



House of Commons
Energy and Climate Change
Committee

**Low carbon technologies
in a green economy:
Government Response
to the Committee's
Fourth Report of Session
2009–10**

First Special Report of Session 2010–11

*Ordered by the House of Commons
to be printed 7 September 2010*

The Energy and Climate Change Committee

The Energy and Climate Change Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department of Energy and Climate Change and associated public bodies.

Current membership

Mr Tim Yeo MP (*Conservative, South Suffolk*) (Chair)
Dan Byles MP (*Conservative, North Warwickshire*)
Gemma Doyle MP (*Labour/Co operative, West Dunbartonshire*)
Tom Greatrex MP (*Labour, Rutherglen and Hamilton West*)
Dr Philip Lee MP (*Conservative, Bracknell*)
Albert Owen MP (*Labour, Ynys Môn*)
Christopher Pincher MP (*Conservative, Tamworth*)
John Robertson MP (*Labour, Glasgow North West*)
Laura Sandys MP (*Conservative, South Thanet*)
Sir Robert Smith MP (*Liberal Democrat, West Aberdeenshire and Kincardine*)
Dr Alan Whitehead MP (*Labour, Southampton Test*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/ecc.

Committee staff

The current staff of the Committee are James Rhys (Clerk), Richard Benwell (Second Clerk), Dr Michael H. O'Brien (Committee Specialist), Jenny Bird (Committee Specialist), Francene Graham (Senior Committee Assistant), Jonathan Olivier Wright (Committee Assistant), Estelita Manalo (Office Support Assistant), and Nick Davies (Media Officer).

Contacts

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First Special Report

On 28 March 2010 the Energy and Climate Change Committee published its fourth Report of Session 2009-10, *Low carbon technologies in a green economy* [HC 193-I]. On 26 July 2010 the Committee received the Government's response to the Report. It is appended below.

Appendix: Government Response

Introduction

This note has been produced in response to the Energy and Climate Change Committee's Report into "low carbon technologies in a green economy", published in March 2010.

The Government very much welcomes the Energy and Climate Change Committee's focus on this area and is grateful to the Committee and to all those who gave evidence in the preparation of this report.

Government Action

As set out in the Coalition Programme, this Government believes that climate change is one of the gravest threats we face – one that requires urgent action both at home and abroad. The creation of a low carbon, eco-friendly economy is therefore a key priority for the Government. This report is a vital contribution to the debate on how the transition to that economy should be achieved.

The Government strongly agrees with many of the recommendations of the report. In particular, we agree that low carbon technologies can play a vital role not just in meeting the UK's climate change and energy security targets, but also in contributing to economic growth. We share the Committee's view that it is essential to ensure the market framework incentivises investment in the development and deployment of new technologies and infrastructure. And we agree that energy efficiency offers a huge opportunity for the UK to reduce its energy use and to stimulate jobs across Britain's communities.

I am pleased to note that the Government is already making progress towards its objectives in this area. In particular, we have already announced a package of measures to stimulate investment in the UK economy, including:

- publication of Treasury proposals to reform the Climate Change Levy to provide more certainty and support to the carbon price.
- undertaking fundamental electricity market reform to ensure we can deliver security of supply, cost effective investment in low carbon energy, and fair competition.
- supporting the EU to adopt an emissions target that represents a real incentive for action: a 30 per cent reduction by 2020.

- developing detailed proposals on the creation of a Green Investment Bank to be set out following the Spending Review.
- establishing a Green Deal for households, business and the public sector through legislation in the Energy Security and Green Economy Bill, to help individuals and organisations invest in energy efficiency improvements that can pay for themselves from the savings in energy bills. The Government will also continue to progress work on creating green financial products to provide individuals with opportunities to invest in the infrastructure necessary to support the green economy.

The Coalition Programme also identifies a number of key technologies which are fundamental to the development of the low carbon economy, some of which were identified by the Committee – including offshore wind, carbon capture and storage, marine energy, and anaerobic digestion.

Coalition Government Response

As the inquiry into low carbon technologies and a green economy was carried out in 2009 the recommendations relate, to a significant extent, to the policies of the previous administration. In order to act in the spirit of the Committee's desire for swift action, rather than respond to each of the 60 recommendations in turn, we propose to set out the Government's initial actions to support the development and deployment of low carbon technologies in the economy in the Annual Energy Statement (AES), which will be published this month.

The AES will cover the key issues identified by the Committee, and will focus in particular on saving energy and supporting vulnerable consumers; secure low carbon energy; managing our energy legacy; and driving action on climate change at home and abroad. It will also set out our 2050 pathways analysis, which the Committee was particularly keen to see.

Conclusion

We very much agree with the Committee that this is one of the most significant challenges facing Government, and are determined to ensure that the UK seizes the economic benefits of the transition to a low carbon economy, and look forward to working with you to achieve that goal.