sandbag

*****Press release: embargoed until 00:01 Thursday 26th November 2015*****

# 5th carbon budget should do what it says on the tin

Today the Climate Change Committee will release its advice regarding the 5th Carbon Budget. Sandbag has been advised of certain key elements of that report concerning the level and scope of the proposed budget and also some proposed accounting changes. Please find our initial reaction below. We aim to prepare a more detailed response after the report is published and we've had the opportunity to consider it more fully.

## Summary of Sandbag reaction

- We are encouraged to hear the Committee intends for real UK emissions to fall by 61% by 2030. This is consistent with earlier Committee advice, but we fear the proposed level of the budget and the current accounting rules will not deliver this goal.

- We are displeased to hear that the proposed budget is set just 57% below 1990 levels. Earlier advice indicated that a 60% target was the minimum necessary by 2030.[i]

- **We propose that a "real carbon budget" should be introduced that limits actual emissions for the whole UK economy, and that this should be set 61% below 1990 levels: the emissions the Committee actually hopes to achieve. A proposal to shift the UK carbon budgets to real carbon accounting is currently included in the Energy Bill going through parliament and should be retained.**

- We welcome news that shipping has been included in the scope of the proposed carbon budget and that allowance has been made for aviation emissions towards meeting the long term goal in 2050.

- We welcome the Committee's attempt to change the accounting rules and protected the budget for the non-traded sector from uncertainties about the level of the ETS budget[ii]; however we feel that a more complete overhaul of the accounting rules is required.

**Damien Morris, Head of Policy at Sandbag says:**

***"The Committee has indicated that a 61% fall in emissions is needed by 2030 to reach our long term goal, but the proposed 5th carbon budget does not provide any certainty this outcome will be achieved. We need a carbon budget which does what it says on the tin: which is set 61% below 1990 levels and ensures actual emissions stay below that level.***

*"The current carbon accounting rules use allowances granted to the UK under the EU Emissions Trading Scheme instead of using UK emissions in those sectors. This leads to confusion, and creates uncertainty about the emissions allowed in those sectors outside the EU cap. The Committee's proposed recommendations for new accounting rules are intended to address this but they fall short: the implementing regulations need a full overhaul and we need to shift to managing actual emissions across the whole economy.*

*"A new clause to the Energy Bill currently passing through parliament has been introduced that would achieve this and should be supported and retained.**[iii]** Such a clause would also mean that policy initiatives in the power sector, such as the coal phase out recently announced by the Secretary of State, could help to alleviate pressure to decarbonise other parts of the economy that arise from the carbon budget setting process."*

**Notes to Editors**

*For more information please contact Damien Morris at +44 (0)79 1466 9569 or damien@sandbag.org.uk*

[i] Earlier advice from the Committee in the Fourth Carbon Budget Report specified that a 60% was the minimum reduction required by 2030 without dangerously back-ending effort. That figure was from a "medium abatement scenario", not the "high abatement scenario" many in the environment sector would have preferred to see.

[ii] The Committee's proposed accounting reforms would fix the budget for the ETS sectors at the *estimated* level, without being updated for any unanticipated changes in UK allowances after the budget is set. This would prevent the budgets from the non-traded sector unexpectedly growing or shrinking if the ETS budget changes. If carbon more carbon units are surrendered by UK facilities than are in the estimated UK account, these are presumed to have been purchased from other countries and credited to the UK account. If UK facilities surrender less units than are in the estimated UK account, it is assumed that the remainder have been sold, and these are debited from the UK account. *In effect all ETS emissions are automatically treated as falling at the level of the estimated ETS cap.*

[iii] See clause 80 in Chapter 6 of the 2015-16 Energy Bill here: http://www.publications.parliament.uk/pa/bills/cbill/2015-2016/0092/15092.pdf