

20 July 2015

The Clerk
Energy and Climate Change Committee
14 Tothill Street
London
SW1H 9NB

Dear Dr Bhatti,

Thank you for the opportunity to respond to the Energy and Climate Change Select Committee's inquiry on its future work programme and holding Government to account.

UKSIF is the membership network for sustainable and responsible financial services in the UK. We promote and support responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment.

Our response follows and, as requested, is no longer than 300 words and addresses questions on where the Committee should focus over the next Parliament and the next 12 months. We have also submitted an electronic copy of this response.

Which DECC policy areas do you think require particular scrutiny over the next five years?

1. The Committee should scrutinise Government efforts to tackle climate change and decarbonise the UK economy. The SoS recently announced her priority was to "power the economy while decarbonising in the most cost-effective way".
2. It is critical these efforts are not viewed through a narrow and short-term lens. Ending schemes designed to encourage investment in clean energy may reduce household bills over the next few years, but the Department must recognise the consequences of any international agreement to tackle climate change.
3. We know that in meeting a 2°C target, up to 80% of fossil fuel reserves in listed companies are unburnable. Should shares in these companies plummet, over the long-term people throughout the UK will lose significantly more sums of money invested in pension schemes than they will save on bills. The Committee should consider an urgent inquiry to examine what steps DECC should take to mitigate this threat.

What should be the Committee's scrutiny priorities over the next twelve months?

4. The Committee should scrutinise the Government's approach to achieving a global deal to tackle climate change at COP21. The process will be less burdensome if the Department is clear on its objective before the conference and understands the challenges and consequences involved in a global deal.
5. For an ambitious agreement, one which meets the internationally-agreed 2°C target, there are at least two aspects that should be considered. First, there must be a review mechanism

to ensure each INDC is challenging, but achievable. This will need to be accompanied by public reporting on data and provision for an international body to monitor progress. Second, the UK should push for a legally-binding treaty. This will provide the requisite level of confidence for investors globally to develop technology and build the infrastructure needed to tackle climate change.

Written evidence submitted by Fergus Moffatt, Head of Public Policy, UK Sustainable Investment and Finance Association. UKSIF would be very interested in sending a representative to the stakeholder forum on the 8th September to discuss the Committee's future work programme in more detail.

Yours sincerely,

Fergus Moffatt
Programme Director and Head of Public Policy
The UK Sustainable Investment and Finance Association (UKSIF)