

# **The forecast for tomorrow: the UK's climate for change.**

A snapshot of climate policies and practices, good and bad, that are pulling the UK in different directions, and of the organisations holding the power to make a difference.

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## Executive summary

*The Forecast for Tomorrow* is a snapshot of a country deeply torn by good and bad climate policies and actions among business, public and government – with each group inextricably bound by the actions of the others. Whether the UK succeeds in achieving its emissions-reduction targets and in becoming a leader in international climate negotiations depends on whether good or bad policies prevail. At stake are the lives and livelihoods of millions of poor people around the world, who will suffer first and worst from climate change despite being the least responsible for it.

Within the UK, some of the world's best, most-inspiring progress in tackling climate change is already happening. These solutions far and away outstrip the ambition of the weak carbon-reduction targets now being contested in international climate negotiations. They give great credence to the UK as a genuine world leader in tackling climate change. Conversely, at the same time, a powerful coterie of interests is locked together in the kind of dirty, regressive actions and policies that could undo this progress and derail the UK's emissions targets. They would also undermine the UK's international standing and, if unchecked, will help lock the world into a future that will be catastrophic – particularly for the world's poorest and most-vulnerable people.

The 'litmus test' for which one of these competing behaviours will gain ascendancy will be the political decisions being made in the UK over the next few months. These include whether a new coal-fired power plant at Kingsnorth, Kent gets the go-ahead; how progressive the UK's Climate Change Bill becomes; and whether UK's renewable-energy targets will enable it to take a leading role in the EU. These decisions and the political, corporate and social climate they reflect will have a huge bearing on the UK's standing in international climate negotiations, both in Poznan, Poland in December 2008, and in Copenhagen, Denmark in 2009.

As a leader on international development, the UK must also lead the way in tackling climate change to help relieve the impact of global warming on millions of poor people who are being hit hardest, despite contributing least to the problem. The UK must support poor countries and communities to adapt to the inevitable consequences of climate change. But the only way to prevent further violation of their rights to life, security, subsistence, food, and health is to keep global warming below 2°C. Rich countries must act now to reduce emissions; and this is why this document focuses on mitigating our climate impact. As the UK's representative in the climate negotiations, Secretary of State for the Environment, Hilary Benn, says, 'We must achieve a fair and substantive deal in Copenhagen. All my efforts will be dedicated to this task, and in the UK we will play our full part.' South Africa's Minister for the Environment, Marthinus van Schalkwyk, emphasises the desperate need for leadership on the international stage: 'We know very well that there are many countries in the G8 grouping that share our ambitious expectations, and therefore it is regrettable that the lowest common denominator in the G8 determined the level of ambition in the group's declaration on climate change [at Hokkaido, Japan 2008].'

The UK government's leadership in international negotiations must be matched by decisive action at home, to ensure the UK cuts emissions first, fastest, and furthest. This means recognising the positive inter-relationships happening now between public, private and government behaviour and creating the conditions for these to flourish – while ditching the negative. The UK must set ambitious targets and put in place the means to achieve them if it is to play its part in averting global climate catastrophe. The decisions that the government and the private sector take now, particularly in their energy and transport investments, with the public's response, will determine the UK's 'climate forecast' for the crucial decades ahead.

*"The climate is unpredictable now. Some people in our village are being accused of putting a curse on the rain. But is it really people here who are damaging the rain patterns and our climate?"*

Martina Longom, Caicaosan Village, Uganda

*"We are very surprised to know that the UK, that we use as a positive example in putting climate change as a top priority on its agenda, has failed to do much on the ground. If the UK fails, then what can the rest of the world do? This inaction is being realised by the rest of the World, and will de-motivate all countries, and especially developing countries from making any future commitments."*

Wael Hmaidan, IndyAct – The League of Independent Activists, Lebanon

*"The UK government is no exception to the 'Jekyll and Hyde' relationship with the climate-change issue. Bold actions to rethink trade and limits to growth are necessary."*

Vanaja Ramprasad, researcher and nutritionist, India.

## Tomorrow's outlook: bright and fair, or storm clouds gathering?

Highlighted in this document are some truly world-beating examples of good business practice, government policy and public action that show a massive demand for a bright and fair future, and the will and ability to achieve it.

- ◆ **BT** in the UK has one of the most-ambitious targets for reducing emissions for any private-sector company or government in the world: cutting 1996 levels by 80 per cent by 2016 (which it is well on the way to meeting, having reduced its emissions by 58 per cent already). By contrast, the latest ambitions of the G8 aim for 50 per cent reductions by 2050 (without even setting a base year) – falling far short of the action needed.
- ◆ **DEFRA's** groundbreaking UK Climate Change Bill will be the world's first long-term, legally-binding framework to tackle climate change.
- ◆ **National Grid** has not only set its own ambitious emissions-reduction target, of cutting 1990 levels by 80 per cent by 2050, but it has also set out a vision of how it would play its part in helping achieve that target for the UK as a whole.
- ◆ The **Scottish Government's** climate plans could result in the most-demanding statutory emissions-reduction targets in the world: a cut of 80 per cent of 1990 levels by 2050.
- ◆ **Marks and Spencer** is leading the way among UK retailers to look not just at its direct emissions but also to address the emissions generated through its supply chain and consumer use of its products – vital if we are to address the UK's wider carbon footprint.
- ◆ The **Greater London Authority** is recognised internationally as leading one of the cities that has gone furthest to address climate change, and its plans to reduce emissions by 60 per cent of 1990 levels by 2025 far exceed those of the UK government.
- ◆ Among the UK public, a clear climate for change has emerged. Hundreds of '**low-carbon communities**' around the country are taking action at local level and building a grassroots movement for change. More and more people are taking action in their **individual lives** to reduce their personal carbon footprints. Climate change is now the focus of a **mass movement** of NGOs, campaign and protest groups – the largest since the anti-poverty and debt protests of the late 20th century.

However, these inspiring solutions are being undermined by the actions and policies of a powerful few. Current UK trends are worrying, suggesting that bad 'business as usual' behaviour is winning out. The graphs on pages 8 and 9 show that emissions in key polluting sectors, such as transport and power – together responsible for 57 per cent of the UK's carbon dioxide (CO<sub>2</sub>) emissions – are rising. On present performance, the UK will miss its domestic 2010 target of reducing CO<sub>2</sub> emissions to 20 per cent below 1990 levels.<sup>i</sup> Oxfam has identified examples of current business, government and public behaviour that it believes show a frightening disregard for the imperative to tackle climate change:

- ◆ **Shell** is set to triple its investments in 'unconventional' oil, which is around three-times more polluting than conventional oil to produce.<sup>ii</sup>
- ◆ The **Department for Transport** is offering false solutions to rising transport emissions, by pushing biofuels targets despite growing scientific consensus that biofuels are not a solution to climate change (and may directly increase poverty). The Department also lacks a coherent plan to curb transport emissions in the crucial short-term.
- ◆ **E.ON** wants to build the first new coal-fired power plant in the UK since 1974, which would open the way for at least five others. If approved, this new coal plant would jeopardise the UK's 2020 emissions targets and critically undermine the UK's international legitimacy and influence.
- ◆ The **Export Credits Guarantee Department (ECGD)** is pouring billions of pounds of taxpayers' money into high-carbon projects around the world with no plans to set emissions-reduction targets.
- ◆ Influential business lobby, the **Confederation of British Industry (CBI)**, is seeking to water-down key climate policies, such as the Renewable Energy Strategy and the UK Climate Change Bill, while backing such high-carbon infrastructure as new unabated coal and airport expansion.
- ◆ The government department responsible for energy policy, the **Department for Business, Enterprise and Regulatory Reform (BERR)**, is beset by incoherence, threatening to approve a new generation of coal-fired power plants that will undermine its own progress in promoting renewable energy.
- ◆ The UK public is understandably **confused about the causes of climate change**, with 60

per cent still doubting whether humans contribute to global warming. Given this misunderstanding, it is not surprising that only 13 per cent think they need to make significant changes to their lifestyles. This confusion provides an easy excuse for **inertia**, with a majority expecting government or business to act first. Those who do take personal action are being misled into investing their efforts into the **less-effective ways of tackling climate change**, such as re-using plastic bags – instead of focusing on the real climate gains to be made in energy and transport.

## The perfect storm

None of these actors or examples alone can determine the UK's climate forecast. Rather, they illustrate two contradictory 'weather fronts' vying for dominance across UK businesses, government departments and the public: the 'high pressure' area that can help usher in a bright, fair future, versus the 'low pressure' area that threatens to lead us to climate disaster.

Each sector – business, public and government – is bound up in the behaviour of the others, both for good and for bad, each influencing the others. Ultimately, these forces together are deciding how we are going to regulate, invest, buy, sell and vote our way to cut UK emissions and help keep the world's temperature-increase to below 2°C. Just as no single group alone can guarantee a low-carbon future any more than lock us into a high-carbon one, equally, none can abdicate responsibility in creating the climate for change.

Our nine 'fair weather' case studies demonstrate the kind of creativity, ambition and innovation vital to achieve the radical changes necessary. Demand from one side creates supply from another; public outcry emboldens serious government action; strong regulation prompts market confidence and investments in cleaner technologies. These are the forces that could guarantee a more stable climate.

Marks and Spencer (M&S), for example, has launched an ambitious programme of reform – Plan A, 'because there is no Plan B' – in response to its own consumers: 'Customers... told us they wanted to understand the bigger picture and that they expected M&S to take a lead on issues like climate change and waste. Because we believe in giving our customers what they want, and in keeping at least half-a-step ahead of them as we do so, we responded with Plan A.' At the same time, M&S is using the knowledge it is developing on renewable energy with its suppliers to pressure government for supportive regulation.<sup>3</sup>

On the other hand, confusion, an inertia born of fear, and special interests conspire together to undermine confidence in the possibility of change, and help to shut down alternatives. Companies blame consumers for not wanting to 'go green'; government does not trust the public to back its green reforms; the public blames government and corporations for not offering solutions... the list goes on. This is the 'perfect storm' of forces that could lead to climate chaos.

By way of example, the government department that sets our energy policy, BERR, appears committed to a coal-fired future<sup>iii</sup>. If built, the new Kingsnorth power station, Kent will mean any progressive carbon-emissions reduction target the UK sets will literally go up in smoke – and with it too, its position as a global leader in tackling climate change. BERR is in part responding to pressure from generators like E.ON that decide how to invest in the UK's energy future. E.ON, in turn, points to its consumers who demand the electricity it produces: 'The environmental impact of how our energy is generated is important for energy customers. But, for most of them, the two most pressing issues are how much they pay for their energy and whether it is available when they need it.'<sup>4</sup>

## Creating the climate for change

The coming months, before the end, of 2008 are vital, both domestically and internationally, for the UK.

- ◆ At the end of September, the government closes its consultation on the Renewable Energy Strategy. At stake is the UK's contribution to meeting the EU's target of 20 per cent renewables by 2020;
- ◆ This autumn, the groundbreaking Climate Change Bill will be finalised, in which the UK will reveal its commitment to ambitious emissions reductions by 2050;
- ◆ In the next few months, the UK will decide whether or not to build its first coal-fired plant since the 1970s;
- ◆ By the New Year, the draft Scottish Climate Change Bill will be introduced into the Scottish Parliament;

*"It is unacceptable that the most vulnerable women and men who have contributed least to emissions will be the first and hardest hit by climate change. The impact of climate change is real and it is now. We are already witnessing the negative changes on people's lives in Bangladesh – we don't have 20, 30, 40 years to decide – we must cut emissions now and put the right funding in place to assist vulnerable women and men in their fight with climate change."*

Heather Blackwell,  
Bangladesh Country Director,  
Oxfam GB

*"For changes to take place on the scale and speed required by the planet, integrated actions by governments, enterprises, institutions and individuals must be taken. Each of these actors can influence the behaviour of the others powerfully."*

Marina Silva, Senator and  
former Brazilian Environment  
Minister.

*"The issue of equity is crucial. Climate affects us all, but does not affect us all equally. Those who are least able to cope are being hit hardest. Those who have done the least to cause the problem bear the gravest consequences."*

U.N. Secretary-General,  
Ban Ki-moon.

- ◆ September and October see a flurry of consultations and meetings at the EU to determine the Climate and Energy Packages, to be adopted by the European Parliament in December, and finally agreed later by EU member states;
- ◆ In December, the midway point between Bali 2007 and Copenhagen 2009, the UK will be a key player in crucial climate talks in Poland, where the world will decide on targets that would avert catastrophic climate change.

Some of the case studies highlighted in this report go to the heart of these vital decisions – but all of them illustrate the struggle today within the UK to create a climate for change.

The UK's forecast for tomorrow is in the balance between either creating a low-carbon future or carrying on business as usual. The UK can show inspiring leadership on the global stage if it is backed by working solutions that prove what is possible, setting a precedent for other rich countries to follow. Ultimately, which way the wind blows is up to each and every one of us. Years of excessive carbon emissions have altered today's climate. Now, we in the UK have a chance to help decide the forecast for tomorrow. It could not matter more to millions of poor and vulnerable people around the world.

## What do we mean by 'the climate for change'?

Our 18 case studies have been chosen to illustrate key principles that Oxfam believes are vital to achieving the changes needed to combat climate change. We have researched six examples that illustrate good climate policy and practice across the private sector (Marks and Spencer, National Grid and BT) and government (DEFRA, the Scottish Parliament and the Greater London Authority). We have also profiled six examples of policy and practice that jeopardise the UK's progress in tackling climate change – three from the private sector (Shell, E.ON and CBI) and three from government (BERR, ECGD and the Department of Transport).

Their rated performance is represented in the graph below. Our remaining case studies focus on beliefs, attitudes, and actions of the UK public that show the positive and negative forces that influence – and are influenced by – business and government. The public examples are not represented on this graph.

### CRITERIA FOR RATING THE PERFORMANCE OF GOVERNMENT & PRIVATE SECTOR ACTORS

GOVERNMENT & PRIVATE SECTOR ACTORS	EMISSIONS			FUELLING THE FUTURE	PUBLIC POLICY SUPPORTER OR BLOCKER	
	Targets	Progress	Wider carbon footprint	Investing in/promoting renewables, moving away from high-carbon fuels	Ambitious public policy targets	Supporting/blocking key climate policies
DEFRA			N/A			
SCOTTISH GOVERNMENT			N/A			
GREATER LONDON AUTHORITY			N/A			
BERR			N/A			
EXPORT CREDIT GUARANTEE DEPT			??*			
DEPT. FOR TRANSPORT			N/A			
M&S						
BT						
NATIONAL GRID						
E.ON						
SHELL						
CBI			N/A			

= very good   = good   = poor   = very poor   N/A = not available

\* Emissions generated by projects in which ECGD invests are not currently quantified by the department. ECGD is the only government department featured that makes significant direct investments in private sector projects.

## A low-carbon future

Oxfam believes, in line with the latest science, that global emissions need to fall to at least 80 per cent below 1990 levels by 2050. Rich countries must move first, fastest and furthest to cut emissions, with global emissions peaking by 2015.

Accordingly, we have assessed our case studies against action on emissions. Have private-sector actors set ambitious targets for emissions reductions, and have they actually achieved emissions cuts? Have government and the public taken actions and created policies that will reduce or increase emissions? The generally accepted figure of the UK's share of global emissions is 2.13 per cent; however, our globalised industries and international investments mean that in reality our responsibility for global emissions could be far higher: up to 15 per cent.<sup>5</sup> Oxfam believes that not only should direct emissions be assessed and tackled, but also indirect carbon footprints (e.g. supply chain, consumer use or investment emissions).

To achieve the radical emissions cuts required to avoid disastrous consequences for poor people, Oxfam believes that we need to shift investment away from the dirtiest fossil fuels towards renewables.

Professor James Hansen of NASA wrote to Gordon Brown last year, warning against the rise in use of coal and unconventional oil: 'Coal and unconventional fossil fuels such as tar shale contain enough carbon to produce a vastly different planet, a more dangerous and desolate planet... with shifting climate zones that cause great hardship for the world's poor.'<sup>6</sup> We assess our case studies' promotion of and investment in clean or dirty sources of energy.

## Creating the climate for change

Oxfam believes that creating and implementing progressive public policy on climate change is core, both in reducing emissions and in demonstrating that government actions live up to the rhetoric.

All of the organisations and actions featured in our case studies play a role in shaping public policy on climate change – be that in influencing other businesses or trade associations, sending messages through how and what we consume, lobbying government directly on climate or energy policy, or simply by answering an opinion poll.

Therefore, a key criterion in assessing these policies and actions is whether they have played a role in enabling or blocking the climate for change needed to achieve those policies. But what do we mean by progressive policies? We have focused on the key policies, both domestic and EU, that will shape how the UK addresses climate change, thereby leading the way for other countries to follow.

**The UK Climate Change Bill:** Oxfam is lobbying, with others, for the Climate Change Bill to be strengthened to include mandatory disclosure of carbon emissions; an increase in the emissions reduction target from a minimum of 60 to 80 per cent of 1990 levels by 2050; and the inclusion of the UK's share of international aviation and shipping emissions.

**The EU Climate and Energy Package:** Oxfam believes that the UK needs to set strong renewable energy targets to contribute to the EU's 20 per cent by 2020 target. We are also lobbying for 100 per cent of the emissions permits issued under the EU Emissions Trading Scheme to be auctioned; with 50 per cent of the revenues used to help poor countries adapt to climate change, and to finance the transition to a low-carbon future. We oppose a mandatory 10 per cent target for biofuels while adequate safeguards do not yet exist.

**The UK's Renewable Transport Fuel Obligation:** Oxfam believes that the scheme currently offers neither a safe nor an effective means to tackle climate change. Many experts now agree that the carbon savings from biofuels have been grossly overestimated, and their production is contributing to global food price rises and affecting many people already living in poverty.

**The UK's Renewable Energy Strategy and the Kingsnorth coal-fired plant decision:** a part of the *Stop Climate Chaos* Coalition, Oxfam GB is campaigning to 'Say 'no' to new unabated coal and 'yes' to renewables and energy efficiency'.

<sup>5</sup> In the latest year for which data was available – 2006 – the UK was exceeding its target by 17 per cent. 2006: CO<sub>2</sub> (UNFCCC reporting format – i.e. excluding international bunkers) 17 per cent over domestic CO<sub>2</sub> target for 2010 = 80,578,000 tonnes CO<sub>2</sub> over target (DEFRA (2008) 'e-Digest Statistics about: Climate Change', <http://www.defra.gov.uk/environment/statistics/globalatmos/index.htm>).

<sup>6</sup> Conventional oil extraction generates an average of 28.6kg CO<sub>2</sub> equivalent per barrel, whereas oil sands emit between 80kg and 135kg CO<sub>2</sub> equivalent per barrel, depending on the method of extraction. Extracting oil in situ using steam or other forms of heat is more carbon intensive than mining ('*Unconventional Oil: Scraping the bottom of the barrel?*' WWF and The Co-operative Bank (2008)).

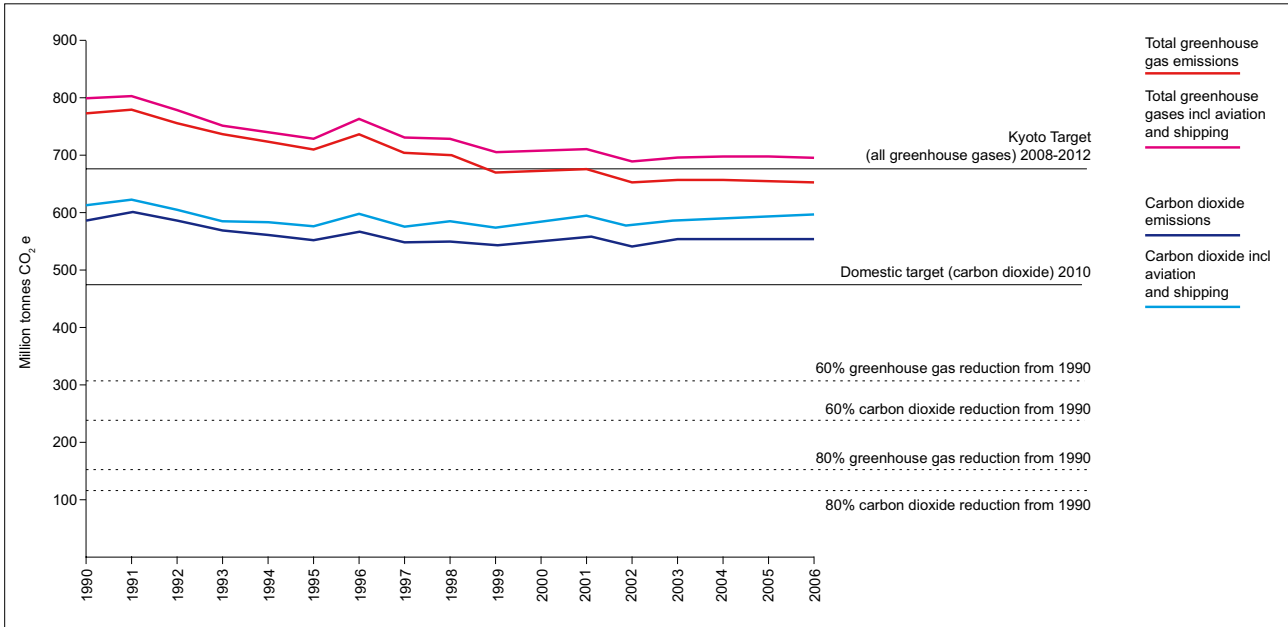
<sup>7</sup> Energy Minister Malcolm Wicks told *The Guardian* newspaper recently, 'If as some kind of gesture we said "no" to new coal-fired power stations, we would be in a very difficult position of not being able to develop [Carbon Capture and Storage] technology ourselves. It requires some new coal-powered fire stations for the technology to develop.' See: <http://www.guardian.co.uk/environment/2008/aug/08/carboncapturestorage.fossilfuels>.

# The UK today: emissions

## Overall trends:

UK emissions of all greenhouse gases have declined since 1990, and in 2006 they were already below the Kyoto target for 2008–2012. However, CO<sub>2</sub> emissions still dramatically exceed, and are not on course to meet, the government's own target of a 20 per cent reduction from 1990 levels by 2010.

These emissions are higher still if the UK's share of international shipping and aviation emissions is also included. Since 2002, the decline in emissions has slowed, and, in the case of CO<sub>2</sub>, has actually increased.

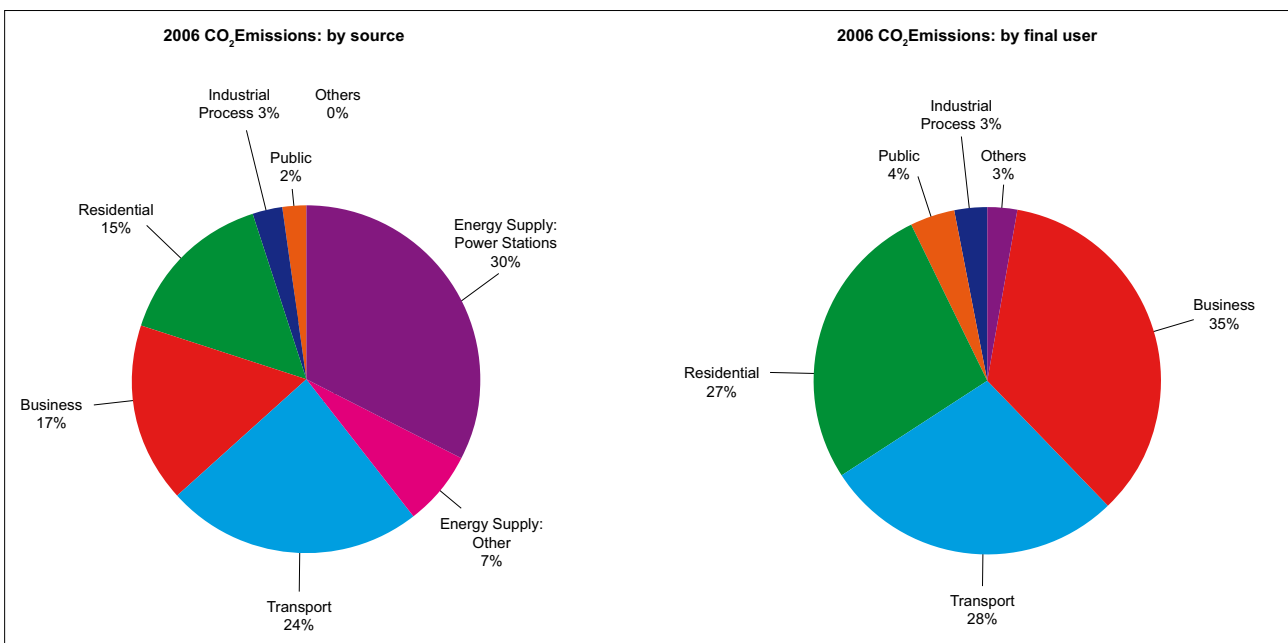


Office for National Statistics (2008). 'Environmental Accounts Spring 2008' (Table 2.4), [www.statistics.gov.uk/downloads/theme\\_environment/EA\\_Jun08.pdf](http://www.statistics.gov.uk/downloads/theme_environment/EA_Jun08.pdf)

## CO<sub>2</sub> sectoral emissions (2006)

A third of UK CO<sub>2</sub> emissions comes from power stations, and nearly a quarter originates in the transport sector. Business and residential use is the other significant source of CO<sub>2</sub> emissions. Looking at the end-user, rather than the source,

shows that the business, transport, and residential sectors all remain significant contributors to emissions, with the responsibilities of both the business and residential sectors roughly double their source emissions.

