

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

DRAFT CLIMATE CHANGE BILL CONSULTATION

REPORT OF:

HEAD OF WASTE STRATEGY AND CONTRACTS

FOR SUBMISSION TO:

AUTHORITY MEETING

DATE:

27th June 2007

SUMMARY OF REPORT:

This report provides Members with an overview of the Government's Draft Climate Change Bill, which was published in March 2007 for consultation and which will create a new legal framework to underpin the UK's contribution to tackling climate change. The report highlights the key issues of relevance to a waste disposal authority such as the North London Waste Authority and provides a written response to the consultation draft, which Members are asked to approve.

RECOMMENDATION

The Authority is recommended to approve the response to the Draft Climate Change Bill, attached in Appendix 2, which has already been submitted by the due consultation deadline date of 12th June 2007 as a draft that is subject to Authority approval.

**Signed by: Head of Waste Strategy and
Contracts**

.....

Date:

1. SUMMARY

- 1.1 The Draft Climate Change Bill was published in March 2007 in response to a recognition by the Government that the threat of climate change is perhaps the greatest challenge facing the world today. It is a threat which the Prime Minister states has the potential to be both an environmental catastrophe and economic disaster unless decisive and urgent action is taken.
- 1.2 There are four over-arching elements or 'pillars' to the Draft Bill:
- Setting existing targets in statute and the introduction of carbon budgeting.
 - Establishing a Committee on Climate Change
 - Creating enabling powers to provide additional means with which to achieve emissions reductions
 - Reporting requirements, including reporting on adaptation.
- 1.3 The Draft Bill sets out to deliver a number of things:
- To maintain the momentum of the UK being a 'consistent leader' in the field of climate change and energy policy by setting 'bold targets' and pursuing 'ambitious policies' both domestically and internationally. It is hoped that the Bill will demonstrate strong international leadership from the UK. The Government believes demonstrable leadership is key to helping achieve multilateral agreements, particularly in the post 2012 period¹, and for achieving goals such as obtaining greater certainty on European plans for implementing the EU Emissions Trading Scheme (EU ETS)².
 - Secondly the Bill sets out to provide the legal framework necessary in the UK for a move to a low carbon economy over time.
 - Thirdly, it is intended that the Bill will establish an economically credible emissions reduction pathway to 2050 by putting medium and long term targets into statute and developing appropriate 'carbon budget' periods which will provide both sufficient certainty to bring about change as well as the necessary flexibility for delivery.

¹ The Kyoto Protocol is an international agreement made under the United Nations Framework Convention on Climate Change (UNFCCC) which sets targets for countries to cut their greenhouse gas emissions. These gases are considered at least partly responsible for global warming - the rise in global temperature which may have catastrophic consequences for life on Earth. The first target period for emissions reductions is the period between 2008 and 2012. Countries that ratify the Kyoto protocol commit to reduce their emissions of carbon dioxide and five other greenhouse gases, or engage in emissions trading if they maintain or increase emissions of these gases. The Kyoto Protocol now covers more than 160 countries globally and over 55% of global greenhouse gas (GHG) emissions.

² The EU ETS is one of the key policies introduced by the European Commission to help meet the EU's 8% greenhouse gas emissions reduction target under the Kyoto Protocol. The Scheme covers energy activities (e.g. boilers, electricity generation, CHP); production and processing of ferrous metals, mineral industries, and pulp and paper industries. The Scheme operates through the allocation and trade of greenhouse gas emissions allowances throughout the EU, where one allowance represents one tonne of CO₂ equivalent. An overall limit or 'cap' is set by each Member State on the total number of allowances to issue to installations in the Scheme, based on the member state's Kyoto and/or national emissions reduction target.

- Fourthly the Bill aims to provide Government with new enabling powers which would allow the Government to introduce new domestic emissions trading schemes through secondary legislation if required in order to meet the medium and long term targets contained within the Bill.
- Fifthly the Bill aims to establish a reporting procedure which will improve the transparency and accountability of UK action on climate change and enable Parliament to monitor progress.
- Finally, the Bill proposes the establishment of a new Committee on Climate Change which will act as an expert advisory body for Government on these issues.

