

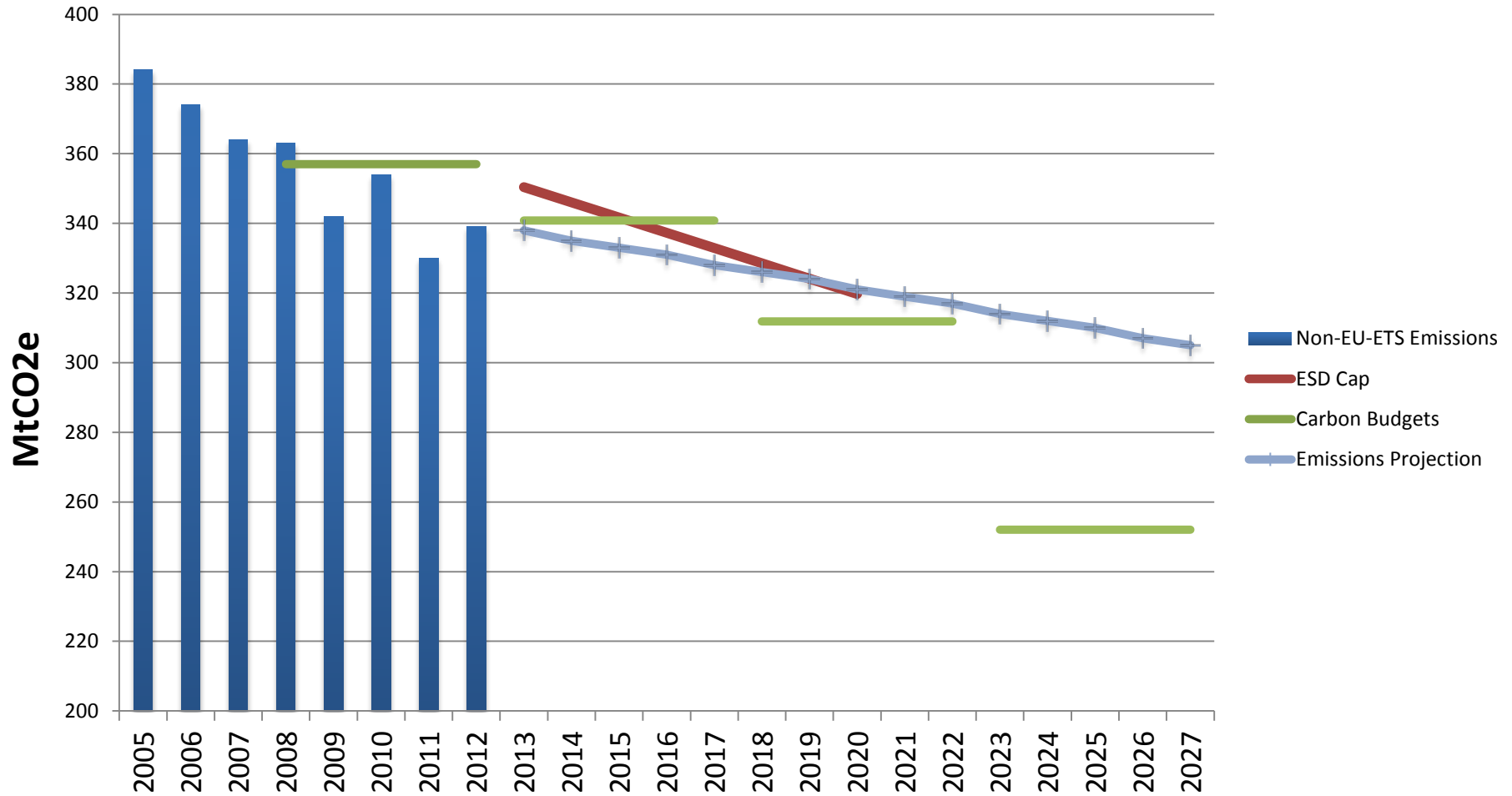
Non-EU ETS Policies in the UK

ENTRACTE/CECILIA2050 Workshop

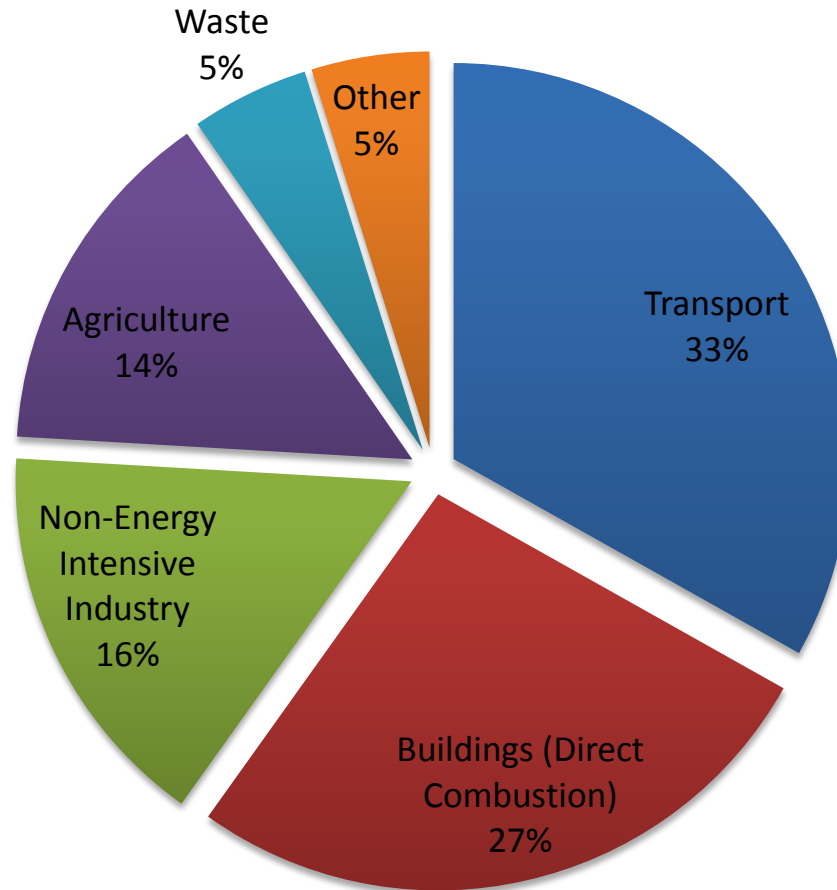
Dublin – 13th September 2013



Effort Sharing Decision – UK Target



Contribution to UK NETS emissions



Transport (33%)

- CO₂ Intensity Target for Passenger Cars
 - Average new cars - 133.1gCO₂/km in 2012 (138.1gCO₂/km in 2011)
 - Target of 130gCO₂/km in 2015 (95gCO₂/km in 2020)
 - ~20% of total NETS savings in 4th CB (2023-27) from existing policy
- Renewable Transport Fuel Obligation
 - Biofuels Directive/Renewable Energy Directive
 - 3.1% biofuel in 2012 (3.5% in 2011) 4% target. 2014 – 4.7% target.
 - No agreed renewables pathway between 2014-2020.
- Vehicle Excise Duty, 'Local Sustainable Transport Fund', 'Plug-in Car and Van Grants', 'Plugged in Places'

Buildings (Direct Combustion) (27%)

- Building Regulations (Part L)
 - Upcoming changes in April 2014 – 6% CO₂ improvement on 2010
 - ‘Zero-Carbon homes’ – 10-14kgCO₂/m² by 2016. All non-domestic by 2019.
 - Performance standard rather than tech specific – encourage innovation
- ‘Green Deal’
 - Loans for approved measures – repay through electricity bill – ‘Golden Rule’
 - 4.5MtCO₂/year saving by 2020
 - No specific targets – 60,000 assessments, 400 taken up, 1 ‘live’
 - Issues with loan interest rate (7%), non-financial barriers, accreditation
- Energy Companies Obligation (ECO)
 - Low-income housing efficiency measures by energy suppliers
 - 3 ‘streams’, individual targets for each, differentiated by supplier (£1.3bn/year to 2015). Over 30MtCO₂ in lifetime savings.
 - ‘Fuel poverty’ – significant political issue (although raises costs by ~£27/year)



Buildings (Direct Combustion) (28%)

- Renewable Heat Incentive (RHI)
 - Aim to deliver 12% total heating from renewables, 44MtCO₂ saving by 2020.
Phase 1 – Non-domestic. Biomass, heat pumps (ground & water), solar thermal & biogas. Rates set at marginal cost between renewable & conventional, set for 20 years. By 2013, 2% penetration (170MW installed capacity, 90% biomass)
 - **Phase 2** – Domestic (from Spring 2014). Certain measures (e.g. solid wall insulation), a pre-requisite. Renewable Heat Premium Payment (RHPP) in the meantime.