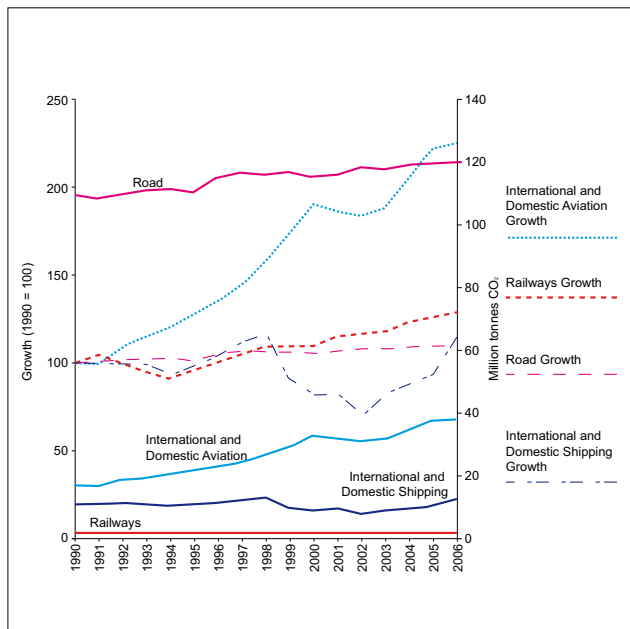


DEFRA (2008). 'e-Digest Statistics about: Climate Change' (Table 5), [www.defra.gov.uk/environment/statistics/globatmos/alltables.htm](http://www.defra.gov.uk/environment/statistics/globatmos/alltables.htm)



## Transport trends<sup>1</sup> (Sources of CO<sub>2</sub>)

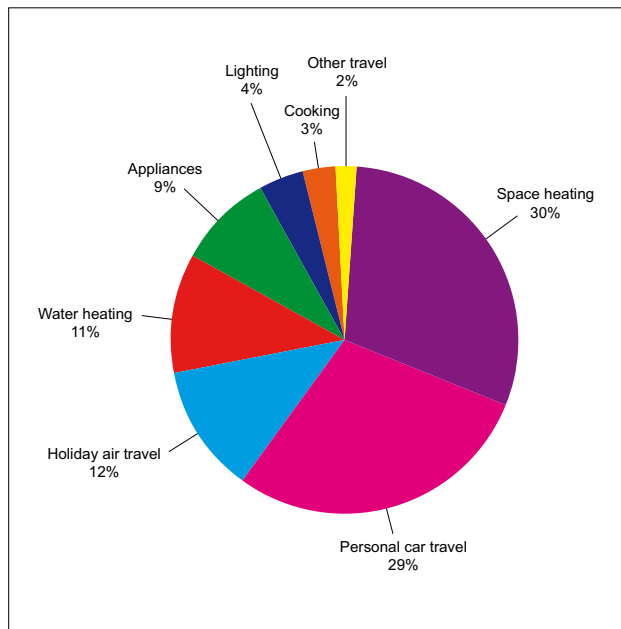
In terms of absolute emissions, road transport is far and away the greatest contributor to transport-related CO<sub>2</sub> emissions, with railways contributing the least of the major transport sectors. However, in terms of growth since 1990, road transport emissions have been fairly static, while aviation emissions have been rising rapidly. Following a few years of marked decline around the turn of the century, shipping emissions are now increasing again.



<sup>1</sup>'e-Digest Statistics about: Climate Change' (Tables 4 and 5), DEFRA (2008). [www.defra.gov.uk/environment/statistics/globalatmos/alltables.htm](http://www.defra.gov.uk/environment/statistics/globalatmos/alltables.htm)

## CO<sub>2</sub> personal footprints (2005)

Heating our homes and travelling by car are the major contributors to our personal CO<sub>2</sub> emissions. Holiday air travel, water heating, and household appliances are also significant sources of emissions for the average UK citizen, who was personally responsible for 4.25 tonnes of CO<sub>2</sub> emissions in 2005.<sup>3</sup>

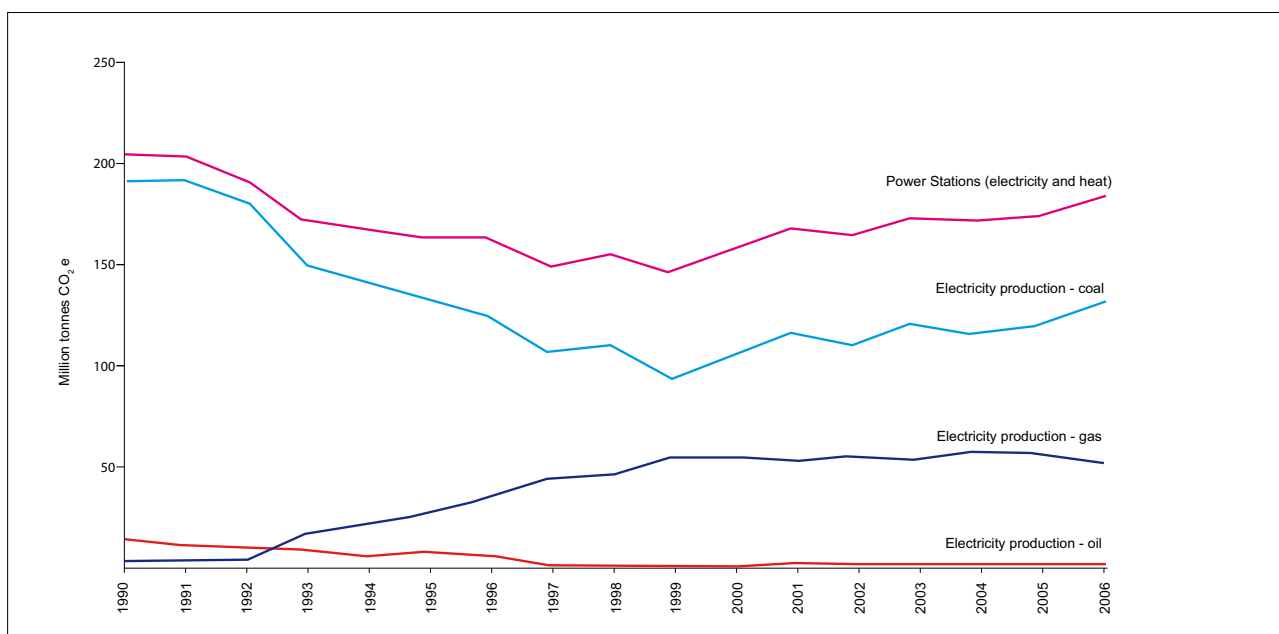


<sup>3</sup>'Meeting the Energy Challenge - A White Paper on Energy', DTI (2007). [www.berr.gov.uk/files/file39387.pdf](http://www.berr.gov.uk/files/file39387.pdf)

## Electricity emissions<sup>2</sup>

Greenhouse gas emissions from electricity generation are dominated by coal. The rapid rise in coal-related emissions since 1999 is reflected in the growth of overall emissions from power stations (both public electricity and heat generation).

Over the same period, emissions from gas-fired electricity generation have remained more or less constant, reflecting a switch from gas- to coal-fired generation.



Office for National Statistics (2008). 'Environmental Accounts Spring 2008' (Table 2.3), [www.statistics.gov.uk/downloads/theme\\_environment/EA\\_Jun08.pdf](http://www.statistics.gov.uk/downloads/theme_environment/EA_Jun08.pdf)  
<sup>2</sup>'e-Digest Statistics about: Climate Change' (Table 4), [www.defra.gov.uk/environment/statistics/globalatmos/alltables.htm](http://www.defra.gov.uk/environment/statistics/globalatmos/alltables.htm) DEFRA (2008).

N.B. Emissions refer to the complete basket of six Kyoto greenhouse gases wherever such data are available. Elsewhere emissions refer just to CO<sub>2</sub> - the most prevalent greenhouse gas.

<sup>1</sup> Data here refer to source categories (IPCC Nomenclature for Reporting), rather than final use.

<sup>2</sup> Data for power stations are in DEFRA's UNFCCC format; electricity production data are in Environmental Account format.

<sup>3</sup> The personal footprint illustrated represents the average annual CO<sub>2</sub> emissions resulting from actions taken by individuals. These actions account for 42 per cent of the emissions from the UK economy. If the rest of the UK economy is also taken into account, then the average annual footprint of UK residents is approximately 11 tonnes of CO<sub>2</sub>.

# GOVERNMENT CASE STUDIES

## Department for Environment, Food and Rural Affairs: leading by example

### Why DEFRA?

As the department responsible for the environment, it could have been expected that the Department for Environment, Food and Rural Affairs (DEFRA) would be behind some of the government's leading work on mitigating further climate change. But DEFRA also could have succumbed to pressure from other parts of Whitehall, which by and large does not appear to have been the case.

It has taken a major step forward by introducing the UK Climate Change Bill – set to establish the world's first nationally-binding targets for emissions reductions – and has also played a pivotal role in setting an ambitious direction for international climate change negotiations.

The UK cannot tackle global warming alone, but, as the Environmental Audit Committee notes, it can do much by leading by example.<sup>1</sup> The example currently being set by DEFRA is a good one, but it needs to be maintained and strengthened by:

- ◆ continuing to stand up to and actively challenge policy decisions and attitudes across Whitehall that could easily weaken targets and commitments, nationally and internationally;
- ◆ ensuring that the Climate Change Bill includes targets that are genuinely both equitable and ambitious; and
- ◆ leading from the front in international negotiations, pushing hard to ensure that equity and ambition are also priorities for other countries in establishing a new international agreement.

### Promising the earth

*'We know that without international action, dangerous climate change is inevitable. That's why it's so important that we demonstrate that a low-carbon future is possible and practical.'*

Rt Hon Hilary Benn MP,

Secretary of State for Environment, Food and Rural Affairs<sup>2</sup>

### A low-carbon future? – progress to date

#### Climate Change Bill

In 2007, DEFRA introduced a Climate Change Bill into Parliament – the world's first-proposed, long-term, legally-binding framework to tackle the dangers posed by climate change. Introducing the Bill, Secretary of State, Hilary Benn, said, 'The science is no longer in doubt. The sceptics are sidelined. Time is short. And it is clear that we have to do

something for both moral and economic reasons.'<sup>3</sup> This vision, and DEFRA's commitment to achieving progress, both domestically and in international climate negotiations, make DEFRA one of the government's leading departments on tackling climate change mitigation. Ahead of international negotiations on further emissions cuts beyond 2012, the Climate Change Bill has the potential to demonstrate clearly to the rest of the world that the UK is an international leader on climate change (as well as on development); takes its role seriously; and is willing to place legally-binding constraints on economic and other activity to achieve its goals.

The Bill currently commits the UK to reducing its net carbon account by at least 60 per cent by 2050, and by 26 per cent by 2020, relative to 1990.<sup>1</sup> It also includes a rolling series of three five-year emissions budgets starting in 2008, which are intended to ensure that strategies to reduce emissions achieve short-term gains<sup>ii</sup> as well as look to the long-term. If Parliament approves the Bill and these targets become legally-binding, the government will have the opportunity and the obligation to consider the recommendations of the Committee on Climate Change on whether these targets should be strengthened (due before 1 December 2008). The Committee is an independent public body established by DEFRA to advise the government on carbon budgeting.

#### International negotiations

Hilary Benn led the UK delegation of DEFRA negotiators at the 2007 UN Climate Change Conference in Bali, Indonesia. They were among many negotiators from the EU and most developing countries that sought, unsuccessfully, international agreement on rich countries cutting their emissions by 25–40 per cent by 2020. The Bali 'roadmap' has now established the basis for global negotiations on further emissions cuts beyond 2012 (when the first commitment period of the Kyoto Protocol ends); but a firm and equitable deal is still needed to ensure people living in poverty are not further harmed by climate change. As the Secretary of State puts it himself, 'We now have a lot of work to do to reach that agreement. To fail would be to betray future generations... We really have no other choice but to act, and to do so now.'<sup>4</sup> The continued leadership of the Secretary of State, internationally, as well as domestically, and that of his department, will be vital if such an agreement is to be reached.

DEFRA has in recent years been a leading advocate within the EU on mitigating climate change. It was instrumental in persuading the 2007 Spring European Council to endorse: a 20 per cent reduction from 1990 levels in EU greenhouse gas emissions by 2020; increasing to 30 per cent when there is an international climate agreement; 20 per cent of total EU energy consumption to come from renewable energy sources by 2020; and measures to support carbon capture and storage.<sup>5</sup>

Although DEFRA continues to be active within the EU, in recent international climate talks in Bangkok (Thailand), Bonn (Germany) and Accra (Ghana), the UK played less of a leadership role than before. While other less-likely countries, such as Mexico, Norway, and Switzerland have tabled proposals tackling thorny issues at the core of negotiations, such as financing and effort sharing, the UK has been slow to react, let alone counter these proposals with constructive alternatives. Progressive voices within DEFRA are being held

back by political constraints both domestically and from elsewhere within the EU. DEFRA once again needs to take a more active role in fleshing out the details of a possible post-2012 climate deal.

## Creating the climate for change? Next steps

### Climate Change Bill

*Stop Climate Chaos* (SCC), the UK's largest campaign coalition on climate change, of which Oxfam is a member, has welcomed the Climate Change Bill but has argued that the carbon-reduction target needs to be raised from 60 per cent to at least 80 per cent by 2050. Current climate science indicates that globally an 80 per cent cut from 1990 levels by 2050 will be necessary if we are to stand a reasonable chance of keeping global warming below 2°C<sup>iii</sup> – above which the devastating impacts of climate change will become progressively less manageable, perhaps uncontrollable, and certainly catastrophic for millions of people already living every day with the burden of poverty.

In the UK, a target cut of at least 80 per cent of 1990 levels would be both practical and affordable to achieve.<sup>6</sup> It would bring the whole UK into line with the intentions of one of its devolved administrations: Scotland (see separate section on Scotland). Setting this target at the outset will ensure that the scale of ambition required from the UK economy cannot be hijacked in the future for short-term political interests. In addition, SCC argues that the government must set annual milestones to ensure we are on track to meet these targets (80 per cent by 2050 is equivalent to three per cent every year) and include international aviation and shipping sectors in the targets, currently 'a huge omission in terms of their carbon contributions'<sup>7</sup>.

The Bill has become stronger since its initial drafting, which appears to suggest that DEFRA retains a high level of ambition and is willing to listen to those who do not think it is going far enough. The current version, for example, recognises international shipping and aviation as important sources of emissions, but it still does not guarantee their inclusion within the targets. DEFRA should take a final bold step and set out a clear timetable for including these emissions, as well as committing the government to accept the recommendations of the Committee on Climate Change.

The Climate Change Bill presents a huge opportunity for the government to start holding businesses, and other parts of government, to account for their contributions to climate change. While the current Bill does not require mandatory reporting, it is vital that corporations disclose emissions generated both by their core operations and through their supply chains. DEFRA does not yet appear persuaded by this argument, but again, we would argue that further bold steps could be taken on this issue.<sup>8</sup>

### International negotiations

DEFRA needs to continue offering bold leadership around international negotiating tables. It once again needs to set itself apart from more cautious voices and ensure that it brings forthright propositions to future negotiations, and it needs to fight hard to see that real progress is made to minimise the adverse impacts of climate change on the

livelihoods of millions of people living in poverty. Progress is particularly needed in the major conferences in Poznan, Poland and Copenhagen, Denmark over the next two years. Hilary Benn and his department need to remain true to his word: 'We must achieve a fair and substantive deal in Copenhagen. All my efforts will be dedicated to this task, and in the UK we will play our full part.'<sup>9</sup>

<sup>i</sup> Climate Change Bill [HL], as amended in Public Bill Committee, 10 July 2008 (see <http://www.publications.parliament.uk/pa/cm/200708/cmbills/129/2008129.pdf>).

<sup>ii</sup> As should statutory annual reporting to Parliament on emissions trends, policy impacts, and responses to the annual reports of the Committee on Climate Change.

<sup>iii</sup> 2°C relative to pre-industrial levels. The IPCC states that to limit temperature increases to between 2.0 and 2.4°C, the 2050 reduction needed from 1990 levels is between 50 and 85 per cent (see Intergovernmental Panel on Climate Change (2007) 'Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change', Summary for Policymakers, p15, <http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-spm.pdf>).

## Greater London Authority: an ambitious vision for 2025

### Why focus on the GLA's Climate Change Action Plan?

The Greater London Authority (GLA) is the body responsible for city-wide government for London. It is made up of a directly-elected mayor and a separately-elected London Assembly. The GLA has control of a number of government programmes in London on police, fire, transport, and economic development and regeneration.

In 2005, the GLA organised the world's first cross-city summit on tackling climate change, leading to the creation of the C40 Large Cities Climate Leadership Group<sup>1</sup>. It has since continued to win worldwide respect for the level of its ambition and commitment to tackling climate change. In 2007, the Mayor's Climate Change Action Plan was launched by then-Mayor, Ken Livingstone, setting out a target of stabilising London's carbon emissions at 60 per cent below 1990 levels by 2025 (compared with the UK government's current ambition to achieve the same by 2050<sup>2</sup>).

If these targets are kept and achieved, London will have embarked upon an ambitious journey. As an iconic global city, London also has the potential to make a significant contribution not only to reducing its own emissions, but also to showing leadership and a 'can do' attitude to others. It is crucial that the GLA's leadership to date continues apace and is backed to the hilt by its elected leaders, across the political spectrum.

### Promising the earth

*The Mayor believes London needs to set an example to the world as a sustainable, green city.'*

Current Mayoral Priorities<sup>2</sup>

### A low-carbon future?

London's city-wide carbon footprint in 2006 represented eight per cent of the UK's emissions (44 million tonnes of CO<sub>2</sub>). This is projected to rise by 15 per cent to 51 million

tonnes by 2025.<sup>3</sup> But these figures exclude aviation, and, given that London is a major European airport hub, this is a significant omission. If aviation emissions are included, London's 2006 carbon footprint rises to 67 million tonnes of CO<sub>2</sub> (11 per cent of UK emissions). The GLA Mayoral Group itself<sup>ii</sup> (including Transport for London) produces around 0.2 million tonnes of CO<sub>2</sub> each year – 0.5 per cent of London's total emissions.

Although London's CO<sub>2</sub> emissions decreased by only two per cent between 1990 and 2006, and energy use in the capital has actually increased recently,<sup>4</sup> the GLA has recently been leading the way to shift direction on tackling climate change. Alongside London, other UK cities such as Birmingham<sup>5</sup> and Woking<sup>6</sup> are also taking progressive unilateral action.

The Mayor's Climate Change Action Plan was launched in 2007 with an emissions reduction target for 2025 of 60 per cent below 1990 levels, which equates to an average reduction of four per cent, per year. This is similar in ambition to the targets of the city of Toronto, Canada and the US state of California, both of which are seeking to reduce their emissions by 80 per cent of 1990 levels by 2050.<sup>iii</sup> Focusing on action over the next ten years, the London Action Plan concentrates on implementing measures that are already cost-effective and capable of delivering major emissions reductions. It outlines actions and programmes to reduce emissions from seven sectors: existing homes (the largest single source of London's emissions); existing commercial and public-sector activity; new build and development; energy supply; ground-based transport; aviation; and from the Mayoral Group's own operations.

Following the launch of the Action Plan, the London Development Agency (the agency of the GLA Mayoral Group responsible for driving London's sustainable economic growth) and the London Climate Change Agency (a commercial operation wholly owned and controlled by the London Development Agency) have developed a portfolio of pioneering programmes and services to deal with London's major sources of emissions – including residential buildings, commercial and public-sector buildings, and energy supplies – to ensure that London's target becomes a reality.

One of the GLA's key priorities for decarbonising London is to reduce its dependence on the national grid. In its place, it is promoting local 'decentralised energy', including combined cooling heat and power, energy from waste, and on-site renewable energy. For example, regulations set out in the Mayor's London Plan require that new developments in London must source 20 per cent of their energy needs from on-site renewable power wherever feasible.<sup>iv</sup>

Early indications are that the new Conservative administration, led by Boris Johnson, elected into office in May 2008, intends to stick with the ambitious emissions reduction targets set by the previous administration.<sup>7</sup> This is very welcome. Johnson also opposes further expansion of Heathrow Airport. Retaining the resources and strategies necessary to make this goal a reality will be vital if London is to maintain its position as a leading world city in mitigating climate change.

'We must step up our efforts to tackle climate change.'

Boris Johnson, Mayor of London<sup>8</sup>

Despite this, however, there are some disconcerting signs

that the ambitious direction set to date, could be potentially, undermined. In a recent letter in the *Guardian*, a group of Members of the London Assembly, leading environmental campaigners, and planners, voiced their concern that some of the programmes listed above may be under threat. They implored the new administration to maintain London's position as a world leader on tackling climate change: 'The new London mayor should resist calls to cut a programme which has the potential to deliver many millions of tonnes of carbon savings.'<sup>9</sup>

Concerns have also been expressed regarding a weakening of position on congestion charging. Although established ostensibly to reduce congestion, since its introduction in 2003, this has reduced carbon emissions from traffic by 16 per cent within the charging zone<sup>10</sup> and has contributed towards London becoming the only major city in the world to achieve a shift away from private car usage to public transport, cycling, and walking<sup>11</sup>. Plans to extend the congestion charge westward are now under review, and a proposed fare increase for the most-polluting vehicles has been scrapped.<sup>v</sup> Are these worrying signs of a step backwards?

## Creating the climate for change?

To date, the GLA's Climate Change Action Plan and the statements of the current Mayor have been sending a positive and ambitious message about London's willingness to take radical action to tackle carbon emissions. If it stays on track, and is not undermined or weakened, the GLA will not only deliver its own reductions, but will also send a signal about how this can be done to other major cities, and other parts of government, and will thereby reduce the likely impacts that climate change will have on people living in poverty.

The GLA has recognised the importance of this role and has admitted that it will only be able to meet its 2025 target with regulatory and policy support from national government. Therefore, a key objective for the GLA is to continue to work with and lobby the national government to introduce a comprehensive system of carbon pricing to create financial incentives for businesses and individuals to cut carbon emissions on the scale that is necessary. The GLA will also encourage the government to enable far more rapid investment in the huge opportunities that exist for large-scale renewable energy generation in the UK. Such opportunities provide London with one of the most significant means for reducing its carbon footprint.<sup>12</sup>

Working together, cities such as London can play a crucial role in the fight against climate change – the world's cities contain around 50 per cent of the world's population and produce 80 per cent of its greenhouse gas emissions.<sup>13</sup> In the USA, the Mayor of Seattle has now been joined by 849 other mayors, representing 79 million citizens, in seeking to meet the emissions targets of the Kyoto Protocol in the absence of any national ratification.<sup>14</sup> The World Cities Leadership Climate Change Summit, that London hosted in 2005, spawned the C40 Large Cities Leadership Group (until recently chaired by London) of 40 world cities that now work together through sharing best practice and policies on tackling climate change. Multilateral co-operation of this kind is vital for cities such as London to maximise their contribution towards achieving a global solution to climate

change and to ensure that they do not contribute further to the inequitable burden already borne by poor communities and countries.