1.4 In summary the Government says that the Bill will create a framework to achieve a more coherent approach to managing climate change in the UK, set out ambitious targets, powers to achieve them, a strengthened institutional framework and clear and regular accountability to Parliament. In tandem with the proposals in the Energy Review shortly to be set out in the Energy White Paper, the Bill will equip the UK with the conditions needed for a successful transition to a low carbon economy and show strong leadership internationally.

1.5 Whilst the Bill applies to the UK, it is recognised by the Government that a significant amount of work is still required in terms of how it would be implemented by each of the three devolved administrations and whether it would be better for the functions of the Bill to be performed by the Secretary of State, the Devolved Administrations or jointly.

2. BACKGROUND AND SCIENCE OF CLIMATE CHANGE³

2.1 The consultation document on the Draft Bill, acknowledges the overwhelming body of scientific evidence which now highlights the serious and urgent nature of climate change. The Intergovernmental Panel on Climate Change (IPCC) who published a report in February 2007 confirmed that atmospheric concentrations of the major greenhouse gases have all increased significantly since pre-industrial times because of human activities. For example, carbon dioxide concentrations have risen by just over one third from 280 parts per million (ppm) in 1750 to 379 ppm in 2005. This concentration is far higher than the natural range of 180 - 300 ppm over at least the last 650,000 years, as determined from ice cores.

³ This Authority report includes references to information and data currently available on the science and impact of climate change (as reported in the Draft Climate Change Bill, Consultation Document). This information and data, and the conclusions which are drawn from it, may be subject to change as further research is carried out and more information becomes available.

- 2.2 Global mean temperatures have risen by 0.74 degrees centigrade over the past century with 0.4 degrees of this warming occurring since the 1970s. In the UK, average annual central England temperatures are now higher than at any time since records began in 1659. The recently published Stern Review⁴ recently stated that without intervention, greenhouse gas levels will reach no less than 550ppm CO₂e (carbon dioxide equivalents) by the middle of this century. This level alone would commit the world to a warming of at least around 2°C above pre-industrial levels in the long term, with some recent studies suggesting up to a 20% probability that the warming could be greater than 5°C. A climatic change of this magnitude would be far outside the experience of human civilisation and comparable to the difference between temperatures during the last Ice Age and today. The evidence now available makes clear that some level of further climate change is unavoidable. However, we can avert the worst global consequences by acting decisively and collectively without delay. The longer we put off actions, however, the more dramatic and costly the changes that will need to be made.
- 2.3 The Bill sets out to provide greater clarity and certainty for UK industry, households and individuals to effectively plan for an investment in a low carbon economy, to maximise social and economic benefits and minimise costs to the UK as the country pursues these goals and to help the UK towards being better adapted to the impacts of unavoidable climate change.

3. KEY ELEMENTS OF THE BILL

Statutory targets

- 3.1 The Government proposes that the Bill should put into statute the UK's targets to reduce carbon dioxide emissions through domestic and international action (i.e. by making changes both here in the UK and supporting changes in other countries to reduce CO₂ emissions), by 60% by 2050, (with an interim target of 26 - 32% by 2020), against a 1990 baseline. The Government reasons that the commitment to the 2050 targets alone is too long term, so that medium term targets are also required in order to ensure that the required momentum and trajectory is maintained. The consultation document also states that the Government believes that these targets are achievable at acceptable cost with the right policies and actions.

⁴ The Stern Review on the Economics of Climate Change, available from: http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm

- 3.2 It should be noted that the emissions reduction targets do not currently apply to carbon dioxide emissions from international aviation and shipping. These emissions are not part of the Government's existing targets, nor are they part of the current Kyoto Protocol⁵ target or the EU ETS and that there is currently no international agreement on how to include these emissions in national inventories. However, there is scope in the Bill to include these sectors in the legislative framework should international policy change.
- 3.3 The targets are focused upon carbon dioxide because there has been less progress on reducing carbon dioxide emissions than on the other greenhouse gases and because carbon dioxide is the most significant of the greenhouse gases, accounting for 77% of global greenhouse gas emissions in 2000, (just under 85% of all UK greenhouse gas emissions in 2005). The consultation document however suggests that the EU ETS could be expanded to cover gases other than carbon dioxide in the post 2012 period and that the UK Government has called for this to happen. The consultation document suggests that this is an area of ongoing review and that the legislation should provide for this.

