

## **Minutes of CCC Meeting - 9 July 2010**

Present were Adair Turner, Julia King, Jim Skea, Sam Fankhauser, Michael Grubb, Bob May, Brian Hoskins, David Kennedy.

### **1. Low carbon RDD and D review**

The Committee considered the draft report for the innovation review and agreed:

- Demonstration of CCS for energy intensive industries (e.g. cement, iron and steel) in the UK should not be ruled out, notwithstanding the current focus on supporting CCS for power generation.
- Current funding should be regarded as a minimum, with more required given that the UK spend is low by international standards, and in turn global spending is low by benchmarks from the Stern Review, the EU and the IEA.
- The key recommendation on institutional design is that there should be a long term focus, with an energy / technology strategy to 2050 guiding whatever delivery bodies are active in this area. The Committee has not taken a view on specific institutional design (e.g. whether organisations should be consolidated under the auspices of a green investment bank).

### **2. 4<sup>th</sup> budget update**

The Committee considered analysis of commitments under the Copenhagen accord, and implications for the UK, noting that:

- With very deep and challenging cuts beyond 2020, commitments made under the Copenhagen Accord – if delivered in practice – could meet the Committee's climate objective.
- Moving from the EU's 20% to 30% emissions targets for 2020 would strengthen the carbon price signal, reduce the costs of delivering an EU cumulative emissions budget, prevent lock in to high carbon technologies, and possibly offer first mover advantage in developing new green industries. Given the recession, it would be achievable at little extra cost to that previously agreed for meeting the 20% target (i.e. the recession has delivered some of the required emissions reductions).
- Moving from the UK's Interim to Intended budgets is feasible on the basis of domestic abatement opportunities, and desirable given that the Intended budget would be achieved through a combination of cost effective measures and measures required to bring forward technologies for deployment in the 2020s. However, there is a question over the appropriate timing of the move to the Intended budget in the context of the UK's negotiating strategy over burden sharing EU targets.

- An equal annual percentage reduction path for the UK from 2020 to 2050 would be consistent with required global trajectories and would be the most effective means for delivering a cumulative emissions budget. In addition, departure from this path would raise delivery risks, with paths based on later action being less plausible and, beyond a point, prohibitive of delivering a cumulative budget.

### **3. New analysis using the Markal model**

The Committee considered new analysis from the Markal model, noting that the broad shape of the path to decarbonisation through the 2020s and beyond is consistent with that in previous analysis (e.g. this is based on early decarbonisation of the power sector, and extension of low carbon power to other sectors, with very deep penetration of electric cars by the end of the 2020s).

The Committee highlighted the current lack of detail in Markal for the industrial sectors, which results in scenarios where biomass generation with CCS is required as a negative emissions measure. The Committee therefore requested that further analysis of industry abatement options is undertaken.

The Committee agreed the need to consider Markal analysis alongside detailed sectoral assessments; the Secretariat will present such assessments at subsequent meetings.