<sup>1</sup> As outlined in the UK's draft Climate Change Bill.

<sup>2</sup> Comprising City Hall, the London Development Agency, Police and Fire services, Transport for London, and Visit London.

<sup>3</sup> See <http://www.toronto.ca/environment/air.htm> and <http://www.climatechange.ca.gov/policies/>.

<sup>4</sup> Update from original 10 per cent target. Source: Direct correspondence with GLA staff.

<sup>5</sup> Opinion is divided on what effect the proposed pricing structure would have had on emissions. See <http://news.bbc.co.uk/1/hi/england/london/7494495.stm>.

## The Scottish Government: aiming for a low-carbon future

### Why focus on the Scottish Climate Change Bill?

Over the past few years, under both the current and previous administrations, the Scottish Government has been setting an increasingly ambitious agenda on tackling climate change. This culminated in the publication of a consultation on a Scottish Climate Change Bill with ambitious emissions-reduction targets.

If the Scottish Government makes good its current proposals, goes further, and vociferously encourages others to follow its lead, it will undoubtedly be playing a leading role in the UK and globally in the move towards a low-carbon future.

Oxfam believes that for the final Scottish Climate Change Bill to retain its edge of radical realism, it must include at a minimum:

- ◆ mandatory emissions cuts of at least 80 per cent from 1990 levels by 2050;
- ◆ mandatory emissions cuts that include all greenhouse gases, not just CO<sub>2</sub>;
- ◆ a mandatory annual cut in greenhouse gas emissions of at least three per cent; and
- ◆ Scotland's share of international shipping and aviation emissions to be included in the cuts.

### Promising the earth

*'We want to send a signal to the rest of the world to show the importance Scotland places on tackling climate change... We want to show that a prosperous and low-carbon economy is possible...by taking a lead, Scotland can demonstrate to others what can be achieved.'*

John Swinney MSP,  
Cabinet Secretary for Finance and Sustainable Growth,  
Scottish Government <sup>1</sup>

### A low-carbon future?

Scotland has a mixed record on greenhouse gas emissions to date. Between 1990 and 2005, Scotland reduced its greenhouse gas emissions by just over 15 per cent (and CO<sub>2</sub> emissions by 12.5 per cent).<sup>2</sup> Proportionally, this reduction already exceeds the UK's Kyoto Protocol commitments for

2008–10. However, this was not, in the main, due to the pursuit of low-carbon policies; rather, it was achieved predominantly through economic restructuring and afforestation (in the case of CO<sub>2</sub>), and through a reduction of methane emissions from landfill, nitrous oxide from fertilisers, and from deep mines. In fact, in 2006 a shift towards more coal-fired electricity generation contributed to a probable rise in Scottish CO<sub>2</sub> emissions of eight per cent in just that one year.<sup>3</sup> It is clear that a concerted and focused effort will certainly be needed to reduce Scotland's share of the UK's self-imposed target of a 20 per cent reduction in emissions from 1990 to 2008–10, and to meet the Scottish Government Economic Strategy's commitment to reduce emissions over the period from 2007 to 2011.<sup>4</sup>

#### Future trends

Although Scotland has made some progress in reducing its greenhouse gas emissions, these reductions are not remarkable. Potentially far more progressive are Scotland's stated ambitions for its future.

The Scottish Government is proposing a Scottish Climate Change Bill that raises the bar for the UK and the EU. The proposals, as they currently stand, could result in Scotland having the most-demanding statutory emissions-reduction targets in the world. The proposals are due to be introduced as a Bill in the Scottish Parliament before the end of 2008 and include the establishment of a mandatory long-term target to achieve an 80 per cent reduction from 1990 levels in all greenhouse gas emissions by 2050.<sup>5</sup> This compares to the current UK ambition of 60 per cent cuts, currently of CO<sub>2</sub> only,<sup>1</sup> over the same timescale (see DEFRA section). The current Scottish Government also has a manifesto commitment to introduce mandatory annual targets of a three per cent reduction in greenhouse gas emissions – a commitment that must not be diluted when the Bill is published.

Central to achieving these targets will be harnessing Scotland's huge potential in renewable energy, particularly in wind and marine technologies. In November 2007, Scotland introduced a target to meet 50 per cent of its electricity demand through in-country renewables by 2020, with an interim target of 31 per cent by 2011.<sup>6</sup> In February 2008, plans were unveiled to position Scotland as a European leader in green energy by establishing a Scottish European Green Energy Centre – designed to promote the dissemination and deployment of green energy technologies.<sup>7</sup>

Equally important in reducing Scotland's footprint will be the reduction of international aviation and shipping emissions. Although the proposed Bill includes domestic aviation emissions (as the UK Bill does), and has scope for including Scotland's contribution to international aviation and shipping within the reduction targets, they are currently excluded because international frameworks for apportioning these emissions do not yet exist.<sup>8</sup> Yet, as the Scottish Sustainable Development Commissioner points out, 'Air transport... must not be overlooked. For the Scottish Government this means taking a consistent approach in its climate change bill and including greenhouse gas emissions from aviation in any Scottish target.'<sup>9</sup>

Key to showing UK and global leadership on tackling climate change, the Scottish Government must stick to

ambitious targets, including reducing greenhouse gas emissions by 80 per cent by 2050 and having mandatory annual targets of at least three per cent. Given its position of being a minority government, building consensus across all political parties is crucial in getting a strong Bill through Parliament.

If the Scottish Climate Change Bill targets remain as ambitious as currently proposed when the legislation passes through the Scottish Parliament, the proposals will set a radical course compared with the commitments of others. But while the current proposals are already ambitious, Oxfam believes they could be even stronger. Oxfam and *Stop Climate Chaos* Scotland believe that the Bill should place a duty on the Scottish Government to ensure that any mitigation efforts, as well as contributing towards global emissions-reductions that restrict temperature rises to no more than 2°C, also avoid negative social and environmental impacts – both within Scotland and in the developing world.

Oxfam believes the Scottish Government could go even further and improve the Bill by:

- ◆ establishing a new Scottish Climate Change Committee to advise the Scottish Government on setting emission targets and to monitor progress in reducing emissions; and
- ◆ introducing a climate fund for the Scottish public sector to provide incentives and sanctions for the public sector to not just meet targets but to strive to go further to reduce emissions. Some of this fund should be used as compensation to finance adaptation in developing countries, while the remainder should be used for mitigation and adaptation in the Scottish public sector.

## Creating the climate for change?

*'This government wants Scotland to show leadership in tackling climate change. We pledged in our Manifesto we would introduce ambitious legislation to tackle climate change... This is now the time to take action.'*

John Swinney MSP,  
Cabinet Secretary for Finance and Sustainable Growth,  
Scottish Government<sup>10</sup>

The public appetite for action is equally strong. The Bill consultation received over 21,000 responses (the only larger consultation response to a Scottish Bill was on smoking in public places).<sup>11</sup> The Bill has the potential both to be the driver for devolved climate change policies in the UK and to create the political space for central UK policy to be more ambitious and more responsive to the urgency of the need to demonstrate global leadership on climate change mitigation.

Yet it is also clear there is opposition in some quarters to this ambitious Scottish climate change agenda, and it is expected that there will be pressure to water it down as the legislation passes through Parliament. Scottish politicians across the political party spectrum must stand firm against this pressure and go even further. The Bill is, of course, only one aspect of the Scottish Government's responsibility for tackling climate change, and there are also other policy areas that must be addressed in relation to reducing emissions: for example, to ensure the government strategy for economic growth is sustainable and the contradictions between tough climate targets and airport expansion plans are resolved in

favour of the former.

The Scottish Government works with the UK Government on climate issues that are dealt with in Westminster including on the overall UK conduct in international negotiations. Recognising the need for Scotland to work at international level to reduce emissions, a Scottish Government Minister attended the 2007 UN Climate Change Conference in Bali, Indonesia, and there will be Scottish Government representation at the conferences in Poland and in Denmark over the next two years.

If the Scottish Climate Change Bill remains strong and is implemented robustly, the Scottish Government will have, at least in this one regard, positively demonstrated how it is possible to develop policies that show radical leadership, and contribute towards a climate for change – essential for the millions of people living in poverty throughout the world.

<sup>11</sup>The draft UK Climate Change Bill does contain provisions for targeted greenhouse gases to include gases other than CO<sub>2</sub>, but only through order of the Secretary of State following consultation with other national authorities and taking into account the advice of the Committee on Climate Change.

## Export Credits Guarantee Department: fuelling emissions around the world

### Why ECGD's policies?

The Export Credits Guarantee Department (ECGD) is a government department that reports to the Secretary of State for Business, Enterprise and Regulatory Reform (BERR). It provides government-backed insurance and guarantees, allowing private corporations from the UK to do business abroad, particularly where investments are risky, especially in the developing world.

Internationally, export credit agencies (ECAs) such as ECGD, are collectively among the largest sources of public financial support for foreign corporations involved in developing-world industrial projects. They are estimated to support twice the number of oil, gas, and mining projects as all of the Multilateral Development Banks combined; and half of all new greenhouse gas-emitting industrial projects in developing countries have some form of ECA backing.<sup>1</sup>

Given the emissions intensity<sup>1</sup> of its portfolio, and the massive financial clout of ECGD, it is in urgent need of reform if it is not to further undermine the government's climate change agenda. The ECGD must:

- ◆ ensure its voluntary reporting on investment projects' emissions that it supports includes comprehensive coverage of indirect emissions;
- ◆ include aerospace emissions in its reporting on the carbon intensity of its interests; and
- ◆ set a positive example, both for its peers and UK companies. As a member of the Organisation for Economic Co-operation and Development (OECD) Working Group on Export Credits, the UK should be playing a leading role in getting all ECAs to tackle climate change and be transparent about their activities.

## Promising the earth

*The ECGD is playing its part in the government's drive to reduce greenhouse gas emissions... within the terms of its statutory purpose.'*

Rt Hon Malcolm Wicks MP,  
Minister of State for Energy<sup>2</sup>

*'For government... environmental policy is economic policy.'*

Rt Hon Gordon Brown MP,  
Prime Minister<sup>3</sup>

## A low-carbon future?

### Emissions

ECGD is as opaque as it is obscure. Despite over 75 per cent of its support for investments being in highly carbon-intensive industries (including defence, aerospace, and fossil fuel developments),<sup>4</sup> it is currently impossible to tell the extent of the impact on climate of the investment projects it underwrites. For example, defence and aerospace projects requesting ECGD support are currently excluded from any form of environmental assessment by ECGD whatsoever.<sup>ii</sup> And although some data is collected for civil-sector projects,<sup>iii</sup> this is only discretionary and is not currently made public.

The government itself has issued reporting guidelines that state, 'The government expects businesses to report on their significant environmental impacts whether they are direct<sup>5</sup> or indirect', yet until recently ECGD seemed to think itself beyond such guidance. 'Do I support the idea that ECGD should be required to disclose the direct and indirect emissions that result from projects supported by ECGD?' asked Malcolm Wicks, Energy Minister, earlier this year. 'The answer is no. The responsibility falls directly on project owners, not those who have a less-direct involvement.'<sup>6</sup>

Unfortunately for ECGD, European environmental laws would seem to indicate the opposite: that responsibility lies firmly with ECAs. The German ECA has been successfully taken to court to require disclosure of its greenhouse gas emissions.<sup>7</sup> Unless ECGD monitors its hefty carbon footprint, it is impossible for it to set targets or manage its emissions reductions.

Such monitoring is not uncommon among ECAs. The Danish ECA, for example, produces an annual environmental report that details the net sustainable development contribution made by all the projects that it supports.<sup>8</sup> The Overseas Private Investment Corporation (OPIC), a US government agency that is not strictly an ECA, but which does offer political risk insurance directly comparable to ECGD's Overseas Investment Insurance Scheme, has been putting ECGD to shame. In 2007, OPIC announced a target to reduce emissions from supported projects by 20 per cent over the next ten years.<sup>9</sup> In any given year it will not support any more projects once its existing portfolio for that year is responsible for three million metric tonnes of CO<sub>2</sub>.<sup>10</sup> If the US administration can quantify and reduce the emissions from OPIC's portfolio, surely the UK Government, a self-proclaimed leader on climate change, can do the same for ECGD?

In July, the Climate Change Committee debated an amendment to the Climate Change Bill that would have required ECGD to report on emissions associated with high- and medium-impact projects it supports. As a result, ECGD agreed to voluntarily do so from next year. This

concession is a major step forward and is to be welcomed. However, such voluntary reporting will exclude the high emissions of the aerospace sector and does not seem to require comprehensive reporting on indirect emissions<sup>iv</sup>. It will also need to be backed up by further efforts to actually restructure ECGD's portfolio of support and ensure that it is sustainable if it is not to undermine the security of people living in poverty throughout the world.

### Renewables

'ECGD is keen to support UK exporters of goods and services in the renewable energy sector.'

ECGD website, 1 July 2008<sup>11</sup>

Starting in April 2003, ECGD has made available a minimum of £50 million of cover each year for UK exports in renewable energy. The uptake so far? Zero'. So a minimum of £250 million of potential cover for investment in renewable technologies has not been utilised. ECGD blames the renewables sector for not applying,<sup>12</sup> but serious questions should be asked as to why this cover has not received the uptake it should have. Nevertheless, even if the £250 million had been utilised, this is a drop in the ocean compared with the support offered to carbon-intensive investments – for which ECGD provided £10 billion of cover between 2003 and 2007.<sup>13</sup>

### Creating the climate for change?

'The Government's aim is to speed the development and deployment of sustainable and affordable low-carbon technologies which can help cut carbon-dioxide emissions. Our strategy, both nationally *and globally*, is based on: building credible long-term policy frameworks for tackling climate change to provide clear long-term signals to industry which will shape their investment decisions.'

Energy White Paper 2007 (emphasis added)<sup>14</sup>

Despite such claims by the government to provide positive signals to industry, and based on the renewables example detailed above, ECGD appears not to be taking on a proactive signal-sending role, rather preferring to be entirely reactive to approaches for support, and it has never refused to support investments on environmental grounds.<sup>15</sup> Such reluctance to engage in progressive policies is echoed in its approach to climate change more generally.

In its latest self-assessment, ECGD rated itself only four out of ten for embedding sustainability within its operations.<sup>16</sup> Unless a government department responsible for providing support for over £1 billion of UK exports each year<sup>17</sup> takes its responsibility for trend-setting and signal-sending seriously, as well as reporting clearly on how its own activities contribute towards reducing carbon emissions, it runs the risk of seriously undermining other aspects of government policy. Climate change must be firmly on the agenda of an organisation providing cover to such large financial investments in carbon-intensive industries. Not only does climate change threaten the economy of the future, it risks endangering the lives of millions of people living in poverty.

<sup>i</sup>Emissions intensity refers to the emissions generated divided by the turnover.

<sup>ii</sup>ECGD does, however, claim to ensure that aerospace investments are compliant with international requirements for noise and emissions – the main environmental impacts of the sector.

<sup>iii</sup>Collected through the Case Impact Analysis Process (CIAP), which covers on average less than half of the ECGD's portfolio (WWF (2008) 'Submission to the Environmental Audit Committee inquiry into ECGD and Sustainable Development').

<sup>iv</sup>ECGD proposes to report on emissions from projects exceeding the threshold set out in the International Finance Corporation's (IFC's) Performance Standard 3 ('100,000 tons CO<sub>2</sub>

equivalent per year for the aggregate emissions of direct sources and indirect sources associated with purchased electricity for own consumption' – see [www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol\\_PerformanceStandards2006\\_PS3/\\$FILE/PS\\_3\\_PollutionPreventionAbatement.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_PerformanceStandards2006_PS3/$FILE/PS_3_PollutionPreventionAbatement.pdf)). However, a full account of indirect emissions associated with a project includes not just those from purchased electricity for the project but also end-use emissions of products from extraction, production and transportation, particularly of fossil fuels.

<sup>v</sup>As of 8 April 2008 (The Sunday Times (2008) 'Britain's Dirty Business', 6 April 2008).

## Department for Transport: promoting false solutions to emissions

### Why the DfT's biofuels policy?

The Department for Transport (DfT) currently has few coherent policies to mitigate the sector's impact on climate, despite transport being a significant contributor to UK emissions. One response from the DfT has been to endorse biofuels as an efficient means of driving down emissions from transport. However, many experts now agree that the carbon savings from biofuels have been grossly overestimated, and their production is additionally contributing to global food price rises and directly affecting many people already living in poverty.

Given these concerns, and a lack of adequate safeguards, Oxfam is currently calling on the DfT to urgently dismantle support and incentives for biofuels, to avoid further deepening poverty and accelerating climate change, and to take a strong stance against even more reckless biofuel policies being developed at the EU level, pushed largely by the European Commission.

Specifically, the DfT should:

- ◆ introduce a freeze on increases in biofuel blending, and consider scrapping the Renewable Transport Fuel Obligation (RTFO) altogether;
- ◆ not increase biofuel blending until mandatory and comprehensive standards are in place that will protect poor people from human rights abuses and rising food prices, and ensure that all biofuels contribute to emissions reduction after accounting for land-use change;
- ◆ demand that proposed EU biofuel targets are rejected, and that similar safeguards are introduced;
- ◆ tackle climate change and fuel security instead, through safe and cost-effective measures that focus on increasing vehicle efficiency and reducing demand for liquid transport fuels; and
- ◆ work within the EU to introduce ambitious and mandatory vehicle-efficiency standards for car manufacturers.

### Promising the earth

*'[A] fundamental goal of transport policy should be to ensure that the transport sector plays its proper role in our fight to address climate change... this does not have to be an either/or choice, either an economics department or a green department. It is possible to be both...'*

Rt Hon Ruth Kelly MP,

Former Secretary of State for Transport <sup>1</sup>

## A low-carbon future?

In the UK, transport accounts for around a quarter of domestic greenhouse gas emissions. Since 1990, emissions from the sector have increased by 12 per cent, to 131 million tonnes of CO<sub>2</sub> in 2006.<sup>2</sup> In 2006, the Secretary of State for Transport indicated that the Department was increasing its focus on environmental concerns.<sup>3</sup> Additionally, 'to improve the environmental performance of transport and tackle climate change' is now one of DfT's four strategic objectives.<sup>4</sup> However, in the words of the House of Commons Transport Select Committee, 'It does not appear that the increased focus has had much material impact',<sup>1</sup> and another select committee has also criticised the Department for relying on DEFRA and the then DTI (now BERR) to meet its joint Public Service Agreement (PSA) on climate change.<sup>6</sup>

Despite increasing transport emissions up to 2006, the DfT predicts that, given current policy measures, UK domestic transport emissions will level out by 2020 and possibly begin to fall despite continuing or rising demand. It suggests that much of the abatement will come from the road transport sector, where emissions are projected to be about 28 million tonnes of CO<sub>2</sub> (21 per cent) lower in 2020 than they would have been in the absence of policy measures. The Department predicts that a combination of improvements in vehicle fuel efficiency and its biofuels policy will more than offset the CO<sub>2</sub> impacts of continued traffic growth.<sup>7</sup> However, in reality, its current biofuel policy has the potential to both deepen poverty and accelerate climate change, and thus should not be used as a predictor of emissions cuts.

The RTFO came into force in April 2008, ironically, just days after Gordon Brown wrote to the Japanese Prime Minister warning of the potential negative effects of biofuels.<sup>8</sup> The RTFO requires 2.5 per cent of all transport fuel in the UK to come from biofuels, a figure currently set to rise to five per cent by 2010–11.<sup>11</sup> The DfT estimates that this will cut CO<sub>2</sub> emissions by around 2.5 million tonnes a year, but many, including Oxfam, disagree. The House of Commons Transport Select Committee, for example, argues: 'We are not convinced that biofuels will make sufficient impact on UK emissions within the time-frame envisaged by the Government. There are significant issues over the use of first-generation biofuels in transport, not least of which is the risk that they might cause as much carbon emission as conventional fuels, once all factors are taken into account.'<sup>9</sup>

The RTFO currently offers neither a safe nor an effective means to tackle climate change. The DfT claims its biofuels will be sustainable, but Oxfam points out that currently, in fact, there are no minimum standards, only lax reporting guidelines riddled with holes, making it impossible to guarantee that biofuels have not been produced at the expense of human rights or the environment.

The RTFO is also dragging people into poverty by driving up food prices, because it diverts more and more food crops and agricultural land to fuel production. By increasing aggregate demand for agricultural land, the RTFO will drive the expansion of farming into critical carbon sinks such as forests, wetlands, and grasslands, triggering the release of carbon from soils and vegetation that will take decades, and in some cases centuries, of biofuel production to repay.<sup>10</sup> Finally, in July, after many months of campaigning by Oxfam





## A low-carbon future?

### Coal

In 2006, the UK's energy industries were responsible for 40 per cent of all UK CO<sub>2</sub> emissions, with 33 per cent coming solely from power stations.<sup>2</sup> Much of the emissions from electricity generation were the result of coal combustion. Despite a significant decline in coal's contribution to electricity supply since 1990, emissions from coal have been steadily rising since 1999,<sup>3</sup> and now BERR is considering up to six new coal-fired power stations. However, coal makes a disproportionately large contribution to greenhouse gas emissions: in 2006, 38 per cent of UK electricity came from coal,<sup>4</sup> yet it was responsible for 68 per cent of the electricity generation sector's CO<sub>2</sub> emissions.<sup>5</sup>

Against a backdrop of increasing demand (an issue which also must be urgently addressed – see Public sections), nearly one-third (about 20GW) of current generating capacity is scheduled to be lost from the national grid by 2020.<sup>i</sup> This has clearly put BERR in a difficult situation – how to ensure energy supply and adequate infrastructure while meeting emissions targets. However, arguments that opponents of coal-fired expansion risk 'putting the lights out' simply do not wash. Given that there is nearly 18GW of renewable capacity currently under consideration or in development,<sup>6</sup> and BERR has received or accepted applications for 12.5GW of combined cycle gas-turbines and combined heat and power, there is no need for new unabated coal to replace the capacity that will be lost over the next few years.

No new coal-fired power stations have been built in the UK since 1974. So why is the government now looking at coal again? At least one of the reasons is that BERR is enthusiastic about a range of new technologies collectively known as CCS. In the future, these could provide a vital role in mitigating emissions that will result from the inevitable continued burning of coal and other fossil fuels in many countries.

However, these as yet unproven technologies are unlikely to be introduced until 2020 or 2030.<sup>7</sup> Progress on making CCS a commercial reality and realising its potential to capture 90 per cent of CO<sub>2</sub> emissions is sluggish and, according to a former technical adviser to the House of Commons Science and Technology Committee on CCS, 'clumsy'.<sup>8</sup> Work on CCS began in the UK in 1994, and since 2003 the government has rejected six CCS proposals.<sup>9</sup> Only now is BERR running a small-scale competition to build a demonstration post-combustion CCS coal-fired plant. The winner will not be announced until the end of 2008, and the plant will not be operational until at least 2014<sup>10</sup> – just one year before global emissions must peak and start declining if we are to avoid dangerous changes to the world's climate.

