What does Brexit mean for UK climate policy?

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What does Brexit mean for UK climate policy?

Brexit does not mean...

- The UK’s climate goals have changed
- No new policies are needed – still a policy gap irrespective of Brexit

Brexit means...

- Some policy previously set at EU level should be preserved & strengthened in future in the UK
- UK should take opportunities to improve on some EU approaches
Carbon budgets provide stepping stones to the 80% 2050 target

Notes: 2050 target allows for emissions from international aviation and shipping, not currently in carbon budgets
UK emissions and GDP continue to decouple
What does Brexit mean for carbon budgets?

UK action is based on the 2008 Climate Change Act. This is domestic legislation which stands irrespective of the UK’s membership of the EU:

- **Fifth carbon budget**: The legislated budget remains appropriate – uncertainty is not a new development.

- **Carbon accounting**: Carbon budgets would need an accounting adjustment if UK leaves the EU ETS.

- **UN negotiations**: Carbon budgets could be the basis for a UK pledge to the UN negotiations.
Policies agreed at the EU level have provided policy direction...

In these policies the overall objective has been agreed at the EU level but Member States are responsible for achieving them.

<table>
<thead>
<tr>
<th>EU direction</th>
<th>UK policy</th>
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</thead>
<tbody>
<tr>
<td>• Renewable Energy Directive</td>
<td>• Renewables Obligation, Fee-in-Tariffs, Contracts for Difference, Renewable Transport Fuel Obligation, Renewable Heat Incentive</td>
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<td>• Waste &amp; Landfill Directives</td>
<td>• Landfill Tax</td>
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<td>• Large Combustion Plant &amp; Industrial Emissions Directives</td>
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Other policies negotiated and agreed by the UK at EU level have provided both direction and delivery

- **EU Emissions Trading System**: Caps emissions from power & industry
- **New car & van CO₂ regulation**: EU-wide targets for fuel efficiency
- **Product standards & labelling**: Set standards for energy consumption across range of household products
- **F-gas Regulation**: Limits sales of F-gases & HFCs across EU
- **Common Agricultural Policy**: Does not directly target emissions but funds afforestation
Policies agreed by the UK at EU level have helped reduce emissions...

Policies negotiated & agreed to by the UK at EU level made a significant contribution to the UK’s 38% reduction in GHG emissions since 1990

- Renewable Energy Directive
- Waste Directive
- EU ETS
- New car CO₂ standards
- Product standards

...and save consumers money

Electricity consumption in a typical dual-fuel household has fallen 18% since 2004

Source: CCC (2017) Energy Prices and Bills – impacts of meeting carbon budgets
Continuing UK emissions reductions after leaving the EU

• The fifth carbon budget commits UK to 57% reduction from 1990 to 2030

• This will require actions across all sectors of the economy, whatever the circumstances as the UK leaves the EU
  – Many aspects of EU policy will need to be preserved or replicated, especially where there are clear advantages from coordinated action and to avoid risk of dumping of inefficient products on UK market
  – New UK policies will be needed where EU policies no longer apply or are weakened
  – Opportunities to improve on EU approaches should clearly be taken
There is already a policy gap to the fifth budget & this could widen after Brexit

We estimate EU-level policies could have contributed around 55% of the total emissions reduction required in 2030 (shaded areas)

Source: CCC (2016) Meeting Carbon Budgets – Implications of Brexit for UK climate policy
EU-level policies could have contributed around 55% of required 2030 reduction

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<th>Key EU-level policies</th>
<th>2030 UK emission savings covered by EU-level policies</th>
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<td>biofuels, eco-driving, air quality directives</td>
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<td>Economy-wide</td>
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Other EU-level policies are important enablers of decarbonisation in the UK

**Single energy market**

Interconnection allows electricity to be traded across national borders (supplying 7% of electricity in 2015). This can lower prices, improve security of supply, and is an important source of flexibility.

**Innovation funding**

- UK receives funding from EU ETS, LIFE fund & for low-carbon research (e.g. Horizon 2020)
- EIB has loaned €37bn since 2000 for UK energy infrastructure (€6bn for low-carbon projects)
UK should take opportunities to improve on EU approaches

• Government will need to be proactive in deciding the level of ambition it is aiming for where EU policies no longer apply

• There will be an opportunity for the UK to develop more bespoke policies

• For example, CAP:
  – This does not directly target GHG reduction in agriculture
  – A UK-based policy framework should link farming support more closely to actions that would reduce emissions, and deliver other eco-system services (e.g. biodiversity and soil health)