Carbon budgeting

- 3.4 The consultation proposes a system of 'carbon budgeting' as a method for expressing the trajectory towards the 60% carbon dioxide emissions reduction target by 2050. It is proposed that each budget period sets a limit of on average annual emissions of carbon dioxide in that budget period.

The budget periods proposed are:

2008 – 2012
2013 – 2017
2018 – 2022

The target years are:

2020 (26-32% reduction in CO₂ emissions against a 1990 baseline)
2050 (60% reduction in CO₂ emissions against a 1990 baseline)

- 3.5 The budget 'allowances' or 'caps' for emissions in each period would be set by taking account of a range of factors, such as technology, fiscal circumstances and scientific knowledge. It is proposed that there would be a 1% borrowing ceiling from one budget period to the next, i.e. that if it looked likely that a 5 year budgetary target was not going to be met, it would be possible to 'borrow' up to 1% of the carbon dioxide allowances from the next budget period. It is proposed that the UK budgets would only be amended following open and transparent advice from the independent Committee on Climate change and with the agreement of Parliament, via the affirmative resolution procedure.

⁵ The UK's target under the Kyoto Protocol is to reduce greenhouse gas emissions by 12.5% below 1990 levels by 2008-12, the first target period for the Protocol. The Protocol covers a 'basket' of six greenhouse gases. The Kyoto Protocol does not call for the phase-out of any greenhouse gases, only the overall reduction of the emissions. Countries are free to choose to reduce some gases more than others depending on their particular needs and circumstances.

- 3.6 Internationally, the commitments enshrined in the Kyoto Protocol are only binding until the end of 2012. Negotiations to reach a consensus for the post 2012 period are currently underway and it is essential, according to the consultation document, that agreement is reached in 2009, although no reason is provided regarding the reason for this earlier deadline.

Overseas credits

- 3.7 It is proposed that the Draft Climate Change Bill should allow for emissions reductions achieved overseas but paid for by UK entities to be counted towards UK targets and budgets. Currently, there is no limit on the degree to which organisations within the EU ETS system can reduce their emissions through purchasing allowances, many or all of which could come from other EU member states. Allowances and credits may be purchased from overseas by a range of entities – organisations, individuals and the Government. However, in the period post 2012 this situation could change. In addition to how much effort is allowed to be achieved overseas in order to meet localised targets, there is also uncertainty regarding what types of credits may be counted as legitimate emissions reductions.

Banking

- 3.8 In any budget period the Government considers it should be able to borrow a limited quantity of emissions rights from the subsequent period as outlined in paragraph 3.5.
- 3.9 It is also proposed that any emissions reductions which exceed those budgeted for could be 'banked' for use in the next budget period. This, according to the consultation document would make it easier to meet the next budget and provide an incentive for early action and over-performance in earlier budget years.

An independent analytical organisation – the Committee on Climate Change

- 3.10 The Government proposes to establish a new non-departmental public body (NDPB), the Committee on Climate Change, to independently assess how the UK can optimally achieve its emissions reduction goals balancing for example both the need for urgent action to tackle climate change and the UK's desire to show international leadership, with the need to maintain a strong economy. It is proposed that the Committee would have a Chair and a Board comprising 5-8 members, supported by a standing secretariat of staff to conduct in-depth analysis into the issues being considered.

