

Businesses and investors urge MPs to vote for 2030 decarbonisation target

London, 3 June 2013 - Two of the UK's leading business and investor associations have stated that a 2030 decarbonisation target for the power sector is essential to stimulate new growth in the economy on the eve of a crucial vote in Parliament. The current lack of certainty is damaging critical investment in the UK's energy infrastructure.

The Aldersgate Group and the UK Sustainable Investment and Finance Association (UKSIF) jointly call today on MPs to vote in favour of a target in the Energy Bill that would commit the UK to a near-carbon free power sector by 2030.

Both organisations view this as a good opportunity to put the UK firmly on track to becoming a world leading low carbon economy, boosting employment and stimulating new growth in the economy. Greater clarity from the Government could unleash the £110bn investment¹ required to transform the UK's electricity infrastructure and drive wider economic benefits. MPs will vote on the 4th June on an amendment to the Energy Bill tabled by Tim Yeo MP and Barry Gardiner MP to ensure a target to decarbonise electricity, and a framework to deliver it, are in place by 2014.

Andrew Raingold, Executive Director of the Aldersgate Group, said: **“MPs with an interest in promoting investment and jobs in their constituencies must vote in favour of the 2030 decarbonisation target.**

“Businesses and investors have been loud and clear that such a target would not only reduce costs, but provide greater certainty for companies to invest in the development of UK supply chains and jobs. It's a pro-growth and pro-deficit reduction strategy.”

Simon Howard, Chief Executive of UKSIF, said: **“A decarbonisation target would support the creation of a clear and stable framework for the long-term investment decisions which are vital for sustainable economic growth.**

There is significant investor appetite for the UK to be a global leader in profitable low-carbon energy solutions, providing the high-quality innovation and jobs that the country needs to ensure a future economic recovery. We call on MPs to recognise this and vote in favour of enshrining the 2030 decarbonisation target in the Energy Bill.”

The Government's perceived support for the low carbon transition is being undermined by the possibility of a commitment to unabated gas in the power sector beyond 2030 and the absence of a specific decarbonisation target. The Committee on Climate Change has warned that uncertainty is already damaging low carbon business development, capital allocation, infrastructure investment and innovation. Analysis by the CBI finds that – although a third of the UK's economic growth in 2011/12 is likely to have come from

¹ Department of Energy and Climate Change (December 2010) *Electricity Market Reform consultation document*

green businesses – current policy uncertainty could result in the UK losing almost £400m in net exports in 2014/15 alone².

– Ends –

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Notes to Editor

Aldersgate Group

The Aldersgate Group is an alliance of leaders from business, politics and society that drives action for a sustainable economy. Its mission is to trigger the change in policy required to address environmental challenges effectively and secure the maximum economic benefit in terms of sustainable growth, jobs and competitiveness.

UK Sustainable Investment and Finance Association

The UK Sustainable Investment and Finance Association (UKSIF) promotes and supports responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment. UKSIF has over 250 members including pension funds, asset managers, research providers, financial advisers, banks and non-governmental organisations.

Business support

In October 2012, the Aldersgate Group wrote an open letter³ to the Chancellor on the day of his speech to the Conservative Party Conference, warning that recent statements calling for unabated gas in the power sector post 2030 are damaging business confidence in the low carbon economy and undermining major investments capable of delivering growth. A power sector decarbonisation target – set down in legislation – would provide investors with long-term clarity and certainty, and ensure the UK stays within its carbon budgets.

The letter was signed by over fifty businesses, investors, industry bodies, trade unions and environmental groups. These include major brands such as ASDA, Aviva, Alliance Boots, British American Tobacco, Cisco, EDF, Eurostar, Marks & Spencer, PepsiCo, Philips, Reed Elsevier, Sky, The Co-Operative and Triodos Bank.

Committee on Climate Change

² CBI (July 2012) *The Colour of Growth*

³ Read the letter:

<http://www.aldersgategroup.org.uk/asset/download/832/Letter%20to%20Chancellor.pdf>

There has been widespread support for the decarbonisation target. The recent report by the Committee on Climate Change⁴, published on the 23rd May, recommends that the Government should set a target under the Energy Bill in this Parliament to reduce the carbon intensity of power generation from current levels of 500g CO₂/kWh to around 50g CO₂/kWh in 2030. It presents new analysis showing that investment in a portfolio of low carbon technologies could save consumers £25-45 billion, rising to £100 billion with higher gas and carbon prices.

⁴ See press release: <http://www.theccc.org.uk/pressreleases/government-commitment-to-support-investment-in-low-carbon-technologies-would-secure-significant-savings-for-uk-consumers-23-may-2013/>