In the meantime, with no timetable for fitting power stations with CCS, and no commercial reason to do so,<sup>ii</sup> BERR is on the cusp of approving a new unabated coal-fired plant at Kingsnorth in Kent (see E.ON section).<sup>iii</sup> If approved, Kingsnorth will open the way for at least five other coal plants that could threaten the UK's emissions-reduction obligations and undermine the UK's political leadership on climate change. The government's former Chief Scientific Adviser, Sir David King, has warned, 'If we can manage [CCS] then of course we can continue to use coal to drive our economies, but frankly I haven't seen the proof that can be

done. This is still unproven technology, and I think until it's proven, it's dangerous to assume that we can continue to use coal.'<sup>11</sup>

And the House of Commons Environmental Audit Committee has issued a similarly strong warning: 'We cannot emphasise strongly enough that the possibility of CCS should not be used as a fig leaf to give unabated coal-fired power stations an appearance of environmental acceptability.'<sup>12</sup>

### Renewables

There has also been listless progress to date on developing genuinely clean renewable sources of energy, leaving the UK far behind in Europe. The current target for renewable electricity consumption, as outlined in the 2007 energy White Paper,<sup>13</sup> is ten per cent by 2010 (currently five per cent),<sup>14</sup> with an aspiration to double this by 2020. By contrast, Germany already produces 15 per cent of its electricity from renewable sources and has a target to reach 30 per cent by 2020 and 45 per cent by 2030.<sup>15</sup> Across all energy sectors, not just electricity, renewable energy sources currently account for just 1.8 per cent of the UK's generated energy.<sup>16</sup> In the EU in 2005, only Belgium, Cyprus, and Malta had a worse performance record.<sup>17</sup>

The main mechanism for encouraging investment in renewables is BERR's Renewables Obligation, under which generating companies must source a fixed proportion of their electricity from green sources.<sup>18</sup> In Germany, Spain, and Portugal, an alternative system of feed-in tariffs has ensured that renewables have taken off, by guaranteeing long-term above-market-rate premiums for feeding renewable power into the grid. Feed-in tariffs benefit micro-generators as well as larger players and have guaranteed the success of micro-generation in these countries. Micro-generation of heat and electricity from a range of small-scale sources is widely recognised as a fundamental component of any future energy portfolio – here, as with centralised macro-generation, the UK is desperately underperforming. Germany has 238 times the UK's installed solar capacity,<sup>19</sup> and at the current rate of installation it will take 1,500 years to catch up with Germany's current capacity.<sup>20</sup> BERR's Low Carbon Buildings Programme, which was launched in 2006, and offers grants to a range of buildings and to households to install solar, wind, or hydropower micro-generation technologies, was cut back in May 2007, making installation now even more uneconomical for many. Currently, only altruism drives householders to install their own renewable energy sources, as economically it is not profitable.<sup>iv</sup>

However, could things be about to improve? In June, BERR published for consultation its Renewable Energy Strategy, which sets out a target to source 15 per cent of the UK's energy needs from renewables by 2020.<sup>v</sup> This target is much more in line with the level of ambition that is needed to avert catastrophic climate change, but BERR has left it so late before acting that it will now require a huge effort to meet even this relatively modest goal. Independent advisers to BERR<sup>21</sup> have concluded that the best the UK could hope to achieve is 14 per cent by 2020 and that under current policies only six per cent will be realised.<sup>vi</sup>

## Creating the climate for change?

The performance and ambition of BERR's energy policies to date have been poor, and at worst incoherent. To now turn towards new coal-fired power stations, when CCS remains unproven, would be a major mistake and would risk undermining good work elsewhere in the Department and the rest of government. It would also send a very dangerous signal to the rest of the world, by ignoring the threat that continued unabated burning of fossil fuels globally will pose to the world's climate.

At the same time, though, BERR may also be about to head in an altogether more positive direction with its much more ambitious renewables targets. It remains to be seen whether previous poor performance can be overturned and whether these targets will be met with the necessary concerted effort.

In its capacity as the department for business, BERR must also be more coherent and vocal in sending signals to UK businesses about the fundamental shifts required by many industries in a climate-constrained world. Using the tools at its disposal, including regulation and subsidisation, BERR should play a leading role in creating an enabling environment for businesses to profitably pursue genuinely green business models when operating both in the UK and abroad.

<sup>i</sup> 12GW of coal capacity will be removed by 2015 under the EU Large Combustion Plants Directive. Additionally 7.4GW of nuclear generating capacity is expected to reach the end of its life by 2020. Demand is difficult to forecast, but the base case scenario for peak demand is predicted to reach around 67GW by 2020/21 (although this may be as high as 71GW) compared with 62GW in 2006/07 (BERR (2007) 'Energy Markets Outlook, October 2007', <http://www.berr.gov.uk/files/file41995.pdf>).

<sup>ii</sup> BERR has not yet decided even whether all new stations must be 'capture ready'. The public consultation on 'Towards Carbon Capture and Storage' ran until 22 September 2008 (see BERR (2008) 'Towards Carbon Capture and Storage', <http://www.berr.gov.uk/consultations/page46811.html>).

<sup>iii</sup> In a speech on 10 March 2008, John Hutton signalled government support for coal-fired power stations (see J. Hutton MP (2008) 'The Future of Utilities', speech to the Adam Smith Institute, London, 10 March 2008, <http://www.berr.gov.uk/pressroom/Speeches/page45211.html>).

<sup>iv</sup> Alongside launching the Renewable Energy Strategy in June, BERR and OfGem (the energy regulator) took a small step towards encouraging micro-generation in the UK by proposing to remove some of the legislative barriers that micro-generation currently faces (see <http://www.ofgem.gov.uk/Media/PressRel/Documents1/Ofgem%2021.pdf>).

<sup>v</sup> It is expected that EU legislation will require the EU as a whole to obtain 20 per cent of its energy from renewables over the same time period.

<sup>vi</sup> In the Renewable Energy Strategy, BERR admits that, if the target is to be achieved, renewable electricity generation may have to go significantly beyond the 20 per cent aspiration as set out in the energy White Paper, up to 30 to 35 per cent. And given that the Strategy was published only as a consultation document (the consultation has recently concluded), action is unlikely to start until 2010.

# PRIVATE SECTOR CASE STUDIES

## BT plc: leading the way in emissions cuts

### Why BT?

Telecommunications is part of the Information and Communications Technology (ICT) industry, which has a significant footprint: two per cent of global emissions. According to a sector review carried out by The Climate Group,<sup>1</sup> the ICT sector's emissions are expected to nearly treble in a 'business as usual' scenario, from 0.53 gigatonnes CO<sub>2</sub> equivalent in 2002 to 1.43 gigatonnes in 2020. In the UK, a 2007 report claims, 'the ICT sector has a carbon footprint similar to the aviation industry, and its skyrocketing growth means it will soon surpass the poster child for climate change.'<sup>2</sup>

The telecoms sector itself can play a key role in developing the kind of innovative technologies we will need to meet the climate challenge: for example, providing teleworking to enable working from home, or audio and video conferencing to reduce the need to commute to the office or travel for meetings.<sup>1</sup> According to the Climate Group report, ICT industries could reduce global emissions by as much as 15 per cent by 2020 through support to other sectors – a volume of CO<sub>2</sub> equivalent five times its own footprint in 2020.

BT Group is not only the largest communications provider in the UK but one of the largest in the world. In the UK it has a significant carbon footprint: 0.7 per cent of the UK's total electricity consumption. The company recognises that this enables it to 'make a significant contribution to the process of reducing carbon emissions.'<sup>3</sup>

In January 2008, the *Guardian* newspaper ranked BT's Dr Chris Tuppen alongside Al Gore as one of the top 50 people who can save us from climate disaster. 'Chris Tuppen, BT's head of sustainable development, wrote the company's first environmental report in 1992. Since then, his lead has been followed by thousands of other companies, yet BT has managed to stay one step ahead,' the paper said.<sup>4</sup>

- ◆ BT has one of the most ambitious emissions-reduction targets of any private or public sector actor in the world: in the UK, of 80 per cent of 1996 levels by 2016 in absolute emissions, and globally of 80 per cent by 2020 of carbon intensity;
- ◆ The company is driving demand and investment in green energy supplies for the UK;
- ◆ BT takes a progressive stance on public policy and actively works to influence other business leaders on climate change.

### Promising the earth

*'BT has a proud history of international leadership in carbon reduction and setting and achieving challenging targets. We are delighted to raise the bar by extending these commitments to cover*

*our entire global footprint, across more than 70 countries worldwide.'*

Sir Michael Rake,  
BT Chairman<sup>5</sup>

### A low-carbon future?

*'BT is leading the way on emissions reductions and, in launching a strategy which allows a company to grow whilst reducing carbon emissions. BT is setting an example which we hope other corporations will follow.'*

Paul Dickinson,  
CEO, The Carbon Disclosure Project<sup>6</sup>

### Emissions

In the UK, BT has committed to one of the most ambitious emissions-reduction targets to be found in either private or public sectors. The company aims to reduce its UK emissions by 80 per cent of 1996 levels by 2016. To put this into context, the EU has proposed emissions reduction targets of 20–30 per cent by 2020. In June 2008, BT went still further and announced an 80 per cent emissions-reduction target to cover all its businesses worldwide by 2020.<sup>7</sup> Jonathan Porritt, who chairs BT's Advisory Panel, said 'If all companies adopted such a target we would be a long way towards fixing the problem of climate change.' In the UK, BT has already managed to reduce its emissions by 58 per cent between 1996 and 2006.

Unlike other large corporations that have made much of becoming 'carbon neutral', BT says it will not use off-sets (buying in credits from others who have reduced their own emissions) to reach its targets.<sup>8</sup> Instead, the company will reach the 80 per cent reduction through a combination of 'proactive' measures: energy efficiency, on-site renewable generation, and purchased low-carbon electricity.

Although it does not set any targets for indirect emissions reductions, BT seeks to influence its supply chain, workforce, and customers to adopt low-carbon solutions,<sup>ii</sup> recognising that its carbon footprint extends beyond its direct emissions. For example, according to BT's Chief Sustainability Officer, Dr Chris Tuppen, 'We have made energy and climate change an adjudication criterion in our procurement processes. Suppliers now know that their climate change strategies are a weighted consideration in determining who will win a contract.'

### Fuelling the future

BT signed the world's largest green electricity contract in 2004 and renewed it in 2007. This provides 99 per cent of the electricity for its UK operations from low-carbon sources – 39 per cent from renewables and 60 per cent from combined heat and power. By 2016, a quarter of BT's UK electricity supply will come from on-site renewable energy, generated through wind power – which will make BT the biggest non-energy company to invest in wind power in the UK.<sup>10</sup>

### Creating a climate for change?

#### Targets

Disappointingly, given its own world-beating emissions-reduction target, BT does not advocate publicly on the UK's government emissions target in the Climate Change Bill; but when challenged on this, BT responds that it 'takes it as read'

that the target will extend from 60 to 80 per cent, and the company prefers to focus its lobby efforts on issues directly relevant to its business.<sup>11</sup>

### Policy support

However, publicly, BT does back progressive policy steps within the Bill. As a member of lobbyists, The Aldersgate Group, BT called on the government<sup>12</sup> in June 2008 to make it mandatory for all large companies to publish their carbon footprints, as 'a significant driver for change and competitive advantage in the corporate sector.'<sup>13</sup>

On advocacy more generally, BT sees it has a key role in influencing other business leaders: 'We intend to lead the business response to climate change and help drive efforts to create a low-carbon economy.'<sup>13</sup>

In 2007, BT's then Chief Executive, Ben Verwaayen, chaired the UK's Confederation of British Industry's (CBI) Climate Change Task Force, bringing together Chairs and Chief Executives from 18 major UK companies. This marked a huge step for the CBI, as it was the first time the industry body had dealt with climate change holistically (see CBI case study).<sup>14</sup>

In developing its new model for measuring and tracking carbon emissions in June 2008, when it announced its global emissions reduction target of 80 per cent by 2020, BT hopes to have positive influence at the global level. The model, called the Climate Stabilisation Intensity Target,<sup>15</sup> allows for growth while still achieving the emissions reductions necessary, BT argues.<sup>15</sup> It '...creates a relationship between BT's CO<sub>2</sub> emissions and its financial performance so that they become interdependent. It is a powerful tool for embedding sustainability into organisations worldwide and critical in effecting change.'<sup>16</sup>

BT is also playing a key role within the UN agency for the ICT sector – the International Telecommunications Union (ITU). In July this year, the ITU set up a new group to work on standards related to the impact of the ICT industry on climate change, focusing in particular on the reduction of ICT emissions and how ICTs can assist in cutting emissions in other industry sectors such as energy, transportation, and buildings.<sup>17</sup> David Faulkner of BT is chairing the group, to 'help pioneer new approaches and drive up standards across the industry,' according to Dr Chris Tuppen.<sup>18</sup>

<sup>11</sup> In 2007, in terms of business travel alone, BT avoided 850,000 face-to-face meetings, saving 97,000 tonnes of CO<sub>2</sub> emissions and over £200 million in travel, hotels and wasted time costs.

<sup>12</sup> 'With 18 million customers in more than 170 countries we're in a position to make a real difference. We aim to create new products and services that use less energy and help customers reduce their carbon footprints at home and at work' (The Carbon Disclosure Project (CDP) (2007) 'Carbon Disclosure Report 2007: BT response to CDP 5', London: CDP).

<sup>13</sup> However, recent changes to the way DEFRA accounts for emissions reductions, including not recognising decreased emissions when energy is purchased from renewable or low-carbon sources, has jeopardised BT's support for mandatory disclosure. BT points out that DEFRA did not consult them on this change to accounting rules (Dr Chris Tuppen (2008) interview with Oxfam, 20 August 2008).

<sup>14</sup> The Climate Stabilisation Intensity Target associates an organisation's total CO<sub>2</sub> emissions with the contribution its profits and employment costs make to the world economy. Targets for reducing the company's carbon intensity (CO<sub>2</sub> per unit of contribution to Gross Domestic Product (GDP)) are then set in line with world targets to reduce CO<sub>2</sub> emissions per unit of GDP.

National Grid has a key role to play in the UK's energy future; as the company that controls the UK's transmission system,<sup>i</sup> its actions will be a major factor in determining how successfully the country can increase its development of renewable energy.<sup>ii</sup>

National Grid's global carbon footprint is significant: over 14 million tonnes globally<sup>iii</sup> – as much as the UK's iron and steel manufacturing industries combined.<sup>1</sup>

- ◆ National Grid is setting emissions reduction targets – 80 per cent by 2050 – in excess of those yet required in legislation and is making strong progress towards achieving these;
- ◆ The company is embedding its climate change strategy within its core business – linking pay with emissions performance;
- ◆ National Grid's lobbying positions are progressive and show creativity and new thinking to address climate change.

## Promising the earth

*'We have put the fight against climate change at the heart of our business. National Grid is taking the lead on developing the solutions to help connect renewables, but we need the government and OfGem to put them into action if we are to succeed.'*

National Grid press release, June 2008<sup>2</sup>

## A low-carbon future?

*'Meeting the EU renewable-energy target will reduce emissions, create new green jobs, and reduce the UK's dependency on fossil fuel imports and exposure to high fuel prices. WWF greatly welcomes the National Grid's active support for this target, as the company has a vital role to play in ensuring practical delivery of a revolution in renewables and energy efficiency.'*

Dax Lovegrove, WWF<sup>3</sup>

### Emissions

Until early 2008, National Grid had set itself a target of reducing its greenhouse-gas emissions by 60 per cent of 1990 levels by 2050.<sup>iv</sup> But in February 2008, the company increased this target to 80 per cent 'because this would be harder for us to reach', according to Joseph Kwasnik, Head of Climate Change at National Grid, 'and was in line with what the latest science indicates we need to achieve.'<sup>4</sup> Against an independently-verified baseline, the company has already cut emissions by 38 per cent.<sup>5</sup>

National Grid focused on the major source of its UK emissions: methane, a greenhouse gas 21 times more potent than CO<sub>2</sub>, leaking from its gas-distribution network. During 2007 it replaced 1,850 kilometres of old cast-iron pipes in the UK. Other technological solutions are being developed too: from smart grids and smart metering – to not just inform and change consumer behaviour, but also to allow consumers' home appliances to play an active role in balancing supply and demand – to capturing the energy used to shift gas around networks and re-using it to make electricity.

But it is not enough to have 'a patchwork of projects', Kwasnik says. A core part of National Grid's strategy is to embed reduction of emissions within its core business, 'not simply as a bolt-on'. This means not only setting 'carbon

# National Grid: making the right connections

## Why National Grid?

budgets' for each section of the business but linking managers' pay to whether they meet targets or not. In April 2009, carbon budgets will be introduced throughout the company – and, Kwasnik says, up to 10 or 15 per cent of management's remuneration will be linked to achieving cuts in CO<sub>2</sub> emissions.<sup>5</sup> The Secretary of State for the Environment, Hilary Benn, welcomes National Grid's initiative, saying, 'I congratulate the National Grid on its success to date and its clear ambition in cutting emissions in Britain and abroad. I particularly welcome its decision to adopt carbon budgets. This mirrors our approach for Britain as laid out in the Climate Change Bill, which is currently before Parliament.'<sup>6</sup>

One major weakness in National Grid's approach lies not in what the company has done but in what it has not done. Its indirect emissions, generated by its 'customers' – the six major power generators in the UK – need to be in the company's sights if it is to address its total carbon footprint. As a leading voice in climate politics, National Grid could use its substantial influence to enter the debate about new coal-fired power stations, for example. Kwasnik admits this has been an area that has been neglected: 'We've been introspective: focusing on the internal drive to cut emissions and on creating the right climate for renewables.'

National Grid argues that increasing the proportion of renewables will require continued conventional generation, 'while achieving the government's renewable energy targets will bring great benefits from reduced emissions, as will increased energy efficiency, this can only take place against the background of a balanced fuel mix. As our project to look at scenarios for 2020 has shown, the reality is that non-renewable generation, not least flexible generation to accommodate the variable nature of wind generation, will need to continue to play a role for renewables to grow.'<sup>7</sup>

#### Fuelling the future

National Grid is planning to reduce its own direct energy usage by five per cent per year, and the cost saving from this efficiency drive will 'enable us to purchase all the electricity we use from renewable sources by 2010.'<sup>8</sup>

National Grid is also advocating that utilities regulated by OfGem could play a role in providing the massive domestic infrastructure investments – £100 billion from the private sector – that the government says is necessary to revolutionise the country's energy policy.<sup>9</sup> To address the energy inefficiency of the UK's old housing stock, the government's Renewable Energy Strategy aims to see one in four houses fitted with solar panels.<sup>10</sup> 'We could do this; we're big enough,' says Joseph Kwasnik, 'and the UK needs this investment on a massive scale.' National Grid also has the resources to raise capital on the scale needed, Kwasnik argues. 'Under this model, the infrastructure would be viewed as an asset with a regulated rate of return and therefore we would need to engage and gain approval from the energy regulator, OfGem for this approach to work.'

Launching the renewable-energy strategy, Gordon Brown said that the North Sea, past its peak in terms of oil and gas supplies, will be turned into 'the equivalent for wind power of what the Gulf of Arabia is for oil'.<sup>11</sup> National Grid is pressing the regulator, OfGem to allow it to build the massive transmission infrastructure that would enable it to link up the proposed offshore wind farms. 'We need to be able to

start work on the grid now, to preposition the infrastructure so that we can be ready to go', argues Kwasnik. The British Wind Energy Authority agrees with the need for massive reform. Its Chief Executive, Maria McCaffery, says that, for the UK to meet its EU renewables targets, the capacity of the national grid would have to increase from about 80GW now to 120GW by 2020. She adds that 60 per cent of the existing grid will need upgrading within the next five to ten years, so it makes sense for the National Grid to begin installing systems to support increased input from renewable sources as it undertakes that upgrade.<sup>12</sup>

## Creating a climate for change?

To 'actively engage in the policy-making process'<sup>13</sup> is one of the three pillars of National Grid's climate change action plan. National Grid lobbies relevant government departments – DEFRA and BERR – as well as the regulator OfGem and the Prime Minister<sup>14</sup> in key areas such as the Renewable Energy Strategy and the Planning Bill. National Grid states, 'One particular area of current focus of lobbying for policy change is around the incentive to generate electricity from biogas produced from waste... National Grid is urging the government to ensure that an appropriate incentive is put in place to encourage grid-injection of biogas and hence the most efficient use of our renewable energy resources.'<sup>15</sup>

#### Targets

National Grid has fully supported moves to increase the UK emissions reduction target to 80 per cent of 1990 levels by 2050, rather than 60 per cent, and to include all greenhouse gases in its targets.<sup>16</sup> To enable progress towards this goal, National Grid has developed an energy mix scenario, which not only demonstrates how the UK's renewables target for 2020 could be met, but how this could set the UK on a firm path to meet an 80 per cent emissions reduction by 2050. This is a truly inspirational and important piece of work, which helps to balance an industry debate at present dominated by those who view the targets as too costly or unachievable, such as the CBI and E.ON. The scenario, says the National Grid, 'would result in 35 per cent of our electricity sourced from renewables compared with about 5 per cent today. We believe that this energy mix, if combined with a challenging but plausible contribution from the domestic heat sector and a relatively modest contribution from the transport sector respectively, could meet the 15 per cent EU target and also place us on the glide path towards the 80 per cent carbon-reduction target.'<sup>17</sup>

#### Policy support

National Grid supports the important policy steps that Oxfam believes will help the UK achieve a low carbon future. In the UK Climate Change Bill, National Grid supports mandatory disclosure to make it compulsory for companies to reveal their carbon footprints. At the EU level, it believes that all permits to release greenhouse gases issued under the EU emissions trading scheme should be auctioned, to create the right incentives for the move to a low-carbon future.<sup>vi</sup> Unlike E.ON and the CBI, National Grid has thrown its weight behind the UK government's bold vision for renewable energy generation. Commenting on the UK's Renewable

Energy Strategy, National Grid argues 'Based on our projections we believe the 2020 renewables target is a challenge to the whole industry but is achievable.... To reach this target we will need more than one-third of electricity to come from renewables. It is a massive undertaking, and one which will require major investment in the transmission network, along with the reforms set out in the Planning Bill and a new offshore regulatory framework.'<sup>17</sup>

<sup>1</sup> National Grid owns the high-voltage transmission network in England and Wales and operates the transmission system across the whole of Great Britain.

<sup>ii</sup> Given its monopoly position in the UK, it is not relevant to compare National Grid to other actors in a sector, as we have with other companies.

<sup>iii</sup> Excluding its supply chain and electric transmission losses.

<sup>iv</sup> The majority of emissions will be reduced against the 1990 baseline, excepting emissions for which data was not reliably gathered until later, for example sulphur hexafluoride on a 1999 baseline.

<sup>v</sup> Kwasnik insists that it is important to 'get the right metric at the top', using a 'shadow carbon price' in its budgets. Other companies use this strategy, but not so stringently: for example, Chevron and Texaco have used a metric of \$5 per tonne of CO<sub>2</sub>, while National Grid will use a shadow carbon price of £25 per tonne to drive emissions down.

<sup>vi</sup> This is an approach National Grid has already advocated for in the USA, arguing for 100 per cent auctioning of allowances under the US Regional Greenhouse Gas Initiative (National Grid (2006) Letter to New York State Department of Environmental Conservation, 22 May 2006).

## Marks and Spencer: changing the retail climate

### Why M&S?

The combined direct emissions of four of the UK's top retailers – Marks and Spencer (M&S), Wm Morrison, Tesco and Sainsbury – amount to only 0.72 per cent of the UK's overall CO<sub>2</sub> emissions, according to research conducted for *The Sunday Times*. However, if the impact on climate change of their supply chains and the production and use of the goods they sell is added, the picture is very different. These emissions, the research estimates, are more than 31 times greater than the CO<sub>2</sub> total for which these retailers are directly responsible.<sup>1</sup>

M&S is one of the top six UK retailers and the UK's biggest clothing retailer. It is leading the way in the sector on climate change, with the second-lowest emissions intensity of the top six (from highest to lowest: Wm Morrison, Asda, Waitrose, Tesco, M&S, and Sainsbury).<sup>2</sup> Significantly, it is also top of the pack in recognising and acting on 'indirect' supply chain emissions, the key issue for the retail sector.<sup>1</sup>

- ◆ M&S is taking a holistic approach to environmental and social issues through its 'Plan A' campaign. It has set clear targets for direct emissions reductions and is making good progress in achieving them. It is a progressive retailer in terms of its efforts to measure and address its indirect emissions through supporting its suppliers and customers to go low carbon. ;
- ◆ M&S is encouraging the development of renewable energy, and sources 23 per cent of its electricity from renewables;
- ◆ M&S works actively to support progressive public policy on climate change.

