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# Consultation Response

## WWF UK Response to Norwegian Government on the Climate Change Act

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30<sup>th</sup> January 2015

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### Summary

The passing of the 2008 UK Climate Change Act was a ground-breaking piece of legislation, both in terms of its scale of ambition, 80% reduction of greenhouse gas emissions by 2050, requirement to set five yearly carbon budgets; and the political consensus on high-level climate change mitigation that it represented. We see the UK Climate Change Act as a powerful national framework which has driven a mature approach to meeting our 2050 global climate change commitments, and which has encouraged a longer-term approach to energy policy than might otherwise be dictated by changeable national politics.

### Key Points

- The UK Climate Change Act has provided a long term strategic framework for carbon emissions reduction which gives a degree of certainty across changes in political administration, and can help elevate the political debate on climate.
- The creation of the Committee on Climate Change (CCC), as an independent expert body with responsibility for undertaking analysis to determine future carbon budgets and monitoring and reporting annually on the progress with meeting these budgets, is critical to making progress on targets and to reviewing the underpinning policies.
- The strength of the Climate Change Act also depends on the setting of strong sub-targets to drive progress within specific sectors; the recommendation from the CCC that the UK power sector should be de-carbonised by 2030 is a powerful driver for the introduction of policies which drive investment in low carbon generation. In contrast, little would have been achieved by relying on the ineffective EU Emissions Trading Scheme alone
- The process of setting carbon budgets has been a positive one for reviewing and driving the UK's progress towards cutting emissions. The UK carbon budgets cover periods of 5 years, roughly commensurate with the lifespan of a Government administration. In Scotland, the carbon budget is set annually. There are strengths and weaknesses to both approaches.



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- The value of having a strong framework for carbon emissions reduction is far greater than simply meeting climate change legislation. Recent economic analysis has shown that the transition to a low-carbon economy can offer significant GDP growth against less ambitious pathways<sup>1</sup>, and wide distributed or positive social impacts such as fuel poverty

## About WWF

WWF is a leading global conservation organisation, employing over 5,000 staff in more than 100 countries and with more than 5 million supporters across the world. The UK charity - WWF-UK - was launched in 1961. We are a challenging, constructive, science-based organisation that addresses a wide range of issues including environmental and social best practice in global business.

### Question1: Will a climate bill provide added value in the Norwegian context?

We believe that a Climate Change Act has delivered value to the UK since its introduction in 2008, and that similar legislation in Norway would be immensely valuable. Working with our colleagues in the global network of WWF offices, we would be happy to offer a more in depth view of how the Norwegian context might alter the scope or operation of any Climate Act drafted for Norway. This response concentrates on the added value we have observed in the UK from our own legislation.

The crucial value of the UK Climate Change Act is the stability it offers to policy frameworks, particularly when the political consensus has not always been consistent. The Committee on Climate Change reports annually on the progress made by the UK Government against Carbon Budgets, devised to meet the terms of the Climate Change Act and delivered over 5 year periods, and this offers a regular opportunity to review where policy mechanisms are working, as well as where they are failing to deliver. The Committee's reporting therefore provides a powerful evidence base to demonstrate where stronger policies are required to accelerate progress in specific areas.

The Act also gives context and a strategic direction for the policies which different Government departments deliver in the short to medium term; individual subsidies such as the Renewable Heat Incentive connect to overarching Departmental Strategies such as the 2050 Heat Strategy, which are specifically benchmarked against the targets and commitments outlined in the Climate Change Act.

In the UK, DECC has been able to use the Climate Change Act as a framework for evaluating different energy pathways to 2050- the global and UK "calculators" it utilises to do this have proved a valuable tool for debate and for forward-planning of UK policy. The Act can also draw together the strategies of different Government departments, ensuring that (for instance) the Department of Energy and Climate Change (DECC) teams work effectively with their colleagues in different policy areas to deliver the transformative changes required.

At the time that the Climate Change Act was being developed, the Stern Review<sup>2</sup> in the UK published research which suggested that the cost of inaction on climate change would far outweigh the costs of ambitious action. The Government at the time accepted Lord Stern's findings as a reflection of the economic value which stood to be gained from enacting ambitious climate change policy.

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<sup>1</sup> The Economics of Climate Change Policy in the UK:

[http://assets.wwf.org.uk/downloads/wwf\\_climate\\_economics\\_summary\\_a4\\_web.pdf](http://assets.wwf.org.uk/downloads/wwf_climate_economics_summary_a4_web.pdf)

