



All-Party Parliamentary Sustainable Resource Group, the All-Party Parliamentary Climate Change Group, Carbon Connect and the Westminster Sustainable Business Forum event

The Brexit Series: Seminar 3: Energy & Climate Change Policy Post-Brexit

Wednesday 15th March 2017, 09.30-11.00, IPU Room

On 15th March 2017 the APSRG, APPCCG, Carbon Connect and the WSBF ran a seminar as part of the “Brexit Series” in Parliament entitled “Energy & Climate Change Policy Post-Brexit”. This event examined the impacts Brexit may have on energy and climate change policy. This summary has been produced as a follow up to this event.

Chair

Stephen Gethins MP, Shadow SNP Spokesperson (Europe), Foreign Affairs Committee & Sub-Committee

Panel

Geraint Davies MP, Environmental Audit Committee and European Scrutiny Committee

Antony Froggatt, Senior Research Fellow, Chatham House

Leah Davis, Acting Director, Green Alliance

Dr. Kirsten Dunlop, CEO, Climate KIC

Stephen Gethins MP

Stephen Gethins MP introduced the Brexit Series. He stated that energy and climate change is a critical area of EU policy and, with Brexit, we are at a crossroads for policy making and what we do next. He noted it is easy to lose sight of important policy changes in light of Brexit, including policies regarding energy and climate change.

Geraint Davies MP

Geraint Davies MP discussed his role as Rapporteur on Fracking in the Council of Europe, and his Clean Air Bill he presented to Parliament in November and is due to be published in April, as well as the risks for investment and existing policies and technological innovation:

1. As the impacts of Brexit unfold people may question what they voted for and want to have a say in the exit package

2. Fracking is twice as bad as coal in terms of emissions, and thus should be subject to very tight regulations. Extraction of shale gas should be limited in order to meet the UK's climate goals agreed in Paris.
3. In order to attract an inward investment platform into Europe, there will likely be tariffs. It is fearful that as we look for lower costs to compensate for higher tariffs, environmental, health and workers' rights policies may be impacted upon.
4. We should ensure all the existing protections derived from the EU are safeguarded and that we keep up with subsequent environmental policies developed in the EU and the wider world.
5. Businesses want to trade in a coherent, predictable environment. Currently, the single market provides such a context. We are already seeing the impact of Brexit regarding this; 20% of chemicals companies are now looking to relocate to Ireland.
6. We need to push for innovation and move away from old technologies, which can't be used anyway if we are to meet Paris goals and prevent environmental catastrophe.
7. At the very least we need to tie down the current environmental standards, but we should be pushing to be a world leader.

“The smart money should be on the smart cars, the electric cars, the hydrogen cars” Geraint Davies MP

Antony Froggatt

Antony Froggatt focussed on energy in his address:

1. Europe is more interconnected than ever, which is essential as part of decarbonisation efforts and to enable more renewables to efficiently operate on the system. To be a part of this, the UK should remain a part of the single market or the internal energy market for electricity. There are a lot of questions and decisions which need to be made; does the UK want lots of interconnectors, to be fully market coupled with the rest of Europe, and thus subject to its rules?
2. The UK needs to consider how it will deal with, and fit into, the changing business environment within the energy markets, especially with the growing deployment of renewables, which require more flexibility and more public engagement (e.g. community ownership).
3. There are many remaining questions regarding finance; the EU have provided a great deal of finance to the UK for low carbon funds, and research and development, many of which will probably be lost following Brexit
4. New structures, new systems and new policies will need to be put in place to replace EU frameworks as they expire, and we need to start thinking about these now.

**“We will be moving from a position of influence to a policy taker”-
Antony Froggatt, Chatham House**

Leah Davis

Leah Davis focussed upon the risks and opportunities of UK and EU policies and standards:

1. Although there are many home-grown policies in the UK, e.g. the Clean Growth Plan and the Climate Change Act, the role of the EU in delivering upon our goals is getting overlooked. Over 50% of emission reductions are covered by EU policy, which will need to be considered when thinking about meeting the UK's future carbon budgets. It is positive that the government has committed to transfer much of the existing EU policy through in the Great Repeal Bill.
2. The issue of different standards for businesses between the EU and the UK needs to be tackled. For example, different vehicles emissions directives between the UK and the EU will cause problems when trying to sell vehicles in Europe.
3. If big material changes are made, they need to be subject to parliamentary scrutiny.
4. Enforcement of standards has come from the EU. We need to think about how a UK system will work in this respect.
5. We need to ensure we have continued cooperation with Europe on cross-border environmental challenges.
6. The polls show that 80% of people do not want environmental standards to slip as a result of Brexit.
7. There are opportunities for supporting specific sectors through the industrial strategy, the Common Agricultural Policy and the Clean Growth Plan.