- Smart Meter Roll-Out – Smart meters for electricity and gas in all homes by 2020, installed by legally-obliged energy suppliers from 2015.
- Ecodesign Directive, Energy Labelling Directive



Non-Energy Intensive Sector (16%)

- Climate Change Levy (CCL)/Climate Change Agreements (CCAs)
 - Not direct carbon tax – implicit rates between £4-8/tCO₂.
 - ~3.5MtCO₂/year savings – traded & non-traded
 - CCAs – 90% discount for energy-intensive industry until 2023 (EU-ETS sectors)
 - competitiveness concerns - significant debate (~2MtCO₂/year savings)
 - **Carbon Price Floor** – Removes exemption for energy products used to produce electricity. April 2013 - £4.94/tCO₂ CPSR (£16/tCO₂ floor price)
- CRC Energy Efficiency Scheme
 - £12/tCO₂ tax on non-energy intensive industry (min. 6,000MWh/year)
 - 17MtCO₂ savings by 2027 (traded & non-traded)
 - ‘Simplified’ in 2013 – no league table, just electricity & natural gas, plus exemptions – reduce administrative burden (55% by 2030)
 - Revenue indented for recycling based on PLT – now to Treasury



Agriculture (14%) & Waste (5%)

- Nitrates Directive
 - improved fertiliser management – reduces emissions intensity with increasing output
- Agriculture GHG Action Plan (GHGAP)
 - Voluntary – aims to reduce emissions by 3MtCO₂e by 2018-2022
 - Encourage spread of best practice and cost-effective technology (actively only from 2013).
 - Government to review in 2016
- Landfill Tax
 - Currently £72/tonne (active waste) (£80 in 2014)
 - Waste emissions reduced 64% since 1990 – reduction in bio. Waste.
 - Low impact on production of biodegradable waste – not directly linked to cost

Future Development

- On track for NETS EU target (but not for 3rd & 4th Carbon Budgets)
- Focus currently on traded sector – both with EU-ETS & Energy Bill
- Likely **post-2020** focus – building energy efficiency and renewable heating measures, transport electrification
- Developments likely to come through extensions and amendments to existing policies until 2030.





Thank you

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