### Promising the earth

*'As one of Britain's largest retailers, our carbon footprint is a large*

*one...One of our five top priorities is to shrink it right down. Because if big businesses like ours take action with individuals like you, we can do our bit to tackle climate change.'*

M&S website 2008<sup>3</sup>

## A low-carbon future?

*'Marks and Spencer estimates that 90 per cent of a retailer's energy impact will lie in its supply chain and in the use and disposal of products by customers. The company seeks to work with its customers to deliver low carbon solutions.'*<sup>4</sup>

The Climate Group<sup>ii</sup>

In a time of growing cynicism towards companies' 'greenwash', M&S retains its reputation as the greenest of the UK's top corporations, according to a survey of the FTSE 100 by Chatsworth Communications,<sup>iii</sup> which polled journalists, sustainability experts, and political commentators.<sup>5</sup> Launched in January 2007, M&S's five-year eco-plan – called 'Plan A' 'because there is no Plan B' – is 'praised for setting out very clear and achievable targets rather than attempting to boost green credentials through publicity stunts that gain maximum coverage but have little substance'. Plan A includes targets not just on climate change, but on waste, sustainable sourcing, fair partnership, and health – a holistic approach across 35,00 product lines, 2,000 factories, 10,000 farms, and 250,000 workers, and engaging its 75,000 employees and over 21 million customers.<sup>6</sup>

### Direct emissions

The company plans to make its operational sites (stores, offices, and warehouses) 'carbon neutral' by 2012. This is a term much degraded through over-use, and can sometimes just mean that companies 'buy in' offsets rather than taking action themselves. Climate Change Manager at M&S, Carmel McQuaid, told Oxfam it was a deliberate decision to set ambitious targets such as 'carbon neutral by 2012', 'as it was about sending a message: that this is a step-change and everyone has a role to play – this means transforming how we operate as well as turning the lights off when you leave the office.'<sup>7</sup> M&S plans to achieve the target mostly through its own action – through 25 per cent more energy efficiency and using green electricity – and only to use offsetting as a last resort. In the year since Plan A's launch, M&S has made good progress towards its goals, according to independent assessor Ernst & Young<sup>8</sup>: CO<sub>2</sub> equivalent emissions fell nine per cent in absolute terms, despite opening an extra 103 stores; and energy efficiency has improved four per cent.<sup>iv</sup> In addition, the company has launched three 'eco-stores'. The first eco-store, a retro-fitted old building in Bournemouth that opened in October 2007, aims to use 25 per cent less energy and have a 92 per cent lower carbon footprint than the average store.<sup>9</sup> Around half the initiatives tested in Bournemouth, such as grass roofing and low-energy lighting, will be rolled out across M&S's other stores in the UK.<sup>10</sup>

### Indirect emissions

It is in the key area of its supply chain that M&S is leading the way among retailers. Plan A addresses M&S's direct emissions but also aims to address its indirect emissions, generated through customer use of its products, and through its supply chain. M&S estimates that its supply chain emissions and consumer use total more than ten times its

direct emissions.<sup>v</sup> In comparison, Tesco, the UK's biggest supermarket, has yet to release publicly its figures on its supply chain emissions – the first step in addressing the massive indirect footprint of the store.<sup>vi</sup>

'We want to help our 2,000 suppliers across the globe to reduce their carbon footprints,' says Stuart Rose, M&S CEO and Chair.<sup>xi</sup> To do this, the company is focusing on 'inspirational projects that will create a 'ripple effect' through the industry', explains McQuaid. One such project is in Sri Lanka, where M&S invested £200,000 to help build 'the first eco-factory in the world'.<sup>xii</sup> M&S's lingerie supplier and Sri Lanka's biggest garment manufacturer, MAS Intimates Thurulie, converted one of its factories to save around 40 per cent on electricity, reduced its water usage by 50 per cent by capturing rainwater, and installed solar panels and low-energy cooling systems to replace air-conditioning. *The Economist* notes that the project makes not just environmental sense but economic sense too: 'The factory cost \$7m to build, around 25 per cent more than its traditional equivalent. That is partly due to a lot of fancy touches included to meet M&S's demand for an 'iconic' factory... But in a country that generates 65 per cent of its electricity with imported oil—and saw power-price inflation of 30 per cent in March—the extra costs are offset by energy savings. MAS expects the higher construction costs to have paid for themselves in less than five years.'<sup>xiii</sup> Vidura Ralapanawe, Sustainability Manager at MAS Intimates Thurulie, explains the wider influence intended by M&S, 'One of the things they wanted us to do is to build an iconic plant which will be exceptional and M&S is already sending other manufacturers from other countries to look at it.'<sup>xiv</sup>

Other 'eco-factories' are in development in Wales, China, and Sri Lanka. Anthony Pydiah, Senior Quality Manager for M&S's Welsh eco-store, Westbridge Furniture, which has reduced emissions by 48 per cent in one year, wants his factory to set a trend in the UK: 'We hope our factory will inspire other UK suppliers to look past the initial barriers to going green, and to find innovative ways to minimise their environmental impact.'<sup>xv</sup>

Many of M&S's suppliers are leading the way with new technologies, such as recycling plastic bottles for school uniforms.<sup>xvi</sup> To support learning on best green practices, M&S launched a Supplier Exchange website in 2007 that has since been visited by 1,500 suppliers in 36 countries.<sup>xvii</sup>

M&S also sees its customers as an important driver of change, because of the sheer numbers of people M&S reaches through its stores – an estimated 21 million. Given its role as the UK's largest clothing retailer, the company has focused on the role of clothing in generating emissions. M&S research showed that three quarters of a t-shirt's lifetime carbon footprint comes from washing, so this was the priority area it addressed. Now 70 per cent of M&S clothing features a 'wash at 30° C' label.<sup>xviii</sup> Mike Barry, M&S's Head of Corporate Responsibility, says that the company aims to create a 'virtuous circle': 'We are trying to drive behavioural change. It's a pragmatic, simple step that people can take. We think it's about being a couple of steps ahead of our customers. If we were just walking level with them, we would not be able to drive climate change initiatives. If we were 10 paces ahead, it would be too far. Two steps ahead is the right place to be.'<sup>xix</sup>

Unlike other retailers, which sell a variety of brands, M&S

has a massive opportunity to embed radical changes into its core business; this is also a reputational risk, however, as one commentator notes: 'as an exclusively own-label company, it can't hide behind manufacturers' labels'.<sup>ix</sup>

### Fuelling the future

Renewable energy now supplies 23 per cent of M&S's power, with lower-carbon combined heat and power 60 per cent. UK farmers provide some of the renewable electricity that M&S buys, and it is working to build their confidence in the business case for renewable electricity generation, such as wind, micro-hydro and anaerobic digestion.<sup>xx</sup> 'Farmers will not necessarily listen to government when its talks about climate change, but if we come along as a trusted buyer and guarantee to buy the electricity under a five-year contract, farmers will act.'<sup>xxi</sup> Michael Chesshire, Managing Director of anaerobic plant operator Greenfinch, confirms the success of this approach: 'We have a five-year contract with M&S for them to take our electricity - it gives us certainty of pricing and we want to be associated with their initiatives - particularly plan A.'<sup>xxii</sup> To inspire its suppliers, M&S took 27 farmers to Germany to see first-hand how micro-generation can work. McQuaid claims this practical experience then allows M&S to push the UK government to reform policy to allow greater penetration by renewables into the market.

Plan A is not fixed in stone but can respond to the latest information or debate on key issues. An example is biofuels:<sup>xxiii</sup> at first M&S 'believed the use of biodiesel could play a key role in Plan A', but after learning of concerns around their impacts 'we've stopped using them until sustainable sources of supply are available.'<sup>xxiv</sup>

## Creating the climate for change?

M&S recognises that it has an important role to play in influencing public policy and wider industry action. 'Government and its agencies want us to support wider cross-industry initiatives. We're also asked to contribute our views and ideas on the development of legislation on social and environmental issues.'<sup>xxv</sup> For example, this year M&S has given evidence to a Parliamentary Select Committee on waste and recycling,<sup>xxvi</sup> and to the Welsh Assembly on a carbon reduction strategy for Wales.<sup>xxvii</sup>

It also plays an active role in seeking to change the behaviour of industry. As Chair of the British Retail Consortium's Environment Group, M&S encouraged the industry association to take on climate change targets in April 2008.<sup>xxviii</sup> In 2007 M&S helped co-ordinate a positive retail industry response to the influential Stern Review.<sup>xxix</sup>

### Targets

Disappointingly, in relation to the Climate Change Bill, M&S admits that it does not 'comment on the actual targets' for emissions reductions, arguing that this is not its core expertise.

### Policy support

Overall, M&S plays a positive role in influencing government policy in key areas relevant to its business. Its Head of Government Affairs met BERR senior officials to discuss the government's Renewable Energy Strategy.<sup>xxx</sup> 'We have to drive up the renewable energy available in this country – we are lagging so far behind. The government



needs to hear the message that business is constrained by the fact that their infrastructure is so heavily reliant on fossil fuels,' McQuaid told Oxfam. It also supports the mandatory disclosure of corporate emissions, arguing that a common standard is needed.<sup>28</sup>

The company contributed to the consultations on the UK's Carbon Reduction Commitment, which will set emissions targets for non-heavy industry sectors.<sup>xi</sup> Within the British Retail Consortium, which represents many high-street names, M&S pressed for the voluntary Carbon Reduction Commitment to become mandatory and also contributed to the development of the recently published 'Better retailing climate'.<sup>29</sup>

<sup>i</sup> Two of M&S's main competitors – Tesco and Sainsbury – do not yet publicly reveal the size of their supply chain emissions, a vital first step in planning and action on emissions reduction. This undermines Sainsbury's otherwise sector-beating promise to cut its supply chain emissions by 25 per cent by 2012 (Carbon Disclosure Project (2007) 'CDP 5 company reports: Tesco and Sainsbury').

<sup>ii</sup> The Climate Group is an independent, non-profit organisation dedicated to advancing business and government leadership on climate change.

<sup>iii</sup> Chatsworth Communications is a UK-based communications and research team founded by former journalists, researchers, and corporate communications experts.

<sup>iv</sup> In terms of energy efficiency targets, M&S is on a par with Sainsbury but outperformed by Tesco (targets of 25 per cent by 2012 and 50 per cent by 2008, respectively). However, neither of these supermarkets publishes figures relating to absolute CO<sub>2</sub> equivalent reductions, unlike M&S.

<sup>v</sup> In the year to March 2007 M&S's direct emissions (Scope 1 and 2) totalled 278,000 tonnes CO<sub>2</sub> equivalent; its indirect emissions (Scope 3) totalled 5,306,000 tonnes CO<sub>2</sub> equivalent (Carbon Disclosure Project (2007) 'CDP 5 company reports: Tesco and Sainsbury', [http://www.cdproject.net/online\\_response.asp?cid=837&id=5&exp=63&desc=FT+500&letter=M&year=2](http://www.cdproject.net/online_response.asp?cid=837&id=5&exp=63&desc=FT+500&letter=M&year=2)).

<sup>vi</sup> Tesco told Oxfam that it had engaged a consultant to estimate its supply chain emissions but would not make any commitment to make these data public (Tesco meeting with Oxfam, 28 May 2008).

<sup>vii</sup> In 2007 M&S sold over 300,000 garments made from four million recycled plastic bottles, replacing oil in the manufacture of polyester (M&S (2008) 'Your M&S: How we do business report 2008').

<sup>viii</sup> M&S has agreed a fixed-term price to purchase the renewable energy generated by the farmers over five years (C. McQuaid, phone interview with Oxfam, 11 July 2008).

<sup>ix</sup> M&S is obliged under UK law to include 2.5 per cent biodiesel in its fuel mix – see Department for Transport case study.

<sup>x</sup> In April 2008 the British Retail Consortium announced targets including cutting energy-related emissions from buildings by 15 per cent from 2005 levels by 2013 and aiming for a reduction of 15 per cent from 2005 levels of energy-related transport CO<sub>2</sub> emissions from store deliveries by 2013. Household names have signed up to the initiative, including Argos, Asda, Boots, Early Learning Centre, Homebase, John Lewis, M&S, Mothercare, Next, Sainsbury, Somerfield, Tesco, The Body Shop, The Co-operative, Waitrose, and Wickes (British Retail Consortium (2008) 'Retailers Launch First Comprehensive Industry-Wide Climate Change Pledges', 30 April 2008, <http://www.brc.org.uk/details04.asp?id=1367&kCat=&kData=1>).

<sup>xi</sup> The Carbon Reduction Commitment is a mandatory emissions trading scheme being introduced by the government to cover large business and public-sector organisations, such as government departments, universities, retailers, banks, water companies, hotel chains, and local authorities. It will come into effect in January 2010.

- ◆ Shell has power and profits – and therefore a huge responsibility to act;
- ◆ Renewables need backing on a massive scale – Shell has the resources to step up to this challenge; oil sands mark a giant step in the wrong direction, locking the world into a high-emissions future;
- ◆ Shell lobbies for international action on climate change, and engages in advocacy on key climate policies; however, it is lobbying against having to pay for its permits to pollute under the European emissions-trading scheme.<sup>iv</sup>

## Promising the earth

*'For us, as a company, the scientific debate about climate change is over. The debate now is about what we can do about it. Businesses like ours should turn CO<sub>2</sub> management into a business opportunity and lead the search for responsible ways to manage CO<sub>2</sub>, use energy more efficiently and provide the extra energy the world needs to grow.'*

Jeroen van der Veer,  
Chief Executive, Shell<sup>1</sup>

## A low-carbon future?

*'Shell should not be judged by the size of its profits, but by the nature of its investments. For all big oil companies, the question today is how they use their new-found fortunes to meet rising demand for energy, while at the same time responding to global warming. Unfortunately, one of Shell's answers is tar sands... Shell risks being perceived, once again, not just as 'Big Oil', but as 'Bad Oil'.'*

Leader, *The Times*, 1 February 2008

### Emissions

Shell has set itself a voluntary target to reduce its direct emissions by five per cent of 1990 levels by 2010.<sup>v</sup> Beyond 2010 it has no plans to set any absolute emissions reduction target but will compare itself to others using 'top quartile performance'.<sup>2</sup> The External Review Committee, independent experts that reviewed Shell's 2007 annual sustainability report, while applauding Shell's approach overall, questions this metric, stating, 'Without more detail about how it will be applied, it is not clear to us that this is a sufficiently ambitious target for an industry leader and whether this new benchmark will let readers see whether the company's overall emissions are going up or down'<sup>3</sup> – which is surely the fundamental question.<sup>vi</sup>

Approximately one-eighth of Shell's emissions are generated during fuel production (direct emissions), with the other seven-eighths emitted during consumption (indirect).<sup>vii</sup> Shell measures and discloses its indirect emissions – an important first step – but, like other companies, it has no target to reduce them.<sup>viii</sup>

### Fuelling the future

The vast majority of Shell's business remains the extraction and refining of fossil fuels; it is estimated<sup>4</sup> to spend less than one per cent of its total capital expenditure on renewables. And while it has recently divested from two major renewables<sup>ix</sup> initiatives, it is investing ever more heavily in one of the dirtiest forms of oil available: oil sands. In its latest Annual Report (2007), while Shell sets no target for its proportion of investment in renewables, the company states that it is aiming for up to 15 per cent of its oil production to be from highly-polluting 'unconventional' sources, including

# Royal Dutch Shell: burying its head in the (oil) sands

## Why Shell?

Shell is the third-largest private sector company on the planet,<sup>i</sup> with a carbon footprint to match: according to Shell's own figures, its direct and indirect global emissions totalled 841 million tonnes of CO<sub>2</sub> equivalent in 2006, which is more than the UK, Belgium and Luxembourg combined.<sup>ii</sup> In 2007 Shell reported the largest-ever profits by a British company (£13.9 billion). Taken together, Shell's power, profits, and pollution equal a massive responsibility to act.

In common with other major oil companies, Shell is investing in 'unconventional' sources of oil, which include the highly-polluting oil sands. In terms of scale, its plans for output from oil sands far outstrip its nearest UK competitor, BP.<sup>iii</sup>

oil sands, by 2015, up from less than five per cent now.<sup>x</sup>

In May 2008, in a decision that Hilary Benn, Secretary of State for the Environment, called 'very disappointing', Shell pulled out of what was to be the world's largest wind project. London Array plans to generate 1,000MW – enough to power a quarter of London's homes.

At the same time as Shell was making its Bali Declaration, calling for tougher government action to control emissions in 2007, it was also pulling out of parts of its solar business.<sup>5</sup> Shell sold its photovoltaic operations in India and Sri Lanka, with similar sell-offs to follow in the Philippines and Indonesia.<sup>xi</sup>

Meanwhile, Shell – like other oil majors – is increasing its investment in highly-polluting oil sands. Perhaps one of the greatest tragedies of the recent meteoric rise in oil prices is the fact that it has made so-called 'unconventional' sources of oil attractive: sources like oil sands, bitumen and shale, which were previously regarded as off-limits, ethically but also economically. Producing oil from oil sands is on average three times more polluting than typical oil extraction;<sup>xii</sup> *The Financial Times* says oil sands extraction 'makes traditional oil production look almost as green as wind energy.'<sup>6</sup>

Shell is the operator and 60 per cent owner of the Athabasca Oil Sands Project, in Alberta, Canada, the third-largest oil-sands project in the world. Canada's oil sands are estimated to contain reserves of 173 billion barrels of oil – only Saudi Arabia has more – and their exploitation will help secure the dominance of fossil fuels as the world's main source of energy well into this century. Alberta's oil sands area alone covers an area larger than England. Of this area, 82 per cent is suitable for 'in situ' oil production, according to the Alberta energy authority;<sup>7</sup> of the remainder, Shell says nearly 3,500 km<sup>2</sup> are 'mineable'.<sup>8</sup> This distinction is key, as 'in situ' production is even more polluting than mining,<sup>xiii</sup> and while Shell plans to more than triple its production from mining, it plans a more than eight-fold increase in 'in situ' production by 2020.<sup>xiv</sup> Much of this land is covered by boreal forest, which stores carbon – its destruction will add significantly to the emissions generated<sup>9</sup> by oil sands.<sup>xv</sup>

Clive Mather, former Chief Executive of Shell Canada, said rising demand and surging oil prices could not be resisted. 'The deposits are huge...The time is right to exploit them.' Shell and its partners are extracting about 150,000 barrels of oil a day but now want a five-fold expansion to 770,000 barrels.<sup>10</sup> Former UK government adviser and ex-oil industry executive, Jeremy Leggett,<sup>xvi</sup> argues that Shell is undermining its progressive words at Bali and the credibility of the business world in its fight against global warming.<sup>11</sup> 'It is vital that companies act consistently with the rhetoric... an all-out assault on the Canadian tar sands and extracting oil from coal is completely inconsistent with climate protection.'<sup>12</sup>

James Smith, Chair of Shell UK, told a climate change workshop hosted by Reuters in May 2008,<sup>13</sup> 'Oil sands from the point of view of energy security is a good thing; oil sands from the point of carbon dioxide is not a good thing. It is a step in the wrong direction, but not quite as large a step as some people suggest.'<sup>xvii</sup>

## Creating the climate for change?

*'Advocacy for some may suggest companies blocking change or advocating their own narrow interests. But we are calling for change...'*

The Shell Sustainability Report 2007

### Targets

Shell has made headlines around the world by calling for stricter government action to control global greenhouse gas emissions.<sup>xviii</sup> Specifically on the UK's own targets to reduce emissions, Shell says that while it is appropriate for the government to set long-term targets, 'We are not in a position to comment on the numerical targets themselves.'<sup>14</sup>

### Policy support

Shell engages in advocacy on a range of climate policies of relevance to its business: from the EU Emissions Trading Scheme to vehicle emissions standards and the carbon reduction commitment. Of particular relevance to Shell is the proposal to reform the EU's Emissions Trading Scheme. For the last three years, the EU has handed large polluting companies permits to trade emissions with each other for free; now the EU proposes that from 2013, high-emitting industries, such as oil refineries, will have to pay for 20 per cent of their permits, rising to 100 per cent by 2020. Oxfam believes that continuing to hand out free permits would deny the EU revenues to help build a low-carbon economy and generate funds for adaptation in poor countries, as well as deflating the carbon price.

Earlier this year, Shell signed on to a letter from corporate heads to *The Financial Times*,<sup>15</sup> which stated, 'Our vision is for the EU to meet its 2020 targets in a way that provides long-term economic and competitive benefits for European business.' Therein lies the problem: Shell is lobbying aggressively to continue to receive the permits for free – in effect, gaining a licence to pollute at no cost – and resorting to scaremongering. Its Chief Executive, Jeroen Van der Veer, told *The Times* in April 2008, 'We don't want to threaten draconian measures,' but said that his 'struggling industry' would suffer and jobs would be threatened. The company also threatened to halt investment in Europe if it were charged for permits; Christian Baime, a Director of Shell France, said the auctioning of permits was 'impossible. So there will be no more investments by Shell in Europe.'<sup>16</sup> Shell has also directly lobbied the EU as Chair of the influential European Roundtable of Industrialists,<sup>17</sup> arguing for 'a carbon trading system that does not take capital out of the industries to which it applies... Whilst auctioning may be a valid tool for some specific sectors in an emissions trading system, we believe it is too early to establish the precise use for auctioning for a given sector for some future compliance period.'<sup>xix</sup>

The European Parliament's Rapporteur on the Renewables Directive, Claude Turmes MEP, has said that free allocation 'would mean that when considering new investments, those industries that pollute the most would be completely off the hook from the 'polluter pays' principle, with disastrous consequences...'<sup>18</sup>

Shell argues that 'increased costs in the EU could lead to production moving to regions in the world without regulation to tackle climate.'<sup>19</sup> The Stern Review questions

whether environmental legislation is the most important factor in decisions to relocate, 'Even where industries are internationally mobile, environmental policies are only one determinant of plant and production location decisions. Other factors [...] are usually more important determinants of industrial location and trade.'

In the interests of combating climate change and raising much-needed revenues for both adaptation and low-carbon investment, Oxfam urges Europe's large industries to back progressive policy in the EU energy and climate packages, such as the proposal to auction permits, rather than to lobby for their special interests.

<sup>1</sup> By revenue, Royal Dutch Shell is the third-largest private company in the world, after Wal-mart Stores and Exxon Mobil, according to Fortune 500's ranking. See [http://money.cnn.com/magazines/fortune/global500/2008/full\\_list/](http://money.cnn.com/magazines/fortune/global500/2008/full_list/). Measured by different metrics devised by Forbes, including sales, profits, assets, and market value, Shell ranks sixth. See [http://www.forbes.com/lists/2008/18/biz\\_2000global08\\_The-Global-2000\\_Rank.html](http://www.forbes.com/lists/2008/18/biz_2000global08_The-Global-2000_Rank.html).

<sup>2</sup> Shell's figures from Carbon Disclosure Project 5, including the company's direct emissions of 98 million tonnes CO<sub>2</sub> equivalent and indirect emissions (use and disposal of the company's products and services) of 743 million tonnes. EU latest country emissions figures for 2006 from European Union (2008) 'EC GHG Inventory Report 2008', accessed via the UNFCCC ([http://unfccc.int/national\\_reports/annex\\_i\\_ghg\\_inventories/national\\_inventories\\_submissions/items/4303.php](http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/4303.php)), are: UK (652.6 million tonnes CO<sub>2</sub> equivalent), Belgium (137 million tonnes) and Luxembourg (13.3 million tonnes).

<sup>3</sup> Shell plans to produce 670,000 barrels per day by 2020, compared to BP's 230,000 (Strategy West (2008) 'Existing and proposed Canadian commercial oil sands projects', January 2008, <http://www.strategywest.com/oilSands.html>).

<sup>4</sup> By contrast, BP has not played such a high-profile lobbying role as Shell, making no public statements about the auctioning of permits under the EU Emissions Trading Scheme.

<sup>5</sup> 'In 1998, we set ourselves voluntary targets for reducing greenhouse gas (GHG) emissions from our operations. Our current target requires our GHG emissions in 2010 to be 5 per cent below 1990 levels, while growing our business, mainly through our efforts to end continuous flaring of natural gas and by improving the energy efficiency of our facilities' (Shell (2007) '2007 Annual Report', [http://www-static.shell.com/static/investor/downloads/financial\\_information/reports/2007/2007\\_annual\\_report.pdf](http://www-static.shell.com/static/investor/downloads/financial_information/reports/2007/2007_annual_report.pdf)).

<sup>6</sup> Shell explains that it 'is not voluntarily setting a target to reduce emissions beyond 2010 as, in our view, voluntary targets are not sufficient to ensure action is taken to address climate change. Instead, we will continue to advocate the introduction of effective CO<sub>2</sub> regulation which will drive investment in low carbon technologies' (Shell International Ltd (2008) Letter to Oxfam, 26 August 2008).

<sup>7</sup> According to its submission to the Carbon Disclosure Project's CDP 5, use of Shell's products emitted 743 million tonnes of CO<sub>2</sub> equivalent, while its direct emissions totalled 98 million tonnes.

