine percent of businesses responding to the CBI survey have a climate change policy and targets to reduce emissions. Latest carbon disclosure project results found that 84% of FTSE 250 companies who responded to the survey now have board-level responsibility for climate change – up from 24% last year.”

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#### Action

“Business is working with employees to help them reduce their carbon emissions at work and at home. Examples include encouraging energy efficiency in the office, cycle-to-work schemes and car pooling.”

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## The CBI's Climate Change Board set out two key roles for itself:

- Campaign for a government framework enabling businesses and individuals to take action on climate change
- Show leadership to the wider business community by reducing emissions through their own organisations.

Working with the CBI, the board has been able to progress both these roles over the past year but there is much to do in 2009 to ensure businesses and consumers can deliver real emissions reductions.

	<b>CBI activity in 2008:</b>	<b>CBI actions for 2009:</b>
<b>Emissions trading</b>	Actively campaigned in favour of an environmentally robust cap and more use of auctioning for phase 3 of the EU emissions trading scheme	Influence implementation of third phase of ETS. Publish report on future role of emissions trading
<b>Carbon reporting</b>	Gained agreement with businesses on the value of mandatory carbon reporting once a standardised methodology has been established. Began process to develop proposals for a standardised reporting methodology	Publish proposals for a standardised reporting methodology that could be used by the whole business community to enable more widespread emissions reporting
<b>Energy</b>	Lobbied in support of the Planning Bill to streamline the consent regime for new energy facilities, which will speed up delivery of a decarbonised energy supply	Publish report on how well energy market is able to deliver climate change and energy security objectives. Engage in debate over finalising the national policy statements required under the Planning Act for each energy source
<b>Adaptation</b>	Began engagement with business community. Increased effort needed to raise awareness	Increase awareness and understanding among businesses of managing the physical impacts of climate change
<b>Innovation</b>	Developed proposals that will help low-carbon technologies become a national priority.	Showcase low-carbon products and services as well as new business models based on encouraging further such solutions
<b>Incentives</b>	Discussed recommendations for new fiscal incentives that will increase the take-up of energy efficiency measures in buildings with government	Develop proposals to incentivise emissions reduction in the transport sector
<b>Best practice</b>	The CBI's Climate Change Board has established a process to monitor emissions from their buildings and transport fleets, and set targets to reduce these emissions by at least as much as government targets	The CBI's Climate Change Board will provide leadership to the rest of the business community in reducing emissions from buildings, transport and in helping employees to reduce their emissions at work and at home
<b>International</b>	Communicated the need for an international climate change agreement with business counterparts across the EU and in the USA, China, India and Japan	Engage in constructive dialogue with international counterparts to ensure a successful international climate change agreement in Copenhagen

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## Climate change: everyone's business

The CBI climate change board:  
building a low carbon economy

The CBI climate change board was set up in 2008 to deliver the commitments set out in the CBI 2007 climate change taskforce report 'Climate change: everyone's business.' The report recognised that government, business and consumers all have a role to play in making the shift to a low carbon economy. The board brings together senior business leaders from a range of sectors to demonstrate business commitment to managing the risk of climate change by:

- promoting business-led policy solutions to realise carbon savings
- showcasing business opportunities for green growth
- leading by example on corporate commitments to manage carbon footprint
- monitoring progress by government and business in realising the UK's carbon targets
- influencing a post-2012 international climate change agreement.



INVESTOR IN PEOPLE

December 2008

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