

# Briefing

## A low-carbon economy for all: five steps

- 1 **Unambiguous leadership** on the low-carbon direction of travel
- 2 Bringing a green purpose and coherence to all **industrial strategy**
- 3 Suitably long-term economic and finance policy, **supported by the Treasury**
- 4 Helping people cut bills by providing the **funding needed for energy efficiency**
- 5 Putting local people in control, enabling wide uptake of **community owned energy**

*“There is a hard-nosed economic argument that a low-carbon economy can drive significant business investment and create many new jobs across the country”* – John Cridland, CBI<sup>1</sup>

In the 21<sup>st</sup> century, the question isn't *whether* the global economy will decarbonise, but **how economies react to the challenge – and how much they bring the benefits home to everyday people.**

The UK's low-carbon sector has been a boon in troubled economic times (see box), but as much in spite of Government policy as because of it. **Investors are getting mixed signals** on the Government's commitment to decarbonisation, which impacts on investor confidence (Ernst & Young<sup>2</sup>).

The Government is pursuing fossil fuel extraction as keenly as clean energy. This **ambivalence at the heart of energy policy** flows through its approach to industrial strategy, with no overall 'green' approach (National Audit Office<sup>3</sup>), and its refusal to let the Green Investment Bank borrow.

Central to the battle for energy policy is **gas**. The Chancellor wants a 'dash for gas' for electricity generation that the Committee on Climate Change (CCC) warn should be 'plan Z' for the economy<sup>4</sup>. The CBI agrees:

*“Too much gas would bust our carbon budgets. But even if you forgot about carbon momentarily, look at EU gas price projections... they all agree on the direction – up”*

John Cridland, CBI<sup>5</sup>

### Low-carbon goods & services, 2011/12

Source: BIS, 2013

**Global:** Sales: £3.4 trillion;  
**UK market share: 3.7%**

**UK:** Sales: £128.1 bn, a  
4.8% annual increase;  
**50,000+** companies and  
nearly **one million jobs**

**Nor should shale gas be a part of the UK's energy future.** It comes with an opportunity cost for clean energy, is unpopular and locally damaging, and is unlikely – as the Energy Secretary admits – to cut bills.

Fundamentally, low-carbon is not yet seen to be part of the national economic conversation. People should be inspired by **community owned clean energy**, and a step change in take up of **energy efficiency**, both helped by a decent, funded programme of hands on support.

**We have seen:**

- × **No clear commitments to long-term carbon reduction**  
The Government has ducked the Committee on Climate Change's advice to introduce a 2030 target for decarbonising electricity, and Treasury wants to water down the legislated level of the 'fourth carbon budget' (2023-27).
- × **No environmental speech from the Prime Minister or Chancellor**  
The latter has given only caveated support for clean energy and hearty support for fossil fuels, particularly gas.
- × **No overarching green approach to industrial strategy**  
Strategies have been produced for the oil and gas, nuclear and offshore wind sectors. The National Audit Office say that the strategies lack an "overarching commitment to green growth".
- × **No step change in the 'greenness' of energy financing**  
Support for clean energy clashes with £2bn of tax breaks for oil and gas in 2012/13<sup>6</sup> and new tax breaks for shale. North Sea investment is at record levels, yet the Green Investment Bank is still prevented from borrowing.
- × **No revolution in community energy or energy efficiency**  
Both should be a focus for building a consensus for swift action, bringing economic benefits into every home and local area.

**So here are five things we want to see the Government do:**

- (1) **Demonstrate clear leadership** on the urgency of a recovery built around low-carbon and energy efficiency. A narrative on the **economic opportunities and benefits to Britain** must start from the top of Government and override short-termist departmental infighting.
- (2) **An industrial strategy that has a clear green 'purpose'**, not just pockets of low-carbon support. Industrial strategy should be about supporting the UK economy in moving to a footing that benefits it in the 21<sup>st</sup> century – that means clean and efficient energy and manufacturing. **All of industry, including energy intensive industry**, must be part of the decarbonised British economy.
- (3) **The full and collegiate support of the Chancellor and the Treasury**, prioritising long-term resilience and competitiveness of the economy over propping up the fossil fuel industry. Tax breaks for fossil fuels should be axed, and the Green Investment Bank must be freed to borrow to invest.
- (4) As people grapple with **rising energy bills, caused by fossil fuels**, they need a commitment from Government to **radically improve the efficiency of our houses and workplaces**. **Energy efficiency is a triple 'win'** for jobs, living standards and health. But more funding is needed, including using the money Government will receive from carbon taxes<sup>7</sup>.
- (5) A particular focus on helping **local people and communities take back control and generate their own power**. Government need to help get projects off the ground, then free up the Green Investment Bank to play a much larger role in providing finance.

<sup>1</sup> Confederation of British Industry, 'The Colour of Growth', July 2012

<sup>2</sup> Ernst & Young, August 2013, 'Renewable energy attractiveness index'

<sup>3</sup> National Audit Office, July 2013, 'Sustainability in BIS'

<sup>4</sup> The Guardian, December 2012, 'Gas strategy should be plan Z, climate advisor warns'

<sup>5</sup> Business Green, September 2012, 'CBI rejects calls for all-out dash for gas'

<sup>6</sup> Friends of the Earth, May 2013, 'UK fossil fuel tax breaks'

<sup>7</sup> Friends of the Earth is a founder member of the **Energy Bill Revolution** campaign: <http://www.energybillrevolution.org/>