“We have a chance to say ‘What does it look like to be a better UK?’” - Leah Davis, Green Alliance

Dr. Kirsten Dunlop

Dr. Kirsten Dunlop focussed on innovation in tackling climate change:

1. Societies will adapt through hope, prosperity and growth, which is unlocked by innovation, i.e. new technologies, more thoughtful ways of using resources and the exchange of ideas.
2. Beyond being a threat, for business, climate change is also a major economic opportunity. A low carbon economy is the only real growth economy in cities.
3. Innovation requires diversity, trust, interdisciplinary thinking, integration, addressing problems at scale and shared responsibility. This opens up some big questions and issues with Brexit. The UK will lose access to those principals of successful innovation, as well as the pull for investment which has so far been an open, collective, willing approach. How can the UK maintain open channels of talent, capital and ideas?
4. The UK's organisations, research and academic institutions, businesses and cities are intricately woven into the EU fabric in consortium projects which are all sourced from the EU system. We need to consider how to design and enable ongoing exchange of ideas and application at the scale required after Brexit.

Question and answer session

A global vs UK problem

There were questions from the audience regarding putting together policy which considers emissions in a global context.

- **Geraint:** There needs to be a discussion about a carbon tariff or climate change impact measure on a global scale; otherwise local, cleaner materials can lose out to cheaper, dirtier imports. We need incentives and innovation in the marketplace to consider gains in the long run.
- **Antony:** Production and consumption emissions on a global level need to be documented and understood. There needs to be innovation in low carbon energy. However, we can't want cheap decarbonisation and then reject the lowest cost option as has already been done by government i.e. onshore wind turbines.
- **Leah:** We need to look to the industrial strategy; decide on what we want the future to be and how we want to change practices, techniques and make our consumption more circular.

“We need to open our minds to what is needed to decarbonise the sector quickly” - Antony Froggatt

“Gathering different nations, people and cultures around a collective goal provides the most hope.” - Dr. Kirsten Dunlop, Climate-KIC

2050 targets

There were questions regarding the efforts being made to meet the UK's 2050 targets.

- **Geraint:** Our climate change objectives need to be built into industrial strategy in an integrated approach. Agriculture, fracking and transport are three major areas. The right signal needs to be sent to the market and the consumer i.e. fuel duties and tax breaks need to be reconsidered. Helping developing countries grow greenly through technology and innovation may also provide a market drive.
- **Antony:** Both agriculture and transport need to be looked at. Future targets cannot be met unless these areas are tackled.
- **Leah:** The future levy control framework needs to be confirmed and new policies on transport e.g. electric vehicle charging, and decarbonising our heat are required.
- **Kirsten:** The Industrial Strategy needs to have an explicit link to how it will deliver on the Climate Act and Paris Commitments. London is a prime example of a city with committed interests; innovative solutions to the city's building and food waste challenges could be built into an exportable circular economy.

“There needs to be more consumer power to make market and political change”- Geraint Davies MP

Brexit deal

There were concerns regarding a hard Brexit/no deal scenario and the subsequent impact on divestment and diverging standards, access to labour and watered down environmental policies. The audience questioned the role of devolved administration and the UK’s position regarding the Emissions Trading System (ETS).

- **Geraint:** Given that the UK does not want free movement of labour, there will not be proper access to the market. However, in order to fully trade with emerging markets, movement of labour from further afield will be required. Many people voted to leave in principal because they thought the UK would still have single market access, more money for the NHS and less migration but it is likely the UK will have none of these things. Scrutiny rights and a final say by the people is needed. There is opportunity for devolved energy policy and innovation, but we need to acknowledge our position.
- **Antony:** As the UK will no longer be subjected to the Court of Justice of the European Union, it is almost impossible to remain part of ETS without a new arbitration body being established. It needs to be decided whether the UK would have a linked system like Switzerland, our own ETS or move towards carbon tax. As the full implications of Brexit are revealed, we find that the UK is so interconnected, EU rules are based on a multilateral basis and so many firms are working across different nations. The process will be incredibly complicated and time consuming.
- **Leah:** The UK has thus far at times been reliant on the EU commission and the threat of fines to ensure that standards are met. Although policies such as air quality will be transferred across, it needs to be ensured that the UK courts can hold government to account to ensure the standards are enforced.

“Be very sure if you want to go down a carbon tax route”- Dr Kirsten Dunlop, Climate-KIC

“Across the board there are really important issues which need to be addressed”- Antony Froggatt

Close by Stephen Gethins MP

Stephen Gethins MP closed the seminar by noting that as well as current policy divergence between individual UK countries, there will be a policy vacuum when we leave the EU. He asked people to get involved and make these issues priorities. He thanked Policy Connect and the panellists.