<sup>8</sup> Shell's response to Carbon Disclosure Project 5: 'The Group does not have any targets associated with the CO<sub>2</sub> emissions from the use of our products' ([http://www.cdproject.net/online\\_response.asp?cid=1233&id=5&exp=64&desc=FTSE+100&letter=R&year=2](http://www.cdproject.net/online_response.asp?cid=1233&id=5&exp=64&desc=FTSE+100&letter=R&year=2)); although 'we are also providing products and advice that help customers use energy more efficiently and reduce their emissions.'

<sup>9</sup> 'Only 0.87 per cent of its profit in 2005 was spent on renewable energy. Its 2005 report indicates that Shell is investing an average of 200 million dollars a year in renewables, representing just 1.2 per cent of its 2005 total capital investment of 17.4 billion dollars' (Friends of the Earth Europe (2007) 'Shell: Use your profits to clean up your mess', February 2007). Precise figures for Shell's investment in renewables compared to other sources are not clearly set out in its company literature. Shell's own External Review Committee notes this problem, stating, 'We refer again this year to the need for Shell to provide greater insight into its investment levels in renewable energy sources. The credibility of Shell's advocacy efforts, on which it rightly focuses, will be greatly strengthened by providing this information' (<http://sustainabilityreport.shell.com/2007/ourreporting/externalreviewcommittee.html>).

<sup>10</sup> Oxfam asked Shell to provide exact figures on its renewables investments compared to other sectors. In response, Shell points out that 'over a five-year period we invested \$1 billion in renewable energy and hydrogen activities' (Shell International Ltd (2008), Letter to Oxfam, 26 August 2008); however, Shell did not provide figures for future investment. Equally, Shell claims to be a leader 'in the development of sustainable biofuels' and that it has quadrupled its investment in these fuels. Again the company did not provide exact figures for this investment.

<sup>11</sup> Shell states 'We remain a major wind power developer being in 11 wind projects with a total capacity of around 1,100 megawatts (Shell share is about 550 megawatts)' (Shell International Ltd (2008) Letter to Oxfam, 26 August 2008). Shell is also investing in thin-film solar technology and says it has quadrupled its investment in second-generation biofuels; however, Shell was unable to provide exact figures for the scale of these investments.

<sup>12</sup> Conventional oil extraction generates an average of 28.6kg of CO<sub>2</sub> equivalent per barrel, whereas oil sands emit between 80 and 135kg per barrel, depending on the method of extraction. Extracting oil in situ using steam or other forms of heat is more carbon intensive than mining (WWF and The Co-operative Bank (2008) 'Unconventional Oil: Scraping the bottom of the barrel?' London: WWF). Shell argues that 'well to wheel' oil sands are only 15 per cent more polluting than conventional oil. However, Shell's own data confirm that well-to-tank emissions from oil sands are between two and three times more than conventional oil (Future Energy Forum Study (2006) cited by Shell International Ltd (2008) Letter to Oxfam, 26 August 2008).

<sup>13</sup> 'Even more water and energy is required for in situ than mined oil sands' (WWF and The Co-operative Bank (2008) 'Unconventional Oil: Scraping the bottom of the barrel?' WWF: London 2008). In situ extraction occurs through drilling wells and superheating bitumen, while mining uses techniques similar to open pit mining.

<sup>14</sup> Data from Strategy West (2008) 'Existing and proposed Canadian commercial oil sands projects, January 2008' show Shell's production of mined oil sands rising from 155,000 to 570,000 barrels per day between 2006 and 2020, with in situ production rising from 12,000 to 100,000 barrels per day over the same period.

<sup>15</sup> Shell responds that it will 'reclaim' the land, 'within 15 years of the mine's groundbreaking date, the soil will be reconstructed and put in place, and vegetation planted' (Shell International Ltd (2008) Letter to Oxfam, 26 August 2008). In 'Fact or

Fiction: Oil Sands Reclamation', the Pembina Institute, a Canadian environmental group, states that in 41 years of oil sands production only 0.2 per cent of land has been officially certified as reclaimed: 'There is little resemblance to the boreal forest and wetlands that once covered the area' (<http://www.oilsandswatch.org/pub/1643>).

<sup>16</sup> Jeremy Leggett is founder and Executive Chairman of Solarcentury and founder and Chairman of SolarAid, a charity set up by Solarcentury. He was a member of the UK Government's Renewables Advisory Board from 2002 to 2006. He has worked in the oil industry, among other things researching oil source rocks funded by BP and Shell. See: [http://www.solarcentury.com/who\\_we\\_are/company\\_profile/](http://www.solarcentury.com/who_we_are/company_profile/).

<sup>17</sup> Shell argues that 'well to wheel' oil sands are only 15 per cent more polluting than conventional oil. However Shell's own data confirm that well to tank emissions from oil sands are between two or three times more than conventional oil (Future Energy Forum Study (2006), cited by Shell International Ltd (2008) Letter to Oxfam, 26 August 2008).

<sup>18</sup> See, for example, Shell's position on the Stern Review at [www.cpi.cam.ac.uk/PDF/pressrelease\\_2006\\_Stern\\_review.pdf](http://www.cpi.cam.ac.uk/PDF/pressrelease_2006_Stern_review.pdf); or lobbying at this year's G8 at <http://www.planetark.com/dailynewsstory.cfm?newsid=48926&newsdate=23-Jun-2008>.

<sup>19</sup> In its response to Oxfam, Shell states 'Shell does not oppose the use of auctioning but considers that it should be phased in gradually to allow industry to adapt' (Shell International Ltd (2008) Letter to Oxfam, 26 August 2008).

## E.ON: ushering in a new coal era

### Why E.ON?

The power sector currently accounts for a third of total UK CO<sub>2</sub> emissions, so the way companies invest now has huge implications for whether the UK will have a greener, cleaner future. And the trends are worrying: while emissions fell sharply in the 1990s, since 1999 they have been rising again – with the result that the UK government's 2010 emissions target to cut CO<sub>2</sub> by 20 per cent will not be met. And the main reason for this rise: the increasing use of coal for power generation.<sup>1</sup>

Most worrying of all, the energy industry is poised to invest in a whole new generation of coal-fired plants, which are twice as polluting as gas-fired plants. At the head of the charge is E.ON, the UK's second-largest power generator in Britain,<sup>2</sup> which is proposing the first new coal plant to be built in the UK since 1974.

Globally, E.ON emits over 115 million tonnes of CO<sub>2</sub> per year – 0.6 per cent of the world's man-made CO<sub>2</sub> emissions.<sup>3</sup> In 2006, E.ON's UK CO<sub>2</sub> emissions totalled 27.5 million tonnes,<sup>4</sup> and it had the second-worst carbon intensity score<sup>5</sup> of the six biggest power companies, after EDF.<sup>6</sup> This measure is important, as it indicates how much CO<sub>2</sub> is emitted per kilowatt-hour of electricity generated, thus allowing for the relative sizes of the power companies.

- ◆ E.ON has a major opportunity to turn its business – and its emissions – around: in 2015, nearly half of its current generating capacity will be lost as outdated plants close.
- ◆ E.ON is showing some positive progress – such as investing in London Array, the world's largest wind farm.<sup>4</sup> But E.ON needs to do more to get behind the UK government's bold vision for renewable energy, both in its rhetoric and its power generation investments.
- ◆ By choosing to invest in the UK's first new coal-fired plant in three decades and lobbying the government to support Kingsnorth, in Kent, E.ON threatens to lock the UK into a high-carbon future.

### Promising the earth

*'We believe it's our responsibility to supply energy in the most efficient and environmentally-friendly way possible.'*

E.ON, 2007<sup>6</sup>

## A low-carbon future?

*'Can we possibly allow twenty years of 'business as usual' before coal-power generation becomes clean? Are we truly investing enough in renewable energy technology?'*

HRH Prince Charles, February 2008<sup>7</sup>

### Emissions

E.ON has impressive targets to reduce its emissions over the coming decades. Globally, the company says it will reduce the carbon intensity of its power generation by 50 per cent of 1990 levels by 2030.<sup>8</sup> Yet, the choice of the year 2030 is telling, as this target in part relies on carbon capture and storage mitigating emissions from coal-fired plants – a technology which most commentators agree may only be available from 2020 on a commercially viable scale, five years after global emissions will need to have peaked and started to fall.<sup>iii</sup> E.ON says that, worldwide, it 'won't build any new coal stations without carbon capture and storage after 2020' with the qualifier: *'if it's proven technologically and commercially'* (emphasis added).<sup>9</sup>

### Fuelling the future

Although the government sets the regulations that can incentivise or discourage energy choices, and the market sends signals via the price of carbon, ultimately it is the big power companies<sup>iv</sup> that make the investments that determine where our electricity is going to come from in future.<sup>v</sup> Wulf Bernotat, E.ON's Chief Executive Officer, said at this year's Annual General Meeting on 30 April, 'Coal will have a place in this energy mix. Anything else would be illusory and irresponsible.'

E.ON has applied to build the first new coal-fired plant in the UK since 1974. If approved, Kingsnorth in Kent will open the way for at least five other coal-fired plants that could threaten the UK's emissions reduction obligations<sup>vi</sup> and undermine the UK's political leadership on climate change.

In a letter to *The Independent* newspaper, Oxfam, WWF, Friends of the Earth, Greenpeace, and others wrote that building Kingsnorth 'will do nothing to help the dramatic scale-up of renewables to meet a target announced just a month ago. It will not boost energy efficiency nor will it bring carbon capture technology a day closer. Above all, it will threaten to push us beyond dangerous climate tipping points, putting the poorest and most vulnerable around the world at risk and threatening our long-term economic wellbeing.'

Centrica, another of the UK's largest six power companies, publicly refused to contemplate becoming involved in new coal-fired plants, unless fitted with 'carbon capture and storage' (CCS). In contrast, E.ON wants to invest in coal now, in the absence of this new technology, which it admits 'has not yet been proven'. It also offers no guarantee that CCS will ever be retrofitted to Kingsnorth,<sup>10</sup> as this would happen only '...once the technology has been demonstrated at a commercial scale' and if 'regulatory and market conditions reward the investment'.<sup>vii</sup>

The UK's Environmental Audit Committee warned this summer, 'We cannot emphasise strongly enough that the possibility of CCS should not be used as a fig leaf to give unabated coal-fired power stations an appearance of environmental acceptability.'<sup>11</sup>

Professor James Hansen of NASA, a leading authority on climate change, calls Kingsnorth 'a terrible idea. One power plant with a lifetime of several decades will destroy the efforts of millions of citizens to reduce their emissions.'<sup>12</sup> If built, Kingsnorth would emit over seven million tonnes of CO<sub>2</sub> per year: more than the annual emissions of 30 developing countries combined.<sup>13</sup>

E.ON states, 'We support the fastest-possible transition to a low-carbon future'<sup>14</sup> and that 'E.ON is passionate about renewable energy. Indeed few companies are doing more.' Globally, it says that it will spend six billion euros on renewables between now and 2010; by 2015 it aims to generate 18 per cent of its electricity from renewables.<sup>15</sup> However, in 2007, the company had one of the lowest percentages of renewable generation per kilowatt-hour of electricity<sup>16</sup> of any of the major power producers in the UK. To encourage power companies to source more of the electricity they sell from renewables, the government has set up the Renewables Obligation. In the last reporting year, 2006–7, E.ON had the lowest percentage of Renewables Obligation certificates of the top six power producers.<sup>17</sup>

## Creating the climate for change

### Targets

In 2007, WWF conducted a major survey of the UK's six largest power companies, assessing them on their support for progressive public policy on climate change.<sup>18</sup> E.ON scored well in supporting rigorous global, EU and UK targets for emissions reductions.<sup>ix</sup> Significantly, however, it scored poorly when it came to support for the power-generation choices that would achieve the emissions-reduction targets it supports.<sup>x</sup>

### Policies

The two policy issues of most relevance in E.ON's case as a major power generator are the decision on the Kingsnorth coal-fired plant, due by early 2009, and the Renewable Energy Strategy, on which consultation closed at the end of September 2008. On both these key issues, E.ON is playing a very public, influential role, which ultimately threatens to urge the UK government down the wrong path.

Paul Golby, E.ON's Chief Executive, is a vocal and high-profile public advocate for new coal-fired plants,<sup>19</sup> recently threatening that if new coal were not added to the energy mix in the UK, then the UK will fail to 'secure our energy future and keep prices affordable... And how do we fill the energy gap if no new coal plants are to be permitted for at least the next 10–15 years?'<sup>xi</sup>

The close and influential position E.ON enjoys with the government department that will decide Kingsnorth's future was revealed when Greenpeace made public the emails between the company and civil servants. In January 2008 a civil servant at BERR emailed E.ON to ask whether he should include CCS as a condition for approving Kingsnorth. E.ON replied that the government 'has no right to withhold approval for conventional plant.' Six minutes later the civil servant complied with E.ON's wishes: 'Thanks. I won't include. Hope to get the set of draft conditions out today or tomorrow.'<sup>xii</sup>

On renewable energy – both the government's Renewable

Energy Strategy and the targets for renewable generation set for 2020 – E.ON is playing a role that is both scaremongering and negative.

In August 2008, the weekend before the Climate Camp protest arrived at Kingsnorth, Paul Golby argued ‘no one should be under any illusion about what it will cost to achieve the ten-fold increase in capacity needed to meet the government’s climate change targets.’ The Business Secretary, John Hutton, estimates the cost at £100bn – or £4,000 for every household in the country.<sup>20</sup> Breaking down the cost of investment in renewables to a ‘per household’ level is disingenuous and makes burden seem overwhelming, particularly in a time of rising fuel bills. In fact, Gordon Brown argues that the £100 billion investment needed to drive up renewable generation will need to come mostly from private-sector investment.<sup>xiii</sup> The key issue remains the investment choices that private-sector actors, such as E.ON, choose to make.

On renewables targets, again Golby is downbeat. Speaking to *Reuters* after giving evidence on renewable energy to a parliamentary committee, he said, ‘Getting 15 per cent of energy from renewables translates into getting 35 to 40 per cent from electricity. We are nowhere near that and the obstacles in getting there are formidable.’<sup>21</sup>

Oxfam is under no illusion that achieving the ambitious targets set out in the Renewable Energy Strategy will be anything other than costly and difficult, but to avoid dangerous climate change we must dare to implement radical changes. To do that we need the UK’s largest power generators such as E.ON to come behind the government’s bold vision and to work to overcome obstacles together, as the National Grid in its forward-thinking strategy ‘Gone Green for 2020’ has shown is possible.<sup>22</sup>

<sup>i</sup> In 2002, German company E.ON bought Powergen, and now serves six million UK customers.

<sup>ii</sup> E.ON points out that it has reduced its carbon intensity by 20 per cent between 1990 and 2005 and aims to reduce it by a further 10 per cent between 2005 and 2012 (E.ON UK, email to Oxfam, 27 August 2008).

<sup>iii</sup> See, for example, The Guardian and Shell (2008) ‘The Carbon Question’, 25 June 2008, <http://www.societyguardian.co.uk/thecarbonquestion>.

<sup>iv</sup> The UK’s top six energy companies – in order of size, largest to smallest – are RWE, E.ON, Scottish and Southern Electricity, Scottish Power, EDF and Centrica.

<sup>v</sup> This has been the case since the electricity industry was privatised in 1989; equally, the top six power companies have great influence over how much of the UK’s energy mix will come from renewables.

<sup>vi</sup> The 59 million tonnes of CO<sub>2</sub> to be emitted by the six new coal plants would wipe out any progress made through the UK government’s plans for energy efficiency (25–42 million tonnes per year). See <http://www.publications.parliament.uk/pa/cm200708/cmhansrd/cm080110/debtext/80110-0003.htm#08011057000005> (accessed 4 July 2008).

<sup>vii</sup> E.ON is one of the four companies pushing to demonstrate Carbon Capture and Storage – but it will commit to capture up to 15 per cent of Kingsnorth’s CO<sub>2</sub> only if it wins the UK government’s CCS competition. The company has made it clear that it will go ahead with new coal regardless of whether it wins or not.

<sup>viii</sup> E.ON’s website notes that ‘We have around 1,300MW of wind farm schemes in development. This includes the largest investment planned for wind farm generation in the UK. The 180MW Robin Rigg offshore wind farm is due to start operating in the spring of 2009, and we are also partners in one of the world’s largest offshore wind farms, London Array’ (E.ON (2008) ‘What we are doing in our Generation activities’, <http://www.eon-uk.com/about/What%20we%20are%20doing%20in%20our%20Generation%20activities.aspx>). Globally, E.ON says that it will spend six billion euros on renewables between now and 2010; by 2015 it aims to generate 18 per cent of its electricity from renewables by 2015 (E.ON (2007) ‘Corporate Responsibility Report, 2007’, <http://www.eon.com/en/investoren/21258.jsp>).

<sup>ix</sup> E.ON states ‘We therefore support the EU’s objective of limiting global warming to no more than 2°C above pre-industrial levels.’

<sup>x</sup> E.ON scores ‘low tier/poor performance’ in the key areas of reliance of conventional generation and emissions trends (WWF (2006) ‘UK power giants: Generating Climate Change’, London: WWF).

<sup>xi</sup> In August 2008 WWF and Greenpeace released a report arguing that the ‘generation gap’ can be filled without using new coal and instead promoting renewables and energy efficiency. See [http://www.wwf.org.uk/news/n\\_0000005256.asp](http://www.wwf.org.uk/news/n_0000005256.asp).

<sup>xii</sup> The emails can be viewed at:

<http://www.greenpeace.org.uk/media/press-releases/government-climate-policy-dictated-by-german-utility-giant-20080131>.

<sup>xiii</sup> [Meeting the renewables target] will require an investment programme – and this is the huge opportunity – of around £100 billion over the next 12 years... Of course it will be for the private sector to make the investments in these technologies, and we want to encourage them. Today the government is setting out how right across the board we will get rid of the obstacles that have in the past held renewables back’ (Gordon Brown, ‘Creating A Low Carbon Economy’, speech to the Royal Bank of Scotland conference, 30 June 2008).

## The Confederation of British Industry: weakening key climate policies

### Why CBI?

The Confederation of British Industry (CBI) is the UK’s most-prominent business lobby group, speaking for some 240,000 businesses that together employ around a third of the private-sector workforce and include 80 of the FTSE 100, as well as small and medium-sized enterprises (SMEs).

The CBI enjoys a very close relationship with government, and has a position of great influence in key government departments.<sup>1</sup> As the biggest business lobby group in the UK, it uses its self-proclaimed position as the ‘voice of business’ to pressure government for the kinds of policies its members want. The CBI’s website boasts ‘No other business organisation has such an extensive network of contacts with government ministers, MPs, civil servants, opinion-formers and the media.’<sup>1</sup>

- ◆ The CBI wields massive influence as the UK’s premier business lobby group;
- ◆ Though the CBI has shown important progress, on key elements of climate policy it is still playing the role of blocker;
- ◆ By lending its considerable weight to the case for unabated coal and expanded capacity at Heathrow, the CBI is urging the UK government to commit to a high carbon future.

### Promising the earth

*‘We don’t have to return to the Dark Ages or live joyless lives to cut our carbon footprints – we just have to learn, together, to do things differently, with carbon becoming a new currency in our economy,’*

Richard Lambert,

Director-General of the CBI,

November 2007<sup>2</sup>

### A low-carbon future?

#### Emissions

A core group of companies within the CBI came together in 2007 as the Climate Task Force, comprising Chief Executives and Chairs from 18 of the UK’s largest companies.<sup>ii</sup> Task Force members have set targets to reduce emissions that are both laudable and ambitious. For example, member companies promise to develop new products and services that will empower UK households to halve their emissions by 2020 and to help their two million employees to achieve major cuts in their emissions<sup>3</sup> both at work and at home.<sup>iii</sup> The Task Force’s ambition to enable customers and employees to cut carbon emissions must be matched with equally-strong targets and action on addressing member companies’ operational emissions, as well as their wider carbon footprint. There has been some progress relating to operational emissions, which is welcome: ‘All the members of the Task Force have made a commitment to reduce their operational emissions from

buildings and transport fleets by at least as much as the government's targets. The lessons learned will then be rolled out to the rest of the CBI membership, in order to provide guidance and practical advice for all businesses across the UK.<sup>4</sup>

### Fuelling the future

The CBI has voiced serious doubts that the UK will be able to meet its 2020 emissions-reduction target.<sup>5</sup> Yet, at the same time, it is backing the very projects that will drive up emissions and threaten this target. Director-General Richard Lambert told a business conference in June 2008 that a third runway at Heathrow is 'a very important part of our future economic infrastructure'.<sup>iv</sup>

The Director-General also criticised Conservative leader, David Cameron's, proposal to ban new coal-fired power stations not fitted with CCS technology.<sup>v</sup> As described in the E.ON case study, Oxfam believes that a new generation of unabated coal-fired plants would have devastating impacts, threatening the government's emissions-reduction targets and sending out the wrong signals internationally. The CBI argues that it 'has key concerns regarding energy security, and therefore supports the new Kingsnorth power station... Whether or not Kingsnorth is built, the UK and EU energy sectors will still have to meet the EU carbon cap, and therefore overall emissions will have to decrease.'

The CBI supports the inclusion of aviation within the European emissions-trading scheme. This, and setting a decreasing cap on emissions under EU legislation are both important steps. However, continuing expansion of aviation, and the new generation of coal-fired plants that may be ushered in by Kingsnorth, will continue to drive up emissions in two key UK sectors: transport and energy. If the UK fails to meet its emissions-reduction commitments through robust domestic action, this will necessitate 'buying-in' credits from elsewhere. This is not a sustainable path to a low-carbon economy, and if followed the UK would not be acting first, fastest and furthest in cutting emissions.

The CBI states that 'Our doubts over whether the 2020 target can be met are based not on decisions about Heathrow or Kingsnorth, but on how quickly the economy can be turned round.' It is difficult to reconcile the CBI's belief that trading will solve the problems of increasing coal and aviation emissions, with its assertion that 'we take seriously our responsibility to cut domestic emissions, and therefore make clear that this is where our focus must lie.'<sup>6</sup>

## Creating the climate for change?

On climate change, as on other key issues, the CBI wields immense power to shape government policy. So is it a force for change or a 'blocker' of the climate policies we need?

Just a couple of years ago, the answer to this question would have been unequivocal: the CBI was renowned for seeking to dilute the government's early tentative steps to address climate change. For example, the CBI attacked the Climate Change Levy, a green tax to curtail greenhouse gas emissions,<sup>7</sup> and in budget year 2005/6 it succeeded in getting the levy frozen.<sup>vi</sup> Then it contributed to the failure of the first phase of the EU Emissions Trading Scheme,<sup>8</sup> by lobbying the UK government to allow UK industries more pollution permits than they actually needed.<sup>vii</sup>

But in November 2007, the CBI signalled a major change in direction, welcomed by green groups as a step forward. 'The CBI's position is almost unrecognisable from that of five years ago,' the CBI's main critic, Friends of the Earth, commented.<sup>9</sup>

This change was marked by the launch of a report by the CBI's newly-formed Climate Task Force, comprising chief executives and chairs from companies including British Airways, Tesco, BT, Shell, Barclays, BP and Ford. The report, *Climate change: everyone's business*, argues that climate change will only be tackled if it becomes an urgent, shared national priority for companies, consumers, and the government and identifies priority areas for action, including much higher energy efficiency and a major shift to low-carbon energy sources. Commenting on the report, Sir Nicholas Stern, author of the authoritative report for the UK government on the economics of climate change, said 'Business has shown real leadership in publishing this report. It provides a rigorous and realistic analysis of the issues and identifies the key policies...'<sup>10</sup>

Further, the report recognises the need to create virtuous circles between government, the private sector and the public. On the release of the report, Chair of the Task Force, Ben Verwayen, said: 'This is a call to action to the wider business community whose support we need, an offer of partnership with government, and a commitment to empower consumers.'<sup>11</sup>

So why is Oxfam singling out the CBI for criticism? The answer lies in the gap between the CBI's rhetoric and its responses to the concrete policy proposals that are needed to achieve change. It is almost as if the CBI were a 'Jekyll and Hyde' figure; with so many diverse members pulling it in different directions, the CBI is lacking the coherence on climate change that would make it truly a voice for positive change.