Trading Schemes

- 3.11 The consultation document acknowledges that the majority of carbon dioxide emitted by the UK comes from burning fossil fuels (principally oil, gas and coal) for three activities: to create electricity, to power vehicles and to provide heat. Trading schemes can be applied to different points in the fuel supply chain depending on the outcome sought and optimal administrative arrangements. So policies can be applied upstream at the point at which fuel is sold for combustion or supplied into the market or downstream at the point of final consumption of the fuel. Different policies can simultaneously be placed up and downstream in the same sector where this is judged to address particular market failures and uncover additional carbon savings.
- 3.12 A number of trading schemes already exist including:
- The **EU Emissions Trading Scheme**, which puts a cap on emissions by electricity producers and others, including ferrous metals, mineral and pulp and paper industries.
 - The **Renewables Obligation** which puts an obligation on electricity producers to supply a specific amount of electricity from renewable sources.
 - **Climate Change Agreements** negotiated with energy intensive sectors which set out emissions reduction targets.
 - The **Energy Efficiency Commitment** which puts an obligation on electricity and gas supplies to offer energy efficiency measures to their customers.
 - The **proposed Energy Performance Commitment** would also put a cap on emissions from non-energy intensive commercial and industrial users.
- 3.13 All the above policies, with the exception of the Renewables Obligation, also apply to parts of the heat sector, although coverage is less comprehensive than in the electricity sector.
- 3.14 The **Renewable Transport Fuel Obligation (RTFO)** is due to be introduced into the transport sector in 2008. It will be similar to the Renewables Obligation. The RTFO will require the road transport and fuel suppliers to ensure that a proportion of their road fuel sales are from a renewable source, like bio fuels.
- 3.15 The Government's long term aim is to build on the EU ETS by extending the application of the scheme to cover new sectors and gases, (i.e. extending it to greenhouse gases other than carbon dioxide). However, it is not certain that all sectors will be appropriate for inclusion or that the EU will reach agreement. The consultation document says that the Government may want to take domestic action ahead of the EU where it is cost effective and necessary to reduce UK emissions and will help sectors to prepare for inclusion in the ETS.

- 3.16 Whilst new policies may not necessarily be in the form of trading schemes the Government says in the consultation document that it may consider implementing upstream schemes (e.g. affecting power generators, oil refineries and importers) to supplement the EU ETS; implementing schemes for emissions on downstream energy use (e.g. affecting electricity, gas and fuel users); and implementing schemes to support cleaner technologies and fuels. The Government is also likely to need to make improvements to existing schemes as our understanding of climate change develops.
- 3.17 Government is therefore proposing to take enabling powers to make it easier to implement new trading schemes as well as consolidate and extend trading schemes more easily. Parliament would then be scrutinizing statutory instruments (along with public consultation) on a case-by-case basis, rather than debating fresh primary legislation each time change is needed.

Reporting

- 3.18 The Government is already legally required to produce an annual assessment of its progress on greenhouse gas emission reductions, under Section 2 of the Climate Change and Sustainable Energy Act 2006. The consultation document states that the Government would like the Committee on Climate Change to become involved in this annual reporting process, so as to maximise the independence and credibility of the reporting framework. It is therefore proposed that the Committee on Climate Change should produce an annual report on the UK's progress towards both its budgets and targets, produced in the summer of each year and including the latest data on emissions in the UK. The report would be placed before Parliament for maximum transparency, and the Government would be required to respond to this report explaining its actions and outlook on progress in the light of the Committee on Climate Change's report.

4. IMPLICATIONS TO THE AUTHORITY

- 4.1 The strategic nature of the Draft Climate Change Bill means that it is difficult at this stage to determine the full implications of the Bill upon the Authority or to determine when the Authority's service providers, such as waste companies and recycling reprocessors might be affected. However, the general focus of the Bill suggests that:
- 4.2 Carbon dioxide emissions and carbon dioxide equivalent emissions will become a key sustainability measure for a number of sectors into the future, with challenging targets set for reduction in both the medium and longer term. As a result, carbon impact assessments/climate change impact assessments will become increasingly important in any strategy or plan going forward. This is already being addressed through the retrospective Strategic Environmental Assessment (SEA) of the North London Joint Waste Strategy, but is also likely to affect the Authority's implementation plans going forward and will almost certainly have a cost implication.

