DEPARTMENT OF ENERGY & CLIMATE CHANGE

The Rt Hon Lord Hunt of Kings Heath OBE
Minister of State
Deputy Leader House of Lords
E: ps.chris.hunt@decc.gsi.gov.uk

3 Whitehall Place
London
SW1A 2AW

T: +44 (0)20 7215 5000
www.decc.gov.uk

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Glenda Jackson MP
House of Commons
London
SW1A 0AA

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EPS

Dear Glenda,

Thank you for your letter of 8 January to Ed Miliband, enclosing an example copy of correspondence from your constituents about the inclusion of an Emissions Performance Standard (EPS) in the Energy Bill. I am replying as this matter falls within my portfolio and apologise for the delay in doing so

I fully recognise your constituents' concerns about the impacts of emissions from coal power stations on the environment. The move to a low carbon electricity system is critical to the delivery of our domestic climate goals while, globally, there is no solution to the problem of climate change without a solution to the problem of coal.

Developed countries need to show leadership in demonstrating that we can decarbonise electricity generation from coal. That is why in November 2009 we introduced the most environmentally ambitious package of measures for new coal power stations of any country in the world.

- Britain has become the first country to say that no new coal power stations will be constructed without carbon capture and storage (CCS) fitted to a substantial proportion of their output, at least around 400MW, from day one;

- The Energy Bill will create a funding mechanism to support a programme of four commercial-scale CCS demonstrations on coal power stations through a levy on energy suppliers. This programme is projected to have carbon emissions similar to the alternative gas generation that it is expected to displace;

- We will demonstrate both pre- and post-combustion carbon dioxide capture technologies. The pre-combustion demonstrations will be on Integrated Gasification Combined Cycle power stations and are expected to have 100% CCS on their coal capacity from day one. For power stations demonstrating post-combustion capture, we expect them to retrofit CCS to their full capacity by 2025;

- In the event that CCS is not on track to become technically or economically viable, we will need an appropriate regulatory approach for managing emissions from these coal power

stations. We will maintain a rolling review of progress with CCS technologies and will publish a report considering the case for new measures by 2018; and

- In line with the independent Climate Change Committee's view that there will be a very limited role for conventional coal beyond the early 2020s, we have set out our clear expectation that, with or without CCS, coal power stations will need to substantially reduce their emissions if they are to continue operating in the 2020s.

Given the centrality of these measures to delivering our carbon targets, it is important to ensure the Government is held to account by Parliament for the delivery of this framework for clean coal and for the move to a decarbonised electricity sector. We have therefore tabled an amendment to the Energy Bill that will require the Government to report to Parliament every 3 years on progress towards these aims, including an assessment of whether the policies we have in place need revising.

Further consideration of an EPS, and other regulatory options, will therefore be part of the review process. Indeed we already have powers to introduce an EPS. To pledge to introduce one now, however, would be premature – potentially undermining investment in new coal plants and the whole of the clean coal framework, designed to guarantee no new unabated coal.

A quarter of our current electricity generation capacity is expected to close over the next decade (including closure of around one third of our existing coal-fired capacity by 2016 and further closures expected by the 2020s). Energy security demands that coal is part of our energy mix and thus new power stations are needed. CCS is expected to reduce emissions from power stations by around 90% and there is no known technology that could eliminate all emissions as your constituents suggest.

In their October 2009 Annual Report, the independent Committee on Climate Change set out a number of possible market interventions that could be used to deliver the low carbon electricity generation required to enable our carbon targets to be met. An EPS was just one of these options. The Committee did not express a view on which measure would be the most effective but suggested that all options should be seriously considered.

The scale and pace of change needed to deliver low carbon energy will test the current energy market arrangements. So, we are assessing the current framework to ensure that it will deliver the investment needed and will publish initial findings at Budget 2010.

The Government is absolutely committed to meeting climate change goals, including delivering the required decarbonisation of the electricity supply. We have in place a comprehensive and world-leading framework for developing clean coal. Legislating now for an EPS would not help us to meet these climate change goals and could hinder rather than help the development and deployment of CCS technology.

THE RT HON LORD HUNT OF KINGS HEATH OBE