



Press release

For immediate release 3/6/2014

Coalition tightens UK carbon budgets ahead of climate negotiations

With little fanfare, the UK government cancelled 36 million tonnes of carbon pollution rights last week. With the stroke of a pen this eliminates more greenhouse gas emissions than the country's two largest coal-fired power stations emit each year.¹ Under the Climate Change Act, the government has a duty to keep emissions within pre-specified carbon budgets. The first carbon budget proved easier to meet than expected, owing largely to emissions reductions caused by the recession, leaving 36 millions of emission rights to spare at the end of the period. The government had until the end of May this year to decide whether to bank forward these spare emissions rights for future use.² Today, the Department for Energy and Climate Change has confirmed that the government has acted on advice from the Climate Change Committee and allowed these to expire.

News of this decision arrives just as the European Environment Agency publishes Europe's latest official greenhouse gas emissions figures to the United Nations. The new data shows EU28 emissions were down to 4,544 million tonnes in 2012, down 1.3% from the previous year and down 19.2% from 1990 levels.³ This allows Europe to meet its 2020 target even if it sits on its hands for the rest of the period. As with the UK, Europe operates within carbon budgets that have also been left oversupplied following the recession, but on a much larger scale. Europe's carbon budgets are now so oversupplied that they could allow Europe to grow its emission back to near 1990 levels by 2020, potentially reversing decades of environmental progress.⁴ Even if emissions do not climb back before 2020, any spare carbon allowances leftover in the EU Emissions Trading Scheme will be banked forward indefinitely, weakening Europe's climate efforts out to 2030 or beyond.

This problem could be largely addressed if European policymakers reached a similar decision to the UK government and cancelled spare allowances in the EU's flagging carbon market. The carbon budget in the EU ETS was set a billion tonnes higher than emissions over the last six years, almost double the UK's total annual emissions.⁵ This adjustment would help to restore a meaningful carbon price in Europe, and go a considerable way towards bringing international pledges back in line with a 2 degree trajectory by 2020.

¹ In 2013, Drax power station emitted 22 million tonnes of CO₂ and Eggborough power station emitted 11.5 million tonnes of CO₂. Source: European Union Transaction Log

² The first carbon budget ran from 2008-2012. Section 17 and Section 18 of the UK Climate Change Act specifies that the Secretary of State must prepare a report expressing his or her intention to bank any spare allowances forward by May 31st this year.

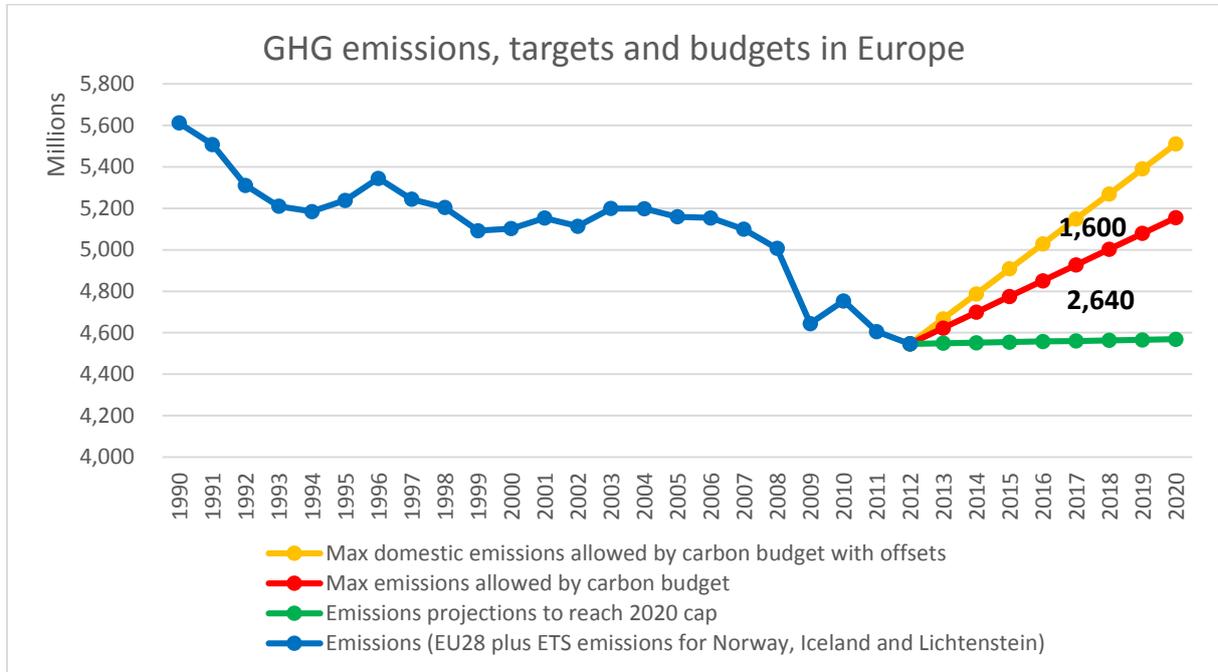
³ When accounting emissions against the 2020 target, emissions from LULUCF and international aviation are excluded, but civil aviation is included. Data from European Environment Agency <http://www.eea.europa.eu/media/newsreleases/greenhouse-gas-inventory-report-press-release>.

⁴ This calculation includes offsets. Even without offset, emissions could return back to levels not seen for over a decade.

⁵ Verified emissions for stationary ETS sectors were 11,604Mt over 2008-2013. The cap for stationary installations was set at 12,614Mt, leaving 1,010Mt to spare. All figures from EU Transaction Log. Offsets not included.

Damien Morris, Head of Policy at Sandbag comments:

“The government should be congratulated for cancelling spare emissions resulting from the recession. This sets an important precedent, which the UK should use to leverage more ambition from both European and international partners as we negotiate towards a new climate agreement in Paris in 2015.”



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The Sandbag Climate Campaign is the NGO leading in research-led campaigning for effective emissions trading. Through expert analysis, hard hitting reports and targeted advocacy we aim to shine a light on what's working and what's not and campaign for changes that could save billions of tonnes of carbon emissions. www.sandbag.org.uk