What really matters is whether the CBI backs the policies and actions that will allow emissions-reduction targets to be met. On several vital policy steps, it is reverting to its old mantra: 'we should not be premature', 'the costs for business are too high', 'we need to review the scientific case for emissions targets' etc.<sup>12</sup>

### Targets

Oxfam is part of the *Stop Climate Chaos* Coalition, campaigning for the UK Climate Change Bill to commit the UK to reducing emissions by at least 80 per cent from 1990 levels by 2050 – as existing science quite clearly points to the need for cuts of at least this scale for the world to keep warming below 2 °C.<sup>13</sup> The CBI argues for further delay: 'The international context and negotiations could benefit from a clear assessment that translates the fourth Intergovernmental Panel on Climate Change (IPCC) report and the latest science into an appropriate 2050 target. For this reason, it is preferable that the Climate Change Committee's 2050 assessment not be pre-empted by directly amending the Climate Change Bill to an 80 per cent target.'<sup>14</sup> The CBI is urging a wait-and-see game, which the planet's poorest people simply cannot afford to play.<sup>viii</sup>

Based on analysis carried out by McKinsey for the Climate Task Force, the CBI also believes that the UK's 2020 target for emissions reductions 'is already extremely difficult and likely to be missed', and that, therefore, the proposal for the Climate Change Bill 'to increase the 2020 target to 40 per cent

below 1990 should not be supported.<sup>15</sup>

### Policy support

There are several elements in the Climate Change Bill – to be enacted this autumn – that Oxfam believes are key to ensuring the UK achieves significant emissions reductions. In addition to opposing the fundamental step of setting an 80 per cent emissions reduction target, the CBI has also lobbied hard to remove most of the other progressive amendments to the Bill, with considerable success.<sup>ix</sup>

- ◆ Making it mandatory for companies to assess and declare their carbon emissions: forcing companies to come clean about their carbon footprints would enable government, consumers, investors – and companies themselves – to make informed decisions about how to cut emissions. But the CBI opposes the inclusion of mandatory disclosure in the Bill, preferring instead ‘to develop and promote a business-friendly standard for large companies and SMEs’.<sup>16</sup> Following CBI lobbying, mandatory disclosure has been dropped from the Bill.<sup>x</sup> *Christian Aid*<sup>17</sup> roundly condemned the backtracking, saying the Bill had been ‘eviscerated’ as a result.<sup>xii</sup>
- ◆ Limiting the use of emissions credits: Oxfam believes it is the UK’s responsibility to cut emissions first, furthest and fastest. To do this, we must embark on a low-carbon path by cutting emissions domestically, and limit the number of ‘credits’ we buy in from poorer countries. The CBI ‘has also lobbied against [this] amendment’<sup>18</sup> limiting the use of international carbon credits to meet the UK’s emission reduction targets.<sup>xiii</sup>
- ◆ Including aviation and shipping emissions: air traffic and shipping contribute significantly to UK emissions. Given their growing importance over the coming decades, Oxfam believes aviation and shipping must be addressed in the Climate Change Bill if emissions reduction targets are to be credible. Again though, the CBI argues that this should be ‘achieved via secondary legislation rather than being prematurely set out on the face of the Bill’ and urges ‘proper consultation’. ‘We support the inclusion of aviation in EU Emissions Trading Scheme, which will ensure that emissions are capped and set on a downward trajectory. The Climate Change Committee will advise the Government on the future inclusion of both aviation and shipping, and therefore we await their proposals.’ This recalls the language of the ‘old’ CBI.

Also key to the UK’s ability to meet its emissions-reduction targets is a huge increase in the deployment of renewable energy and avoiding such regressive steps as building new unabated coal-fired plants and expanding aviation capacity. Yet again, on these vital points, the CBI is on the wrong side of the fence.

The CBI opposes the EU target of increasing the share of renewable energy to 20 per cent of all energy by 2020, saying that ‘business has long supported pragmatic and cost-effective solutions to meeting our carbon targets, but the EU renewables target is neither of these things.’<sup>19</sup> Earlier this year, CBI Director-General Richard Lambert also argued that increasing the UK’s renewable energy generation would ‘cost a hell of a lot of money’ and said there was no chance of the UK meeting EU targets for renewable energy by 2020.<sup>20</sup> Consequently, in July 2007, when the UK government

released its bold vision for increasing renewable generation in its Renewable Energy Strategy, the CBI reacted with predictable gloom. Its Deputy Director-General, John Cridland, said the UK renewable target is ‘likely to cost the UK an additional £6 billion a year, much of which will fall on businesses and households...’<sup>21</sup> adding ‘we are concerned over whether the very high level of renewables the document envisages, particularly for electricity, is feasible and cost-effective.’ At the same time as pouring cold water on much needed progress on renewables, the CBI continues to promote emission-boosting plans such as the third runway at Heathrow and unabated coal-fired plants.

On the EU’s Emissions Trading Scheme, the CBI takes a progressive stance on what could be done with the revenues from auctioning permits, saying that the money should be used ‘to support the low-carbon agenda’. However, it then urges that certain sectors be exempted from having to pay for their permits, arguing that ‘free allocation for sectors genuinely at risk from carbon leakage is needed, with the process for determining this speeded up.’<sup>22</sup> As Claude Turmes MEP, Rapporteur on Renewable Energy, says, such exemption ‘would mean that when considering new investments, those industries that pollute the most would be completely off the hook from the ‘polluter pays’ principle, with disastrous consequences...’<sup>23</sup>

The CBI is a key player in determining the UK’s forecast for tomorrow. It has already shown itself capable of creative and positive thinking through its Climate Task Force. It is vitally important that it now uses its significant influence to drive forward the ambitious, innovative change needed for the UK to demonstrate leadership in the response to climate change.

<sup>i</sup>The CBI website notes: ‘Working on over 80 policy issues that directly affect business at any given time, the CBI is second-to-none at achieving wins for business. Such is the strength of the CBI’s reputation that government frequently approaches the CBI for advice and opinion’ (CBI (2008) ‘Membership’, <http://www.cbi.org.uk/ndbs/content.nsf/802737aed3e3420580256706005390ae324c1ff6df552c9a802570450038a33b?OpenDocument>).

<sup>ii</sup>The Climate Task Force, now renamed the CBI Climate Change Board, comprises BT, Barclays plc, McKinsey & Co. Inc UK, BP plc, Ineos, The Ford Motor Co Ltd, RWI Npower plc, Sun Microsystems Ltd, CBI Director-General, Aviva plc, Tesco plc, Taylor Wimpey plc, Rolls-Royce plc, Bio Group Ltd, Royal Dutch Shell plc, Corus, British Airways plc, and Siemens UK.

<sup>iii</sup>In addition, the Task Force aims to beat a government target to cut emissions from its road vehicles by 15 per cent by 2010–11, and to cut emissions from its buildings by 12.5 per cent by 2010–11 (CBI (2008) ‘Climate change: everyone’s business: update, May 2008’, [http://www.cbi.org.uk/pdf/Climate\\_change\\_v4.pdf](http://www.cbi.org.uk/pdf/Climate_change_v4.pdf)).

<sup>iv</sup>The CBI told Oxfam ‘The CBI does support a 3rd runway at Heathrow as long as environmental criteria are met, but we also support the inclusion of aviation in the EU ETS, which would ensure that the 2020 emissions reduction target is not threatened’ (CBI (2008) email response to Oxfam, 22 August 2008).

<sup>v</sup>Richard Lambert said David Cameron’s speech ‘proposed new standards which would amount effectively to a ban on new coal fired stations – even the more efficient latest designs – unless they had carbon capture technology. The reality is that we don’t yet know the cost and feasibility of full scale carbon capture and storage. And with the tough emissions trading cap to which industry is signing up, we already have a mechanism for ensuring that generators meet their carbon targets without the need to ban particular generating technologies.’ He also called the third runway at Heathrow ‘a very important part of our future economic infrastructure’ (Richard Lambert, speech to Siemens’s ‘Answers for Sustainability’ conference, 23 June 2008).

<sup>vi</sup>The CBI responds that the Climate Change Levy is not effective: ‘We do not believe that the Climate Change Levy is very effective as a climate change policy measure. The levy represents a fraction of most companies’ energy costs and therefore does little, especially in the context of rising energy prices, to incentivise companies to use less energy. However, we do believe there is a role for fiscal incentives in driving change towards a low carbon economy, and we are currently working on how this can be best achieved. Environmental taxes must be designed to achieve their objectives, without simply adding to business’ financial pressures’ (CBI (2008) email response to Oxfam, 22 August 2008).

<sup>vii</sup>Over-allocation of permits resulted in a lack of scarcity in the market, with the result that the price of carbon fell from 30 euros per tonne in April 2006 to just 10 cents per tonne in September 2007. As industries in the UK and elsewhere were granted permits for more emissions than they had historically generated, overall verified emissions increased over the first phase of the EU Emissions Trading Scheme. For the countries for which data is available, emissions actually increased by 1.9 per cent between 2005 and 2007. This problem has now been recognised and addressed by the EU for phase II of the scheme (see European Commission Press Release, 23 May 2008: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/787&format=HTML&aged=0&language=EN&guiLanguage=en>). The CBI responds, ‘In the first phase of the EU ETS the government made a mistake (which it has acknowledged) with the original figures that underpinned the draft allocation of permits sent to the Commission. The revised allocation sought by Government and which we supported was actually tougher than the original, because the baseline against which emissions cuts need to be made was higher than first thought’ (CBI

(2008) email response to Oxfam, 22 August 2008).

<sup>viii</sup>The CBI argues, 'Regarding the target for 2050, we have made it clear that science should determine the target, and that the Climate Change Committee is best placed to judge that. They will be coming out with their results on this issue in December 08. The Committee on Climate Change is better placed than Oxfam to make a decision on the 80% target' (CBI (2008) email response to Oxfam, 22 August 2008).

<sup>ix</sup>'Our concerns include that Bill amendments attempt to move away from rolling five year targets, tighten the 2020 target, increase the 2050 target, place limits on the use of international emission credits, include aviation and shipping in carbon budgets, reduce flexibility provisions, limit future schemes that may be created under the Bill's enabling powers, mandate emission reporting and attempt to increase the Climate Change Committee's powers. Partway through committee stage, the CBI brief has been cited by peers and several of the amendments of concern have been withdrawn' (CBI (2008) 'CBI and environment', <http://www.cbi.org.uk/ndbs/content.nsf/802737aed3e3420580256706005390ae/b816b48bc18d99d4480256bc7006582f8>).

<sup>x</sup>The CBI welcomes the government's intention to develop non-statutory guidance for reporting carbon emissions rather than move straight to mandatory reporting, given the need to resolve some of the complexities about how mandatory reporting would work' (CBI (2008) 'CBI and climate change', <http://www.cbi.org.uk/ndbs/content.nsf/802737aed3e3420580256706005390ae/cf18bb5e326e606a80257260003a9e1270OpenDocument>).

<sup>xi</sup>The CBI argues, 'The CBI supports mandatory carbon reporting once the methodology is clear, and is working with businesses to develop this' and that 'We believe a widely supported, clear standard for reporting can be established in the next few years' (CBI (2008) email response to Oxfam, 22 August 2008).

<sup>xii</sup>The CBI again says that it prefers to rely on the advice of the Climate Change Committee 'rather than an arbitrary figure on the face of the Climate Change Bill' (CBI (2008) email response to Oxfam, 22 August 2008).

<sup>xiii</sup>The CBI argues, 'The expansion of renewable energy is a key element in moving the UK towards a low-carbon economy, but arbitrary targets are not the best way of driving growth in this market' (CBI (2008) email response to Oxfam, 22 August 2008).



# PUBLIC CASE STUDIES

## Individual action: changing lifestyles

### Promising the earth

*'We will build irresistible popular pressure on politicians to act – and act fast. If we choose, we can make our politicians, at home and on the international stage, take the actions needed. And that means making your voice, your actions, count.'*

*'I Count' Campaign, Stop Climate Chaos*

### A low-carbon future?

In the UK, millions of people are taking at least some action – however small – in a personal effort to limit climate change. Three-quarters of us now feel a growing pressure to change the way we live to limit the impact of climate change.<sup>1</sup>

Examples of this personal commitment to act on climate change are numerous. Seventy thousand people signed up to the *Stop Climate Chaos 'I Count' Campaign* during a single weekend at the Glastonbury Festival in 2007. Ordinary people's commitment to action was also evident in a competition run by Oxfam to find who had the lowest carbon footprint among its supporters. In the competition the three winners each recorded CO<sub>2</sub> footprints that were a fraction of the UK average, achieved by a long-term effort to live low-carbon lifestyles, but which involved many everyday actions open to all of us – from insulating our homes to buying energy-efficient appliances and using transport differently. The three winners were each members of Carbon Rationing Action Groups (CRAGs) in their home cities of Glasgow, York, and London. Anna Plodowski from London, a winner who recorded an annual carbon footprint of less than a tonne of CO<sub>2</sub> – compared to the UK average of 11 tonnes – said, 'I entered the competition because I wanted to show that there are many people who are working to reduce their personal greenhouse gas emissions, and that low-carbon living really is possible.'

The collective potential of personal action to reduce CO<sub>2</sub> emissions is huge. As Michael Pollan, writing in the *Guardian* newspaper, says: "The Big Problem" is nothing more or less than the sum total of countless little everyday choices, most of them made by us (consumer spending represents 70 per cent of our economy), and most of the rest of them made in the name of our needs and desires and preferences.<sup>2</sup> As an example, the Energy Saving Trust calculates that if the 12.56 million UK homes with inadequate loft installation had it upgraded, it could save the emission of 3.75 million tonnes of CO<sub>2</sub>. This is aside from the financial benefit for those who take action. For example, by installing loft and cavity wall insulation, a typical family could save up to £200 a year on energy bills.<sup>3</sup>

#### Current attitudes

There is evidence from many opinion polls that most people, despite some cynicism and confusion, are opting for climate-friendly or ethical behaviours. For example, Ipsos

Mori found that buying Fairtrade food and organic products<sup>i</sup> and recycling had become normal for many people. And while such actions are a small part of the lifestyle change needed, they can be a first step to more far-reaching action. The poll found, 'From niche, humble and often very worthy beginnings, some of these [ethical and environmental behaviours] have now reached the social and commercial mainstream (recycling, energy conservation, free range eggs, organic food and Fair Trade, for example) while others lie in wait (e.g. microgeneration, carbon offsetting and 'responsible' tourism).'<sup>4</sup>

In Oxfam's own research among its supporters, nearly everyone said they recycled, and large numbers bought energy-efficient bulbs and were switching off lights. But there was evidence of other more time-consuming actions; more than a quarter had also taken political action, contacting their MP about climate change.<sup>5</sup>

Similarly, in its Green Barometer survey, the Energy Saving Trust found that, from a basket of seven energy-saving options, the number of actions taken was going up. More and more people were buying energy-saving light bulbs, and increasing numbers were also making other, more involved choices, particularly cavity and loft insulations, and boiler installations.<sup>6</sup>

Another positive phenomenon is the rise of online campaigns and communities, such as the *I Count*, *BBC Green*, and *Together* websites, which encourage people to make changes in their everyday lives.<sup>ii</sup> Taking action at the personal or household level no longer makes people feel isolated and futile, but part of a powerful collective effort. The *I Count* site has signed up over 190,000 people, taking separate actions that range from small energy-saving measures to more involved changes in lifestyle. *Together.com* is international, and in the UK it has attracted pledges from individuals to cut more than 500,000 tonnes of CO<sub>2</sub> emissions.

#### Trends

One of the positive results of individual action on climate change is that there is a clear parallel expectation that business also acts – 76 per cent of Ipsos Mori respondents thought business had some role to play in limiting climate change.<sup>7</sup> Business now increasingly understands that what they do or do not do about climate change can put a reputation as a good corporate citizen on the line. This is true, for example, of M&S, whose Chief Executive Officer reported that 'Customers tell us that this is what they want M&S to do... they told us they wanted to understand the bigger picture and that they expected M&S to take a lead on issues like climate change and waste. Because we believe in giving our customers what they want, and in keeping at least half-a-step ahead of them as we do so, we responded with Plan A.'<sup>8</sup>

Even in the current economic downturn the pressure for business to be environmentally responsible, and act to cut CO<sub>2</sub>, is likely to remain what John Gummer MP called 'a permanent feature in the marketing landscape'. According to Bob Watson of Ipsos Mori, the polls agree; 'It's true that the economy, which was for years eighth or ninth on the list of things people worry about, is now back near the top. But greenery is well-embedded. Economic gloom can knock it back, but it will return, and each time, it returns more strongly'.<sup>9</sup>

## Creating a climate for change

The strength of individual action is that, by example, it multiplies itself and becomes the norm. One survey found that at least as many people (around a third) think it is normal in their area to act on climate change as do not.<sup>10</sup> This too is the strength of online campaigns, which make action on climate change feel normal, cumulative, and powerful. The Energy Saving Trust found that 40 per cent of people are now part of some kind of virtual online community, so this is clearly a way to increase the level of personal action on climate change.<sup>11</sup>

This power of personal influence is an important one. The Energy Saving Trust estimates, for instance, that each of us has 170 people in our social network and that we have the capacity to influence a large number of these. Its research also found that the most influential citizens were already acting as a trustworthy source of advice to ten or more people on energy-related issues and start an average of three conversations a month on climate change.<sup>12</sup>

The *Guardian* newspaper's ethical-living website explains, 'If you do bother, you will set an example for other people. If enough other people bother, each one influencing yet another in a chain reaction of behavioural change, markets for all manner of green products and alternative technologies will prosper and expand. (Just look at the market for hybrid cars.) Consciousness will be raised, perhaps even changed: new moral imperatives and new taboos might take root in the culture. Driving an SUV or eating a 24oz steak or illuminating your house like an airport runway at night might come to be regarded as outrages to human conscience. Not having things might become cooler than having them. And those who did change the way they live would acquire the moral standing to demand changes in behaviour from others – from other people, other corporations, even other countries.'<sup>13</sup>

Encouraging personal action, and creating a perception that action is relevant, desirable and normal, is a key job for communicators and campaigners for climate change action. 'It remains a challenge to make climate-friendly behaviour desirable, not dutiful, in ways that are meaningful to the population at large.'<sup>14</sup>

In creating a climate for change, individual action is key. Individuals have power to influence as consumers and members of their social network. It is also vital that, as the *Stop Climate Chaos/I Count* campaign has done so successfully, people also make the connection between personal and political action and recognise that they are entitled to demand change from government and business too.

<sup>10</sup>Organic food uses 26 per cent less energy than non-organic per kg of food (Patrick Holden, Soil Association director, quoted in C. Brown (2008) 'Green tax revolt: Britons "will not foot bill to save planet"', the Independent, 2 May 2008, <http://www.independent.co.uk/environment/climate-change/green-tax-revolt-britons-will-not-foot-bill-to-save-planet-819703.html>).

<sup>11</sup>[www.icount.org.uk](http://www.icount.org.uk), [www.bbcgreen.com](http://www.bbcgreen.com), [www.together.com](http://www.together.com).

## Community action: acting locally, together

### Promising the earth

'We know that 90 per cent of people would save more energy if they knew their community had the capacity to save more.'<sup>1</sup>

Energy Saving Trust

### A low-carbon future?

Communities across the UK, impatient with the lack of progress from central government, are demonstrating that action on climate change can be both possible and effective. Often working through, or in partnership with, local or parish authorities, communities are working to inspire action and change.

The Institute for Public Policy Research identifies this power of community in its *Warm Words II* report, singling it out as a leading force for change. 'The "unit" of the physical locality allows a degree of reification – making real and concrete – of the otherwise abstract and unknowable connection between action and effect in the area of climate change. Furthermore, addressing people as members of a located community positions them as having more power to act: they are big fish in a small pond, not powerless members of an unmanageably large group.'<sup>2</sup>

In its energy White Paper, the government identifies 'several key barriers currently hindering greater take-up of energy efficiency... For the individual, lack of information and motivation are primary barriers.'<sup>3</sup> Acting as part of a community overcomes these barriers, as people share their ideas and galvanise each other to action.

#### Current attitudes

A prime example of one of many effective community initiatives is the Cheshire village of Ashton Hayes, which began its carbon neutral project in November 2005. The village, a community of around 1,000 people, set out to reduce and offset its CO<sub>2</sub> emissions, aiming to declare itself carbon neutral within five years.

More than 400 people – half the adult population of the village – attended the launch meeting of the project. Founder and driving force behind Ashton Hayes' efforts, Garry Charnock explains, 'Everybody's talking; for God's sake, we have to do something about it. We're no experts in all this; we're just giving it a go and seeing where it leads.'

The village conducted its first energy survey in May 2006, calculating the average personal carbon footprint in the village at between 12 and 13 tonnes of CO<sub>2</sub> a year. The project carefully lists the assumptions on which these calculations are based – recognising that, while some actions lead to 'clearly definable CO<sub>2</sub> reductions, others are more uncertain. 'For example, assessing the effect of food we opt to buy not only involves the distance food is transported, but the scale of the logistics operations, the growing conditions, packaging, seasonality, waste and many other things.' The intention of the village's project is to learn – and modify its calculations and actions accordingly. 'Our village project is the first one of its kind in the UK, and we shall be learning about emissions

measurements as we go along.’

In the two years since the village declared its aim to go carbon neutral it has cut its emissions by 21 per cent. There are many ways this has been achieved: from cutting car use to reducing the number of flights villagers take. Households receive advice about energy-saving measures such as insulating lofts, and people can borrow ‘smart meters’ to work out how much energy their appliances use and adjust their behaviour accordingly. The project has also persuaded the Highways Authority to provide a footpath to the nearby train station, helping to cut car use. The village school has installed solar water heating, trees are being planted, and a wood coppiced for fuel. There are plans too for the village to generate its own electricity using a wood-chip micro-generator.

Tracey Todhunter, a teacher and resident of the village, said of the project. ‘It gives me optimism for the future. It gives me hope that people in small communities can make a huge difference to climate change, that we can actually act together and work together to reduce our energy consumption and our greenhouse gas emissions.’<sup>4</sup>

### Trends

Ashton Hayes is important, not just because of what it is achieving itself, but because its declared aim is to encourage other communities to go carbon neutral. It is now the centre of a low-carbon community network and has inspired over 300 communities across the UK and abroad, which have begun similar projects or are planning to. It is organising a second national conference of low-carbon communities in October 2008 to share experience and ideas, and to provide mutual support, demonstrating that it has become a catalyst for action.<sup>1</sup>

Transition Towns are another example of a growing trend for community action. They focus on the twin pressures of climate change and peak oil – the idea that cheap fossil fuel energy is reaching a peak, meaning supply will fall off and prices rise. Transition Towns work to ‘reduce their carbon footprint and increase their ability to withstand the fundamental shift that will accompany Peak Oil.’<sup>5</sup> Transition includes a huge variety of locally inspired initiatives to reduce energy use and increase community support and self-sufficiency, from solar power initiatives to local currency schemes.

Kinsale in Ireland declared itself the first Transition Town in 2005. Transition Totnes followed in 2006, drawing on the ‘collective genius of the local community’ to start the town on a journey towards a low-energy, low-carbon future. Now more than 60 communities, towns, and cities across the UK have joined the Transition Towns network – cities such as Norwich, Nottingham, Bath, and Coventry, and smaller communities such as Ottery St Mary, with a population of 7,500.

The Transition Towns website explains, ‘Transition Initiatives exemplify the principle of thinking globally, acting locally ... whenever you do this kind of work, you’re inspiring other people. And then they take up the challenge and inspire others. And so it goes on. This way, your small contribution can multiply many times over and be truly significant.’<sup>6</sup>

## Creating a climate for change

What Transition Towns and the low-carbon village movement demonstrate is that there is already a climate for change in the UK, and a desire on the part of communities of all kinds to initiate action on climate change. Mark Lynas, a leading climate commentator, says ‘These projects share a recognition that national government has lost the initiative on tackling global warming... ministers are plodding timidly behind the more visionary initiatives of communities across the land.’

<sup>1</sup>For more information, see <http://low.communitycarbon.net>.

