Health & Safety
MATTERS
Health & Safety Information for GMB Safety Reps

17th March 2011 Vol 8 No 1

The Climate Change Act

Introduction

The Climate Change Act (2008) arose as a consequence of the Stern report where it became clear that carbon emissions must be reduced to prevent the effects of climate change. Stern concluded that the benefits of strong early action would outweigh the costs of acting. This newsletter lays out some provisions of the Act and the areas which might have the most significant impact.

Carbon target and carbon budget

There is a statutory duty on the Secretary of State to ensure that the net carbon account for the year 2050 is 80% less than carbon emissions in 1990. The target is to be met through the setting of carbon budgets. This involved setting the first three carbon budgets up to 2022, with future budgets being set 11 and a half years before each relevant period. Within this the Secretary of State must prepare policies and proposals to meet the carbon budget. There are obvious challenges for the transport sector, principally in aviation and shipping but the greatest impact will be on the energy sector, as it accounts for around one quarter of global emissions. This in turn throws up other problems, namely should there be a move from fossil fuels to nuclear, the realistic performance of renewable energy sources, who pays in the wider economy and what the consequences of failure in the power economy might be.

The Committee on Climate Change (CCC)

•The CCC was set up with specific remits to fulfil. These included the following-
•Power sector decarbonisation, including tidal wave generation
•Energy use in buildings
•Mitigation of fuel poverty impacts
•Support technology for electric cars
•Reduction of transport emissions, through behavioural; change and planning
•Improving aviation infrastructure and the scope to switch to rail for short haul trips

In legal terms the CCC reports to the Secretary of State but sets its own agenda and apparently allocates its own budget. It is likely to try and rely heavily on the private sector to support research.

Trading Schemes

Trading schemes have the potential for a radical impact across a wide range of sectors, and will be a devolved function. There are broadly two types of scheme under the Act.
(i) Cap and Trade – these limit activities which consist of green house gas emissions or that contribute directly or indirectly to such emissions. These schemes would have to establish trading periods and identify the potential participants. Credits might be traded within a scheme, similar to the EU emissions trading scheme, and
(ii) Schemes which incentivise activities which contribute (directly or indirectly) to the reduction of green house gas emissions. Schemes which encourage activities to reduce carbon emissions must provide certificates in respect of particular activities. The scheme can set a baseline obligation and if not enough certificates are issued then payments may be required. The certificates could also be used as equivalent credits for EU or other international schemes.
The range of activities which may get caught up in such schemes is very broad and include;
The consumption of energy, including manufacturing
Using material where their production used energy, such as construction
Disposal of materials which had used energy, other than recyclables
The production and supply of anything whose subsequent use directly causes or contributes to green house gas emissions, such as heating fuel or motor cars.

Adaptation to climate change

Under this part of the act a duty is imposed on the Secretary of State to lay reports before Parliament at least once every 5 years, containing an assessment of the risks for the UK of the current predicted impact of climate change with the CCC advising the Secretary of State on how the government might adapt any risks. Other provisions relate to waste reduction schemes, with a view to increasing the collection of recyclables, charges for the use of single use carrier bags and renewable transport fuel obligations.

Conclusion

The Stern review set out three ways to address climate change. The first was establishing a price on carbon, while acknowledging that it is not clear that this will be understood in the short term. It also recommended increased investment in research and development and here the picture is even more confused with the government issuing contradictory statements allied to austerity cuts. Thirdly there is a need to change the way we, collectively, look at the issues around climate change. This requires both education and product requirements, such as charging more for waste disposal or for single use carrier bags. Much of this is still theoretical and in development and there is a need to take a long term view as in setting targets for carbon reduction to 2050. However, while the Secretary of State has legal obligations placed upon him, he in turn can pass these on to both industry and citizens. In a contracting economy of possibly over 2% of GDP this will not be an easy situation to convince people that this is necessary at this time. The Stern review is available from http://www.hm-treasury.gov/sternreview index.htm or for further information contact Daniel.shears@gmb.org.uk or john.mcclean@gmb.org.uk

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