- 4.3 Initially the impact of targets is likely to affect the power generation (from fossil fuels rather than from waste) and transport sectors, thus potentially affecting both the price of services and the nature of supply of these services to the Authority. The obligation for the transport sector in particular to ensure that a percentage of the fuel that is sold is from renewable sources could affect both the cost of waste transport services as well as potentially making the collection of materials such as waste cooking oil for the production of biodiesel more economically attractive.
- 4.4 Proposals for an Energy Performance Commitment would also put a cap on emissions from non-energy intensive commercial and industrial users. Whether this would affect the Authority's contractors such as materials recovery facility operators or waste electrical and electronic equipment recyclers is as yet unclear, but it could impact both the Authority's choice of suppliers as well as the costs of the services provided.
- 4.5 Carbon trading will be an essential part of the package of measures to ensure that the targets are met and a proportion of credits will be able to be obtained from overseas. How, such an international trading scheme would impact upon the Authority is unclear at this stage. It is likely that the Authority will become more involved in responding to such issues as both drafts of secondary legislation and implementation plans are issued for consultation.
- 4.6 The Authority's draft response which is attached in Appendix 2 is therefore a 'high level' response at this stage. The full list of detailed questions is enclosed in Appendix 1.

5. RECOMMENDATIONS

- 5.1 Members are recommended to approve the response to the Draft Climate Change Bill consultation, enclosed in Appendix 2.

6. COMMENTS OF THE FINANCIAL ADVISER

- 6.1 The Financial Adviser has been consulted in the preparation of this report and his comments incorporated within the body of the report.

7. COMMENTS OF THE LEGAL ADVISER

- 7.1 The Legal Adviser has reviewed this paper and her comments are incorporated within.

Local Government Act 1972 – Access to information

Documents and Websites used:

Draft Climate Change Bill, HM Government, March 2007,
Consultation Document

Draft Climate Change Bill, 13th March 2007

Draft Climate Change Bill, Partial Regulatory Impact
Assessment, HM Government, March 2007

The Stern Review on the Economics of Climate Change,
available from: [http://www.hm-
treasury.gov.uk/independent_reviews/stern_review_econo
mics_climate_change/stern_review_report.cfm](http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm)

Contact Officers:

Andrew Lappage
Head of Waste Strategy & Contracts

Barbara Herridge
Policy and Development Manager
Unit 169, Block 1B
Lee Valley Technopark, Ashley Road
N17 9LN

Tel: 020 8489 5730
Fax: 020 8365 0254
E-mail: post@nlondon-waste.gov.uk

APPENDIX 1.

CONSULTATION QUESTIONS ON THE DRAFT CLIMATE CHANGE BILL

Targets and Budgets

Setting statutory targets

1. Is the Government right to set unilaterally a long-term legal target for reducing CO₂ emissions through domestic and international action by 60% by 2050 and a further interim target for 2020 of 26-32%?
2. Is the Government right to keep under review the question of moving to a broader system of greenhouse gas targets and budgets, and to maintain the focus at this stage on CO₂?

Carbon budgeting

3. Should the UK move to a system of carbon management based upon statutory five-year carbon budgets set in secondary legislation?
4. Do you agree there should be at least three budget periods in statute at any one time?

Reviewing targets and budgets

5. Do you agree there should be a power to retain targets through secondary legislation, to ensure there is sufficient flexibility in the system?
6. Are there any factors in addition to, or instead of, those already set out that should enable a review of targets and budgets?

Counting overseas credits towards the budgets and targets

7. Do you agree that, in line with the analysis in the Stern Review and with the operation of the Kyoto Protocol and EU ETS, effort purchases by the UK from other countries should be eligible in contributing towards UK emissions reductions, within the limits set under international law?

Banking

8. Do you agree it should be permissible to carry over any surplus in the budget? Are there any specific circumstances where you consider this provision should be withdrawn?