## Political action: we can create a climate for change

### Promising the earth

*‘Brown will say to you, he’s said to me before: ‘What are you doing to mobilise the public? Why aren’t you getting the public on board? Why aren’t you opening up the political space?’*

John Sauven, Greenpeace<sup>1</sup>

### A low-carbon future?

A large majority of us – 68 per cent in one Mori poll – want the government to do more about climate change.<sup>2</sup> For a growing number of people, in a growing coalition of protest and campaign groups, this is not a passive desire but something in which people are actively prepared to engage. In fact, climate change is now the focus of a mass movement of non-government organisations and campaign and protest groups – the largest since the anti-poverty and debt protests of the late 1990s.<sup>3</sup>

These collective political actions of individuals are a key positive force in the creation of a low-carbon future. Such actions open what Gordon Brown is said to have called a ‘political space’, where government not only feels it has the support to take the difficult decisions necessary, but also sees that it has the opportunity.

### Current attitudes

A significant force in the mainstream movement for action on climate change is the *Stop Climate Chaos* coalition. Currently it consists of 70 organisations, which together represent between four and five million people. It includes a broad range of groups and has grassroots appeal. Not only are Greenpeace, Friends of the Earth, and Oxfam members, but so too are the Women’s Institute, Surfers Against Sewage, student and faith groups, unions, and health charities. According to Ashok Sinha, Director of *Stop Climate Chaos*: ‘We believe that civil society organisations are in a unique position to mobilise public concern, and through this the necessary political action ... the voluntary sector has real credibility with politicians ... their members are active, and prepared to engage with fellow citizens.’<sup>4</sup>

The success of the coalition has been to define a collective

focus and agenda across a huge range of organisations. High-profile campaigns run within the *Stop Climate Chaos* coalition include Friends of the Earth's *Big Ask* campaign, which led the way on demanding that cuts in CO<sub>2</sub> emissions be written into law in a Climate Change Bill. The BBC's Political Editor, Nick Robinson, said of the campaign: 'People often say "Does anything change politics?", well here it has.'<sup>5</sup>

The Climate Change Bill represents the success of the coalition – and for the world's fifth-largest economy to frame such a law is a crucial statement of leadership, but one that originates in the political actions of large numbers of individuals. Over half a million people contacted their MPs during the campaign around the Bill. And MP Steve Webb, Liberal Democrat Shadow Secretary of State for Environment, Energy, Food and Rural Affairs, said, 'Not one of us has failed to have been inundated with postcards, letters and visits from you on the Climate Change Bill. The volume of this campaign has made us think again.'<sup>6</sup>

### Trends

There is a growing alliance of groups taking political action around the issue of climate change. Groups such as WeCAN, co-founded by the journalist Rosie Boycott, are appealing to middle-class people, who would not otherwise think of campaigning or who are not members of an environmental group. 'We want to appeal to the good citizens of England, the ones who keep things ticking over and never complain ... Our role is to give government a mandate and say we, the voters, do care about the planet.'<sup>7</sup>

Other groups are more radical, such as Climate Camp and Plane Stupid; they appeal – among others – to younger protesters and have inspired direct action of the kind that blossomed during the road protests of the 1990s. Actions that, for example, began with the climate camp at the Drax power station in Yorkshire in 2006. Writing in the *Independent* at the time, Johann Hari said of them: 'This phenomenon is genuinely new under the sun: riots for restraint. The protest pattern since 1968 has been of young people demanding an abandonment of limits and restraints, and a sober older generation lecturing them on the need for responsibility. Last week saw precisely the opposite. These protesters came here to protest against the disinhibited vandalism of their parents' generation, and to call for a massive slash in carbon emissions.'<sup>8</sup>

What the new protest groups have in common, along with a skilled appreciation of the power of using the media, is that they represent a broad and growing constituency of opinion among ordinary people in the UK that government and corporate action on climate change is needed now.

They also illustrate the growing focus of climate change campaigning on specific policies and places, for instance the planned new runway at Heathrow, and the Kingsnorth power station, site of the first of a proposed new generation of coal-fired power stations. For an issue such as climate change, that many people still see as remote and without relevance in their own lives, the growth of these community-specific campaigns will be important in future political action around climate change.

## Creating a climate for change

What, on the face of it, might seem strange alliances are

being thrown up by the growing number of organisations involved in political campaigns around climate change. For instance, Friends of the Earth and Help the Aged are campaigning together on fuel poverty, while protests at the Kingsnorth power station include everyone from WeCAN and Climate Camp to mainstream organisations such as Oxfam. Organisations of all kinds are learning from each other, and discovering the power of coalition action.

Political action around climate change is no longer seen as simply a green issue, but as an issue of justice for many of the world's poorest and most vulnerable people – an issue that is of central concern to those who work with indigenous peoples or the elderly, or focus on human rights or corporate responsibility. A broad and politically-active coalition has formed that will not only be hard to ignore, but that can create the political space that government says it needs.

## Cynicism: what we believe and what we do

### Promising the earth

*The people who before were saying, 'It may or may not be happening, who cares?' are now saying, 'This is something we'll have to deal with – but how do we do it?'*<sup>1</sup>

Chris West,  
Head of the UK Climate Impacts Programme

### A low-carbon future?

In the public response to climate change there is a gap between what most of us believe and what we seem prepared to do about it.

A May 2008 Mori poll into attitudes towards climate change found that more than three-quarters of people said they were 'fairly' or 'very concerned'. Yet only 13 per cent thought that any significant lifestyle changes should be required of them. Around a quarter of those in the survey judged that their personal responsibility involved small steps such as recycling and turning off the lights – and 'no more'. In addition, people were pessimistic about the likelihood of other people doing anything much about climate change. In this survey over 77 per cent of people agreed that 'people say they're concerned, but at the end of the day they are not prepared to make big sacrifices for the environment'.<sup>2</sup>

#### Current attitudes

A number of factors create this gap between belief and action about climate change. First there is an absurd disproportion of scale between the language used to describe climate change and the everyday solutions that are often proposed – a juxtaposition typified by headlines like '20 things you can do to save the planet from destruction'.<sup>3</sup>

Author Michael Pollan, writing in the *Guardian* newspaper, found himself depressed by Al Gore's call to action in the film *An Inconvenient Truth*. 'I don't know about you, but for me the most upsetting moment in *An Inconvenient Truth* came long after Al Gore scared the hell out of me, constructing an utterly convincing case that the very survival of life on earth as we know it is threatened by climate change. No, the really

dark moment came during the closing credits, when we are asked to... change our light bulbs. That's when it got really depressing. The immense disproportion between the magnitude of the problem Gore had described and the puniness of what he was asking us to do about it was enough to sink your heart.<sup>14</sup>

Second, cynicism blocks action from individuals. This is partly because of the very visible lack of success from the UK government in meeting its own CO<sub>2</sub> reduction targets. 'In Britain, carbon emissions have risen in five out of the 10 years that New Labour has been in power and are now 2.2 per cent higher than they were in 1997. By any standards the government is doing very badly when it comes to taking effective action to deal with carbon emissions.'<sup>15</sup>

Phil Downing, Head of Environmental Research for Ipsos Mori, says in the *Guardian*: 'There's cynicism because on the one hand we're being told [the problem] is very serious and on the other hand we're building runways, mining Alaskan oil; there's a lot going on that appears to be heading in the opposite direction.'<sup>16</sup>

Third, action is blocked because of our confusion about what scientists believe about climate change. Sixty per cent of us still think that the scientific community questions whether humans are contributing to climate change.<sup>7</sup> This is despite the consensus reached by the IPCC, which has made the link between human action and climate change with a 90 per cent certainty.<sup>8</sup>

This public confusion results from a vocal minority continuing to skew public perception of the debate. Climate change author, Mark Lynas, argues that they 'don't have to win the debate – they simply have to confuse the public indefinitely'.<sup>9</sup>

### Trends

Cynicism is affecting what people are willing to do themselves – and by extension – what government measures they will support. A key issue today is the government's proposed 'green taxes', such as fuel duty and increases in road tax for polluting vehicles. Ipsos Mori found that while more than two-thirds of people backed the idea of more government action, 59 per cent thought the government was using climate change to raise tax revenue.<sup>10</sup>

This is a vital question of trust. Green taxes are an important mechanism for influencing the way we consume, and for how much CO<sub>2</sub> we are responsible, so it is crucial for people to be assured of their benefits as well as their costs.

'Green taxes shouldn't be as unpopular – they're backed by the public in principle and other research shows them considered favourable to income and council tax,' says Phil Downing.<sup>11</sup>

Mike Childs, Head of Campaigns for Friends of the Earth, says that the government is generating a cynical response to green taxes. 'People do get cynical unless they see benefits. The government is playing a dangerous game. They are using climate change to identify potential new taxes and revenues but the public aren't seeing anything in return. The public aren't being helped to go green.'<sup>12</sup>

Green taxes must also be backed by a commitment to help the poorest people. In a report for Oxfam, the New Economics Foundation identifies fuel poverty as now affecting more than three million households in the UK – those who spend

more than 10 per cent of their income on fuel bills.<sup>13</sup> Fuel poverty already causes the deaths of between 20,000 and 50,000 elderly people in the UK.<sup>14</sup> 'While 'green taxes' are designed to protect the environment by cutting the use of energy (gas, electricity, oil), unless the correct balance of compensation to the poorest households is made, they will add to an unfair price burden that these households already experience.'

It may even be that what the *Independent* newspaper identifies as a 'new frugality' will result from the convergence of increasing fuel prices, environmental awareness, and fashion, and 'might even help dispel the notion that frugality means puritanism'.<sup>15</sup> Mori's findings that 'a sustainable home' was identified by large majority with the words 'modern', 'fashionable' and 'attractive' suggests that in the UK we are ready to be more energy-savvy in the way we live.<sup>16</sup>

## Creating a climate for change

To create a climate for change, individuals need to see genuine action from government, for instance success in meeting its own CO<sub>2</sub> reduction targets. And there needs to be policy coherence. It is not possible for the government to advocate an ever-increasing volume of air traffic and airport expansion, or give the go-ahead on a new generation of coal-fired power stations, and at the same time expect individuals to be motivated to take action over climate change.

Green taxes do have support, but the government must earn the public's trust over the purpose of such taxation. As costs increase for some activities, there must be clear incentives and rewards elsewhere.

There is also a need for clear and better communication about climate change, for instance, how it is hitting poor people first and worst – and there are signs that this need is being met. The Institute for Public Policy Research identifies a 'rapid evolution' in the debate around climate change. 'This year, sceptical voices persist, and a degree of controversy attaches both to the precise effects of climate change and possible responses to it, but the overwhelming assumption is made that climate change is happening, we are at least partially responsible, and that something radical has to be done about it. We see this in everything from leader articles in the right-wing press to television comedy programmes. The prevailing message for the lay public is stark: climate change is real and we have to act.'<sup>17</sup>

## It's not up to me: the deadly waiting game

### Promising the earth

'We end up with 'a Mexican stand-off' – in which government, business and citizens do little or nothing because they are waiting for each other to make the first move and thus legitimise their own action.'

Ian Christie, Green Alliance

## A low-carbon future?

A state of deadlock exists around action on climate change. It plays out at many levels: between countries, between government, business and individuals – and between ourselves and our neighbours. Each group, on its own, finds it difficult to make climate-friendly decisions if it cannot first see a similar commitment elsewhere.

### Current attitudes

More than half of us say we would try to do a bit more about climate change – if everyone else did.<sup>1</sup> This is what George Marshall calls in his book, *Carbon Detox*, a fear of our ‘evil carbon twin’ – who, if we cycle, simply has more road space for their SUV, or if we save energy, can simply leave their giant plasma screen on for longer. ‘The Evil Carbon Twin is probably the single greatest impediment to personal action about the threat of climate change. Even people who are passionate about the threat of climate change are often paralysed by the thought that someone else could undo their actions.’<sup>2</sup>

‘Being green can seem to be a mug’s game if there is not visible supporting action from others,’ says Ian Christie of the Green Alliance.<sup>3</sup>

A further block in taking action on climate change is that, though a majority of people now accept the gravity of climate change, they do not feel its relevance to their own lives – and consequently abdicate responsibility. When Ipsos Mori asked people about their concerns locally, climate change came bottom of the list – beneath things that were visible and immediate, such as litter. In the same poll, 70 per cent of respondents stated that if there were no action the world would soon experience a major environment crisis – yet only a small minority thought it would affect them personally. Similarly, while 45 per cent saw climate change as the most serious threat to the well-being of the world, only 19 per cent saw it as an important issue facing Britain.<sup>4</sup>

At the same time, as consumers, many of us find it difficult to understand the right climate-friendly choices, even if we are willing to make them. Ipsos Mori found that 76 per cent of people thought it difficult to know which products are better for the environment,<sup>5</sup> a confusion confirmed in research for the Climate Group, which found that 69 per cent of people were unable to name any brands that were taking a lead on climate change.<sup>6</sup>

### Trends

From our confusion about what action to take, and what choices to make, comes a desire for business to help – in Ipsos Mori research 78 per cent of respondents wanted companies to make it easier to buy low-impact products. Many of us are now willing to hold business to account if it fails to act correctly. *nVision* research found that 81 per cent agreed that companies should be penalised for failing to care for the environment, and 54 per cent said they would be willing to boycott manufacturers whose products contributed to pollution.<sup>7</sup>

Our desire to see business take responsibility includes having our choices edited for us when we shop – almost two-thirds of respondents wanted this.<sup>8</sup> The success of the Energy Saving Trust’s efficiency labelling of appliances is an example of how good, clear information helps edit our

choices and has played a part in improving the energy efficiency of UK homes. And in other areas businesses are already playing this role: B&Q, for example, sells only timber certified sustainable by the Forest Stewardship Council. ‘[Consumers] should be free to choose the door or shelf they like best, secure in the knowledge that risks to rainforests have been “edited out” by the retailer.’<sup>9</sup>

The current economic downturn and increasing price of oil are contributing to the public’s appetite for energy-savvy choices. For example, in the UK used-car market average prices fell from May to June 2008 – but this was not a consistent fall across all makes. In the fuel-efficient super-mini category prices increased. For 4x4s and off-road vehicles prices fell by an average of 10.45 per cent from the previous month.<sup>10</sup>

## Creating a climate for change

A climate for change starts with all of us – it has everything to do with us, because we all contribute to the problem, and we all have a role to play in the solution. Melissa Davies Oliveck, a teacher from Hackney and one of the women featured in Oxfam’s series of films, *Sisters on the Planet*, is teaching the children in her class that they have influence, and that the same is true for all of us. ‘I think they need to be educated about what they can do – because it’s what we do, and what they do, that matters and I think they have a lot of influence on their families. They’re citizens of the world, and I think it’s important that they know they are part of the solution.’<sup>11</sup>

In the end it is up to us – for we are part of the deadlock that is preventing action on climate change. And the lives of millions of poor people depend on all of us taking action. Perhaps what we are able to do will seem small, but if the action we take is part of a wider political or consumer campaign, its effect will be multiplied and its impact will count.

## Public confusion about effective action: the plastic bag

### Promising the earth

*‘Maybe we’ve made it. Scientists are at a virtual consensus, NGOs convinced, politicians persuaded, and business on board. Surely then, the debate is over. In the face of a dangerous climatic tipping point, we stand on the verge of a behavioural turning point. Or do we?’<sup>1</sup>*

Ipsos Mori

## A low-carbon future?

Recent concern about the use of plastic carrier bags is emblematic of the level of concern about climate change among the British public. It also demonstrates the huge impact personal actions and public pressure on business could have on CO<sub>2</sub> emissions in the UK. But while re-using plastic bags is worthwhile, the emphasis on re-using bags to the exclusion of other changes in lifestyle, unfortunately,

also illustrates the confusion surrounding how we can most effectively tackle climate change and, therefore, the changes we should demand from business and government.

Public concern, expressed through campaigns to ban single-use plastic bags, has had dramatic success. National retail chains, such as Ikea and M&S, have stopped handing out free bags entirely, while the UK's largest supermarket chain, Tesco, reported that 400 million fewer plastic bags were taken by its customers in the year to April 2007.<sup>2</sup>

### Current attitudes

While the 13 billion carrier bags handed out in the UK are an unnecessary waste, and evidence of a prevailing throw-away attitude, their actual impact on the environment and on climate change, with which their re-use is often linked, is comparatively small.<sup>1</sup> Climate change author, George Marshall, writes, "The average Brit consumes 134 plastic bags a year, resulting in just two kilos of the typical 11 tonnes of carbon dioxide he or she will emit in a year. That is one five-thousandth of their overall climate impact."<sup>3</sup>

But it is not entirely surprising that individuals misjudge what constitutes effective action on climate change: some very powerful voices in our media and politics use issues such as plastic bags as a convenient and visible enemy. Often this is at the expense of a more searching debate about the decisions and lifestyle changes that we all need to make.

In an important speech on the environment – that covered topics from a global carbon market to nuclear power – the Prime Minister, Gordon Brown, singled out plastic bags for special attention as 'one of the most visible symbols of environmental waste'.<sup>4</sup> Quoted in *The Times*, he said, 'And I want to make clear that if Government compulsion is needed to make the change [to ban plastic bags], we will take the necessary steps. We do not take such steps lightly but the damage that single-use plastic bags inflict on the environment is such that strong action must be taken.'<sup>5</sup>

Yet from a government that has failed to reduce CO<sub>2</sub> emissions in five of the ten years it has been in power,<sup>6</sup> talk about plastic bags is slightly off the point. Lord Taverne, Chairman of Sense about Science, criticises this focus, saying: 'The Government is irresponsible to jump on a bandwagon that has no base in scientific evidence. This is one of many examples where you get bad science leading to bad decisions which are counter productive. Attacking plastic bags makes people feel good but it doesn't achieve anything.'<sup>7</sup>

It is clear that the public is deeply confused – about which kinds of behaviour make an impact on our CO<sub>2</sub> emissions, and so what actions we should be taking. Research by *nVision* found that people commonly believe the easiest actions are those that will have the biggest effect on climate change.<sup>8</sup>

Similarly, research commissioned by Oxfam among its supporters found that the actions that can be more easily accommodated into normal life are those most likely to be taken. Of the Oxfam supporters surveyed 96 per cent said they recycled, 91 per cent switched off electrical devices and 78 per cent had bought energy-efficient light bulbs. Yet only 38 per cent had made sure their home was well insulated – one of the single most effective actions people can take to cut their personal carbon footprint.<sup>9</sup>

### Trends

There is a real risk that public confusion about effective

action is undermining our collective effectiveness – and also sapping our collective will. Ipsos Mori concluded in its *Turning Point or Tipping Point* poll report that recycling, which was seen by 40 per cent of people as the single most important individual action that could have an impact on climate change, was becoming 'a totem behaviour'.

'Individuals use recycling as a means of discharging their responsibility to undertake wider changes in their lifestyle.'<sup>10</sup>

We have lost our sense of perspective and need to regain it. As George Marshall writes, 'All of these actions are worth doing as part of a green lifestyle. But it is a serious distortion to imply... that there is any equivalence between these lifestyle preferences and the serious decisions that really reduce emissions – stopping flying, living close to work and living in a well-insulated house.'<sup>11</sup>

Of similar concern is the fact that widespread concentration in the media on simple and small everyday actions may actually persuade some of us that it is not worth doing anything at all. In its report, *Warm Words*, the Institute of Public Policy Research argues that simple actions 'easily lapse into wallpaper – the domestic, the routine, the boring, the too-easily understood and ignorable'.<sup>12</sup>

## Creating a climate for change

For individual actions on climate change to be effective people in the UK need better information about how to cut CO<sub>2</sub> emissions and why it matters, particularly to people living in poverty. This will help people be more realistic about the kind of changes we all need to make in the way we live.

Actions need to be set in context: in the UK each of us has an average carbon footprint of around 11 tonnes of CO<sub>2</sub>.<sup>13</sup> Quick-fix actions, such as recycling glass (worth 44kg of CO<sub>2</sub> saved in a year)<sup>14</sup> or switching a TV off standby (worth 25kg of CO<sub>2</sub> saved in a year), are not, on their own, enough.

Some of the most-effective actions (in terms of cost and time verses CO<sub>2</sub> emissions saved) are:

- ◆ reducing car use – walk, cycle or use public transport;
- ◆ limiting or stopping flying and holidaying closer to home;
- ◆ insulating cavity walls and lofts;
- ◆ replacing electric heating with a gas condensing boiler, or using wood from a managed and sustainable source;
- ◆ switching to a green energy supplier;
- ◆ installing solar water heating;
- ◆ fitting central heating controls;
- ◆ stopping draughts;
- ◆ buying a smart electricity meter;
- ◆ growing your own food in a garden or allotment;
- ◆ eating less or no meat; and
- ◆ demanding action that matches your own from government and business.

The potential impact of individual action is huge, but we risk discouraging people from acting at all if the debate is trivialised or subverted. We need to capitalise on the current consensus around climate change 'and use it to bring about real and positive behaviour change among individuals and organisations before it fractures or fades'.<sup>15</sup>

<sup>1</sup>According to government figures, plastic bags account for just 0.3 per cent of the domestic waste stream in the UK, and just 2 per cent of total litter on UK beaches (DEFRA (2008) 'Local environmental quality: Carrier bags', <http://www.defra.gov.uk/environment/localenv/litter/bags/index.htm>).

# Oxfam GB: fighting climate poverty around the world

## Why Oxfam?

Oxfam works with others to overcome poverty and suffering. We are an independent organisation, registered as a charity, affiliated to Oxfam International, with partners, volunteers, supporters and staff of many nationalities – part of a global movement to build a just and safer world.

## A low-carbon future

Oxfam is working to prevent and reduce harmful environmental impacts arising from our own operations. This is important in itself and also because we take a strong position on the disproportionate impact of climate change on people living in poverty. Our aim is to become, over time, an exemplary low-carbon organisation.

### Emissions

Oxfam will reduce its UK greenhouse gas emissions by the equivalent of 4594 tonnes of CO<sub>2</sub> equivalent, a 27 per cent reduction, over three years. We are also putting measures in place to reduce the carbon footprint of our operations outside the UK.

We have measured and published Oxfam's carbon footprint in the UK for the financial year 2006/07, and this figure forms the benchmark for carbon reductions in the coming years. We have not restricted our carbon footprint to the standard direct emissions but have included indirect emissions such as commuter travel, paper use, and the airfreight activities of shipping relief equipment around the world.

No credit has been included in these calculations for the beneficial effects of our retail operation in diverting goods from landfill.

Oxfam's retail operations in the UK have a major beneficial impact on the environment because they enable the re-use and recycling of many donated goods. Oxfam shops sell 3,000 tonnes of donated clothes each year. A further 13,000 tonnes are processed for re-use in developing countries. Oxfam shops also sell 13.2 million used books (approx 6,500 tonnes) and 12 million items of used bric-a-brac (approx 6,000 tonnes) each year. If it is assumed that these items would otherwise have gone to landfill, Oxfam's retail operations save almost 9,000 tonnes of CO<sub>2</sub> equivalent each year – 5,000 of which come from clothing.

Oxfam does not currently purchase any carbon credits to offset the greenhouse gases we emit from our daily work (such as air travel, office electricity, and diesel water pumps). Our priority is on reducing our emissions, which is a matter of good practice, and we will only consider offsetting after we have achieved all the reductions in greenhouse gas emissions we can through efficiency and conservation measures. We must also be mindful of whether it is appropriate to use donated money to offset via an external provider, when we could potentially have bigger impacts on climate mitigation and adaptation through our own programme and campaigning work.

## Creating a climate for change

We have seen for ourselves how climate change is already hitting poor people first and worst and how seriously we take on board the need to cut our emissions in the context of being a global organisation. As a founding member of the UK Working Group on Climate Change and Development, Oxfam has been working to spread public awareness of the links between poverty and climate change since 2003. Oxfam is already helping people to cope with severe climate events worldwide. Global warming increasingly drives droughts, floods, famine, and food crises.

Oxfam has a long way to go before we can claim to have achieved our aim of becoming an exemplary low-carbon organisation. We have, however, made real progress over a short time, the highlights being cutting emissions relating to paper consumption by 35 per cent, from our shops' electricity use by 24 per cent and from short-haul air travel by 31 per cent. As a global organisation responding to development and humanitarian needs around the world, we have a continuing need for long-haul air travel. To reduce the quantity of our long flights, we have reinforced the rigour with which air travel is challenged and authorised, heavily invested in video-conferencing technology in our offices around the world, and engaged with staff to change our ways of working.



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