

## **Greenpeace media briefing**

### **Climate Change Committee Report “Building a low-carbon economy – the UK Innovation Challenge”**

#### **The report**

The Climate Change Committee (CCC) today publishes a report on low-carbon innovation in the United Kingdom. It makes a series of suggestions, including:

- Government funds for low carbon innovation should be protected *and actually increased* in order to reach the emissions reductions the UK has promised
- There should be clearer Government objectives for the delivery of low-carbon innovation funding as the current approach is too piecemeal
- Objectives matter more than structures – although there is a good case for reducing the complexity of funds and bodies involved
- The UK needs to focus on key technologies like offshore wind and electric vehicles, industries in which British business could lead the world

The report follows the announcement<sup>1</sup> on Friday that DECC is to cut £34 million from its low-carbon funding – around 18% of DECC’s existing funding.

The cuts include a £3 million reduction in the budget of the Offshore Wind Capital Grants Scheme - one of the technologies that the committee identifies as hugely important for Britain’s low carbon industrial future.

#### **Electric Vehicles – a critical case study**

As identified in the CCC progress report in June, electric vehicles are a vital part of creating a low carbon future for transport in Britain. Despite this, the Department for Transport is refusing to confirm that incentives for buying electric vehicles will be maintained under the current spending review. A decision on this is expected soon – possibly even this week.

There is a global rush to tap into the electric vehicle market, with many countries offering various levels of subsidy (see diagram). If the subsidy is cut, it is likely the UK car

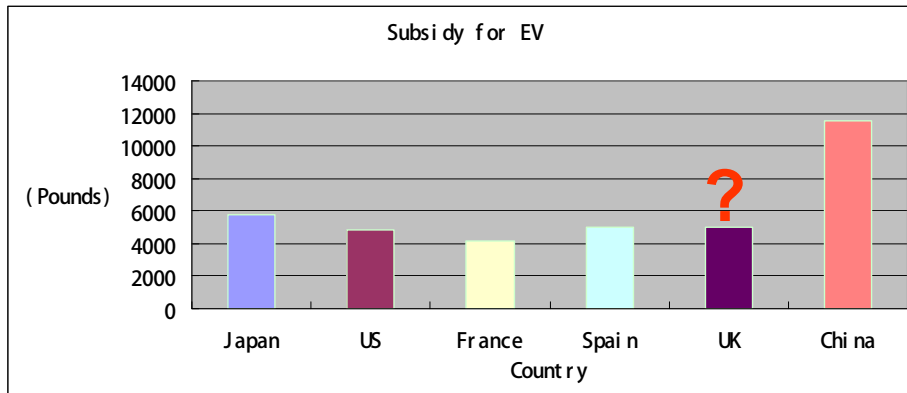
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<sup>1</sup> Savings by DECC in low carbon technology programmes, press release, 16 July 2010  
[http://www.decc.gov.uk/en/content/cms/news/pn10\\_84/pn10\\_84.aspx](http://www.decc.gov.uk/en/content/cms/news/pn10_84/pn10_84.aspx)

industry would fall behind other major countries which have pledged to offer generous incentives. For example, the US Department of Energy is investing more than \$5 billion to electrify America's transportation sector, including support for the development, manufacturing, and deployment of the batteries, components, vehicles, and chargers necessary to put millions of electric vehicles on America's roads.

The US Government is explicit – their investment is about creating tens of thousands of jobs and positioning American companies as global leaders in the electric vehicle industry<sup>2</sup>. If the UK fails to maintain incentives and support for new EV markets and infrastructure, it will be effectively ducking out of this race. Another key test will be whether the coalition pledges to maintain the £30 million in funding which is currently pledged for electric vehicle charging points between 2010 and 2012.

## Subsidy for EV in major countries



### Coalition Government promises

It is worth remembering that the Coalition Government has been bold about its intentions on climate and environment.

David Cameron said he wanted this Government to be the 'greenest Government ever' and argued "We've got a real opportunity to drive the green economy to have green jobs, green jobs and make sure we have our share of the industries of the future"<sup>3</sup>

<sup>2</sup> The Recovery ACT: Transforming America's Transportation Sector Batteries and Electric Vehicles, 14 July 2010

<sup>3</sup> <http://www.guardian.co.uk/environment/2010/may/14/cameron-wants-greenest-government-ever>

Last Thursday Chris Huhne jointly stated with Environment ministers from France and Germany that if we did not take action “Europe is likely to lose the race to compete in the low-carbon world to countries such as China, Japan or the US – all of which are looking to create a more attractive environment for low-carbon investment.”<sup>4</sup>

Huhne rightly points out we are in a global market for the industries of the future, like electric vehicles. Last year, across the world installed power capacity from renewables was greater than that from fossil fuels<sup>5</sup>. These industries are powering ahead and if Britain does keep pace, the jobs and investment will go elsewhere.

### **Further decisions in Autumn**

These cuts are clearly a prelude to bigger decisions about spending priorities ahead of the Comprehensive Spending Review, the results of which will be announced in October. The Government has announced its intention to establish a Green Investment Bank (GIB), but if it does not retain and scale up its investments in low-carbon technologies, as the first step towards capitalizing the GIB, it will be nothing but a shell.

**On Sunday 18<sup>th</sup> July, the News of the World reported that David Cameron had in fact withdrawn his support for the bank. If true, this would represent a serious threat to Britain’s ability to attract the investment needed to create a truly low carbon economy.**<sup>6</sup>

It has already been reported that the approx £1 billion from asset sales which the previous administration had identified to capitalise the GIB will not now be available. Getting a GIB in place quickly, which can build on the achievements of the Carbon Trust and others in encouraging inward investment to the UK, must be a priority for the Autumn.

At the same time, the support structures and grid and planning reforms which have seen a recent flourishing of the offshore wind industry must be protected and enhanced.

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<sup>4</sup> <http://www.ft.com/cms/s/0/08538a04-8f78-11df-8df0-00144feab49a.html>

<sup>5</sup> Renewable Energy Focus 16 July 2010. Renewable energy surpasses fossil fuels second year in a row  
<http://www.renewableenergyfocus.com/view/11013/renewable-energy-surpasses-fossil-fuels-second-year-in-a-row/>

<sup>6</sup> <http://www.newsoftheworld.co.uk/news/880674/Cameron-shelves-fund-to-support-companies-using-green-technology.html>