Borrowing

9. Do you agree that limited borrowing between budget periods should be allowed?

Compliance with carbon budgets and targets

10. Is it right that the Government should have a legal duty to stay within the limits of its carbon budgets?

The Committee on Climate Change

The need for an independent analytical organisation

11. Do you agree that establishing an independent body will improve the institutional framework for managing carbon in the economy?

Functions of the Committee on Climate Change

12. Do you agree that the Committee on Climate Change should have an advisory function regarding the partway to 2050?
13. Do you agree that the Committee on Climate Changes should have a strongly analytical role?

Factors for the Committee on Climate Change to consider

14. Are these the right factors for the Committee on Climate Change to take into account in assessing the emissions reduction pathway? Do you consider there are further factors that the Committee should take into account?

Membership and Composition

15. Do you agree the Committee on Climate Change should be comprised of technical experts rather than representatives of stakeholder groups?
16. Are these the appropriate areas of expertise which should be considered? Do you consider there are further areas that should be considered or any areas that are less important?

Enabling Powers

Extending the suite of domestic trading schemes

17. Do you agree with the principle of taking enabling powers to introduce new trading schemes?

Benefits and structure of enabling powers

18. Do you consider that these powers are sufficient to introduce effective new policies via secondary legislation? If not, what changes would you make?

Reporting

The need for regular, independent monitoring of the UK's progress

19. Do you agree that the Committee on Climate Change should be responsible for an independent annual report on the UK's progress towards its targets which would incorporate reporting on a completed budget period every five years?

Adaptation

20. Is statutory reporting the best way to drive forward progress on adaptation while at the same time ensuring Government is able to develop flexible and appropriate measures reflecting developments in key policy areas?

APPENDIX 2. DRAFT AUTHORITY RESPONSE TO THE DRAFT CLIMATE CHANGE BILL, HM GOVERNMENT, MARCH 2007 CONSULATION

To be emailed to: climatechangeconsultation@defra.gsi.gov.uk with 'Consultation on the draft Climate Change Bill' as the subject title.

Mr Patrick Erwin
Climate Change Legislation Team
Area 4/F5
Ashdown House
123 Victoria Street
London
SW1E 6DE

27th June 2007

Dear Mr Erwin

Ref: Consultation on the Draft Climate Change Bill

Thank you for providing us with the opportunity to respond to the consultation on the above.

The North London Waste Authority is one of the four statutory joint waste disposal authorities in London and the second largest waste disposal authority in the UK. As such, we recognise the important contribution that we can make to the challenge of combating climate change and adapting to its expected impacts.

However, whilst the urgency and potential impact of climate change is understood and we recognise and support the need for a strong legal framework to underpin the UK's contribution to tackling climate change, the necessary strategic nature of this first consultation document also means that the impact of the Bill on the Authority's day-to-day operations at this stage is insufficiently clear for us to provide a detailed commentary on the proposals. Accordingly we are not responding using the suggested electronic response form, but include some general observations and specific comments on a few of the aspects which we think may have specific relevance to the Authority at a later date.

We would also of course, be pleased to respond to further consultations on this matter.

If you require clarification on any of the points raised, please do not hesitate to contact me.

Yours faithfully,

**Cllr. Brian Coleman AM FRSA
Chairman, North London Waste Authority**

RESPONSE FROM THE NORTH LONDON WASTE AUTHORITY TO THE DRAFT CLIMATE CHANGE BILL

The Authority's response is organised according to the sections within the electronic response form supplied, but as outlined in the accompanying letter, the following response is focused on those elements of the consultation document which the Authority understands to have direct relevance to us.

The Authority supports the general thrust of the draft Climate Change Bill and concurs that climate change is perhaps the greatest challenge facing our world.

Targets and budgeting

The Authority supports the Government setting unilateral long-term legal targets for reducing CO₂ emissions as well as interim targets and five year budgets. However, it is imperative that the responsibilities of different sectors and organisations in terms of achieving these targets are outlined at the earliest opportunity. Whilst a number of local authorities have signed up to voluntary agreements to reduce greenhouse gas emissions, for example, by signing the 'Nottingham Declaration on Climate Change', it is important that if further targets are to be set that these are put in place as quickly as possible. This is so that authorities such as ourselves can develop appropriate climate change strategies and build appropriate mechanisms for greenhouse gas or carbon dioxide emissions reductions into future contract structures at the earliest opportunity.

