

# Environment & Energy Parliamentary Newsletter

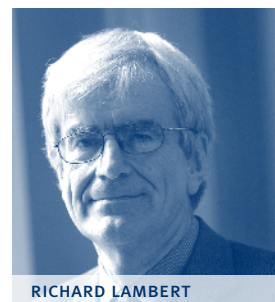
**Welcome to the first of what will be a regular series of CBI updates for parliamentarians on environmental issues.**

Few issues have risen up the business and political agendas as quickly as the environment. In my first 18 months as Director-General, I have seen British business become more engaged than ever before in how we can meet environmental challenges in ways which will strengthen, not weaken, our economy.

Climate change has garnered most of the column inches, and the recent report of our CBI Climate Change Task Force (see article below) sets out a realistic vision for how the UK could become a low-carbon economy. But across a wide range of topics – ranging from waste and resources through to water and air quality – we need thoughtful discussion as to how to realise both our environmental and economic goals. I believe the CBI has a major contribution to make here, and that we need

to engage more with MPs and peers as we do so.

I hope that you will find this and future updates of interest, and don't hesitate to contact me or the CBI environment team if you want to know more.



RICHARD LAMBERT

## EFRA Committee hears from CBI on waste strategy

The CBI recently submitted evidence to the Environment Food and Rural Affairs Select Committee for its inquiry into the government's Waste Strategy for England. The CBI has welcomed the acknowledgement of the existing drivers on business waste in the strategy and has also suggested four

main areas where the government could do more to help business reduce the amount of waste it sends to landfill. There should be measures, including public procurement, to promote increased demand for sustainable products. The CBI seeks improvement in business advice services and has expressed

concern over the future of the BREW programme. The planning system needs to enable the requisite waste treatment facilities to be built without excessive delays. And finally, the enforcement of waste crime needs to be tightened.

## Climate Change Bill

The CBI welcomes the Climate Change Bill, which will put on a statutory basis the UK's carbon targets and set up the carbon budget system. As our Climate Change Task Force shows, the 2020 target in particular is extremely challenging, but the

clear framework the bill sets out is much needed, not least by business. The bill needs to avoid, though, setting over-stringent limits on the use of imported carbon credits, not least because this could cut across the effective functioning of the EU Emissions Trading Scheme. Briefing on the bill is available from CBI.

## An important year for water

With the publication of England's Water Strategy and the River Basin plans required by the Water Framework Directive, 2008 will be a busy year for water policy. The CBI is hosting a conference on 25 April

to alert businesses to their responsibilities. A breakfast event for parliamentarians is also planned and invitations will be sent out shortly.

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## CBI Climate Change Task Force: what next?

The CBI's CEO taskforce on climate change launched its report, *Climate change: everyone's business* to wide acclaim in late November. The report provides an assessment of the business risks of climate change and sets out the urgent actions needed to put the UK on-track to meet CO<sub>2</sub> reduction targets. Taskforce members

call for a concerted effort by government, business and consumers. The report marks the start of the next stage of activity for the CBI's work on climate change. Since December, the CBI has been developing a forward-looking three-year programme of activity around the report's recommendations and commitments.

**“We have a unique opportunity to show how tackling climate change can go together with a healthy economy and improved quality of life”**

*Climate change: everyone's business*

The team has also worked to engage the broader CBI membership – not just here in London but throughout the UK and beyond, in our offices in Brussels, Washington and Beijing.

Although only in the planning stages, the forward programme of work will be focused around converting policy into delivery across and between the four main areas of abatement potential (buildings, power, transport and industrial processes), greater engagement at international level, working with businesses on low-carbon products and services, promoting innovation/R&D in low-carbon solutions and also developing business-friendly standards for carbon reporting. This work will be monitored by the taskforce, which will reconvene at regular intervals to assess progress.

## EU plans for emissions trading welcome, but renewables target not cost effective

The CBI broadly supports the Commission's proposals for the third phase of the Emissions Trading Scheme (EU ETS), which will run from 2013-2020. As our Climate Change Task Force had advocated, there will be a robust overall cap for the volume of allowances issued, tied to the EU's 2020 carbon targets. While challenging, this will help ensure an effective carbon price and carbon market for firms to invest against. Vitally, the Commission also recognised that energy intensive sectors are likely to find their competitiveness undermined if they have to pay the full cost of their carbon allowances. We support the idea of some form of free allocation

based on technology benchmarks being adopted for such vulnerable sectors, and this needs to be taken forward quickly.

The Commission also gave the UK a binding emission reduction target for 2020 for sectors not covered by EU ETS (eg transport, housing, commercial), but this target is likely to be less onerous than targets the government will set through the Climate Change Bill.

The UK share of the EU renewables target for 2020 is more worrying. The UK is required to increase the proportion of total energy (not just electricity) coming from renewable to 15% by

2020, from 2% at present. This share has to be delivered, even if it is not the most cost-effective way of meeting UK emissions.

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