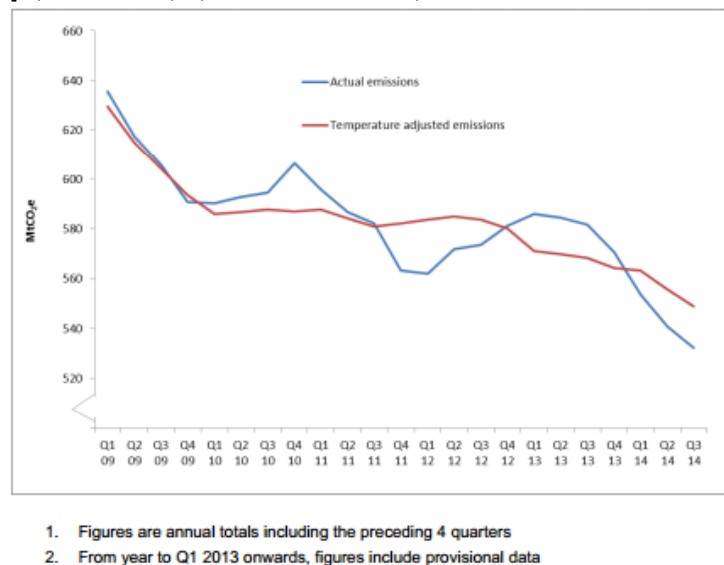
<sup>2</sup> Stern Review, *The Economics of Climate Change* (2007)

Since the signing of the Act, there is an increasing body of evidence which suggests that ambitious climate change policy can offer net economic benefits to the UK. In a recently published report, it was estimated that the first four UK carbon budgets will lead to a net 1.1% increase in GDP by 2030, the creation of an additional 190,000 jobs and higher disposable incomes (£565 per household per year) relative to a scenario where no action to mitigate climate change is taken (i.e. no Climate Change Act exists)<sup>3</sup>.

Finally, in terms of carbon emissions reduction, which is the overarching purpose of the Climate Change Act, the presence of strong legislation has unquestionably driven change. Annual carbon emissions statistics collected by the Department of Energy and Climate Change show that emissions have fallen since 2009, the first carbon budget has been met and that in particular the acceptance of the need to decarbonise the power sector by 2030 has the potential to drive progress with carbon emissions reductions (see Fig 1.).

However, the existence of the Carbon Budgets and the annual reporting conducted by the Committee on Climate Change also supports the Government in providing a sense check on the *overall* trajectory in emissions reduction to 2050. At the last review point, it was clear that even with the progress made to date, more would need to be done in order to meet our climate change commitments. The Committee on Climate Change, though, has been able to identify the sectors in which they think most intervention is needed for the next five year period. This in itself offers value to Government.

**Figure 1: Actual and temperature adjusted GHG emissions; Year to Q1 2009 Year to Q3 2014 (Mt CO<sub>2</sub>e) (Source: DECC)**



## Question 2: Is there a need for more reporting and dissemination of information in Norway on greenhouse gas emissions and the effects of measures?

The lessons learned in UK policy suggest that there is still work to be done in terms of reporting and disseminating of information on climate change and mitigation measures. The Climate Change Act was a moment of admirable political consensus, but the case for

<sup>3</sup> Cambridge Econometrics, *The Economics of Climate Change Policy in the UK* (2014)

ambitious policy is poorly understood by policy makers. In particular, there has been disagreement around the costs and benefits of target setting for specific sectors, and a great deal of work has gone into proving the business case for various individual policies to deliver Climate Change Act objectives.

The Norwegian Government could benefit from ensuring that Treasury cost assessment modelling and methodologies are able to fully capture the long-term benefits of climate change mitigation as well as short term co-benefits such as improved health from improved air quality<sup>i</sup>, and communicate the costs and benefits of any policies.

**Question 3. Will an independent climate advice body be an appropriate new addition to Norwegian climate policy? What role should fill if so?**

The creation of an independent climate advice body, the CCC in the case of the UK, is absolutely critical to the success of a long term climate policy. Assessing the appropriate level of ambition and reporting on the progress of national carbon emissions reduction and climate change mitigation requires experts from a diverse range of scientific backgrounds. It also requires leadership from individuals who sit outside government or the civil service and are therefore able to produce unbiased, evidence based recommendations.

The CCC has proven to be genuinely effective at capturing the Government's progress and reporting on areas of strength and weakness on an annual basis. Climate Change in the UK, as in many countries can be politically sensitive as a topic and vulnerable to special interest lobbying. It is therefore vitally important to have a politically neutral body in charge of the policy review process; even while Government remains responsible for reacting to their findings.

We would note that the reporting function of the CCC might be strengthened with the presence of experts or use of modelling to evaluate social or behavioral changes as well as straightforward progress with emissions reduction. This is because we increasingly understand factors such as public consensus on climate change, social or behavioral norms and changes in terms of energy use, as important success factors for emissions reduction.

Finally the Norwegian Government should note that while the CCC is a critical part of the effective delivery of the Climate Change Act, the fact that the Government remains in control of determining policy to deliver the Act means it is hard to evaluate its real impact on changing policy where required. The last two annual reports by the CCC to Government have identified significant gaps between the required theoretical trajectory to meet the UK's 2050 targets and what current policy is expected to deliver over the course of the next decade.

There has been little progress made by the current Government to strengthen the policy areas identified by the CCC as weak. This is possibly a function of the five year cycle both in terms of carbon budgeting and Government administrations. The next Government, from May 2015, will need to accept or require amendments to the 5<sup>th</sup> Carbon Budget. This will give a genuine insight into whether the oversight of the CCC can affect the political change required.

For Norway, one option could be to consider whether to give any independent body set up to evaluate Government progress on a Climate Change act additional powers in terms of holding the Government to account, but we would suggest this would be a decision to be taken at a later date

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