With the recently published English Waste Strategy 2007 it is suggested that DEFRA is looking at drawing up targets that "would reflect total greenhouse gas emissions from a local authority's waste management activity". However, DEFRA has not as yet put forward any suggestions about how such targets would work and notes in Waste Strategy 2007, that consideration would need to be given to a "methodology" for the same. The Authority urges such consideration of targets and appropriate methodologies for measuring emissions to be made at the earliest opportunity as a wave of treatment facility procurement decisions is coming in relation to national compliance with the Landfill Directive, and these facilities will then exist and their use committed for up to twenty five or even thirty years.

Counting overseas credits towards the budgets and targets

The Authority agrees with the principle as outlined in the Stern Review and within the operation of the Kyoto Protocol and the EU ETS, that CO₂ emissions reductions 'purchased' by the UK from other countries should be eligible for contributing towards UK emissions reductions, within the limits set under international law.

However, when targets are translated to individual sectors or organisations as outlined above, consideration must be given to the differing ability of some sectors and organisations to buy and trade in credits more easily than others. With a system such as landfill allowances those with excess allowance in the UK (excluding Wales) can relatively easily sell allowances to other authorities in the UK. An international system of trading could easily disadvantage public bodies, relative to commercial companies and other organisations, so in the design of any new trading systems and extending the suite of trading schemes, it is important that there is a level playing field for all to have an equal opportunity to contribute towards reaching the targets.

Banking and Borrowing

The Authority supports a system of banking and borrowing. This is already established with the Landfill Allowance Trading Scheme, with which all English waste disposal authorities such as ourselves are already working. A system which allows some borrowing, we agree, gives the necessary flexibility to stay within budget, whilst at the same time allowing for unexpected delays with implementation or problems such as a particularly cold winter affecting energy use in the latter months of a target year. We are uncertain however, if a 1% limit on borrowing is sufficient to deal with the example of an exceptionally cold winter, even when assessing its effect on a five year period, but must rely on the government and the energy industry to resolve this.

The Committee on Climate Change

The Authority supports the proposal for establishing an independent body to advise Government on the level of carbon budgets appropriate to meeting its legislated targets and supports the proposal for the Committee to have a strong analytical role. However, the Authority does not consider that it should be solely the Government's responsibility as detailed in the consultation document to outline all the factors that the Committee on Climate Change should take into account in assessing the emissions reduction pathway. The Committee itself should have the opportunity to reassess the list of factors that have been suggested by Government when considering the most appropriate pathway towards a low carbon economy and should also be given the opportunity to give more or less weight to some of the factors identified.

Reporting

The Authority supports the need for regular, independent monitoring of the UK's progress on climate change and agrees that the Committee on Climate Change should be responsible for an independent annual report on the UK's progress towards its targets which would incorporate reporting on a completed budget period every five years.

Other Comments

Finally, as a London authority we recognise that the Mayor of London will shortly be given more direct climate change responsibilities as a result of the GLA Bill and subsequent Act. It is important that the extent of these new responsibilities is clear to everyone concerned and that public bodies such as ourselves are given clear guidance in relation to the relative responsibilities of central Government and the London Mayor and Assembly and clear direction regarding working within both a national and regional framework on climate change. This is particularly true for waste disposal authorities, as contracts for services are typically up to twenty five years, so it is imperative that the nature and scale of new targets and financial instruments are as clear as possible, as soon as possible, given the wave of procurement decisions that will be forthcoming to comply with the Landfill Directive. It will also be necessary to ensure that authorities are provided with timely information on opportunities to input into target setting, details about potential penalties for failure and time to respond to any planned changes to trading schemes resulting from the proposed increases in the Government's enabling powers.

Report Ends