

Business, Energy and Industrial Strategy Committee

Oral evidence: Outcomes of Marrakech COP22, HC 923

Tuesday 10 January 2017

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Watch the meeting

Members present: Mr Iain Wright (Chair); Richard Fuller; Albert Owen; Amanda Solloway; Michelle Thomson; Craig Tracey; Anna Turley; Chris White

Questions 1 - 46

Witnesses

I: Mr Nick Hurd MP, Minister of State for Climate Change and Industry, Department for Business, Energy and Industrial Strategy; Archie Young, Head of International Negotiation, Department for Business, Energy and Industrial Strategy; Emma Bulmer, Deputy Director of the Carbon Budgets Team, Department for Business, Energy and Industrial Strategy.

Written evidence from witnesses:

- Committee on Climate Change, [UK climate action following the Paris Agreement](#), October 2016

Examination of Witnesses

Mr Nick Hurd MP, Minister of State for Climate Change and Industry, Department for Business, Energy and Industrial Strategy; Archie Young, Head of International Negotiation, Department for Business, Energy and Industrial Strategy; Emma Bulmer, Deputy Director of the Carbon Budgets Team, Department for Business, Energy and Industrial Strategy.

Q1 **Chair:** Minister, good morning and happy new year. It is nice to have you in front of the Committee for the first time. Could you introduce the colleagues you have brought along with you to discuss climate change?

Mr Hurd: Thank you, Chairman. Thank you for that welcome and thank you for your interest in this subject. On my left is Emma Bulmer, who leads the work in relation to the emissions reduction plan and our carbon budgets. On my right is our Archie Young, who leads our work on international climate negotiations.

Q2 **Chair:** The Secretary of State has said that Marrakech was an important milestone that marks the shift from aspiration to implementation. In terms of the importance of implementation of the Paris Agreement, how important is Marrakech?

Mr Hurd: Marrakech was important for three reasons, one of which was not scripted. It was important for the fact that the Paris Agreement was ratified. It came into effect at that time, significantly more quickly than was expected back in December 2015. There was something very important to celebrate in Marrakech, in terms of the first meeting of the parties to that agreement.

Secondly, on day two, Donald Trump was elected as the next President of the United States. Given what he has said on the campaign trail, that clearly was a very big challenge to that conference. The response to that was quite telling, not least in the Marrakech proclamation, which was a very clear statement of solidarity in the international community behind the Paris Agreement and the desire to press on, with statements about ambition and collaboration that were very positive and very important at that moment in time.

Then, as Archie can go into the detail of, it was always billed as the COP for implementation and starting the quite gritty technical work. That is really important, to lay the groundwork for something that is fundamental, because the Paris Agreement is only valuable if countries do what they said they would do. Therefore, the whole framework of transparency and accountability that is set up—the rulebook that underpins the work over the next few years so that, in 2018, we can have a proper discussion about the ambition framework going forward—and the laying of the ground for the discussion between 195 countries about how this is going to work is fundamental.



Archie did some very valuable work in terms of getting into the gritty, technical detail, which will take some time and was always going to take some time. Setting the rules around this Paris Agreement is frankly as important as the agreement itself.

- Q3 **Chair:** May I push you on that? Are you frustrated with this whole process and the manner in which progress or lack of progress has been made? There was Paris. There was the agreement. As you said, Marrakech was ratified. There is now in your phrase the gritty, technical decisions. At Marrakech, COP22, there were very few firm, concrete decisions made. Are we kicking this really important point about climate change and concrete steps to mitigate the effects of climate change further down the road than we should be?

Mr Hurd: Let me answer your question directly and then perhaps make a comment on what you have said. First, can I start with a personal reflection? When I came into this place in 2005, climate change was what I chose to specialise in. If I step back, and sometimes you do have to step back and look at the big picture, with the progress that has been made since 2005, in terms of the momentum behind the international process and the seriousness with which this issue is taken, not just by Governments but by the private sector and the capital markets, we are in a completely different place.

I looked at that process. I have expressed in this place frustrations about how the UN process is set up, but it is what it is and historically it has gone at the pace of the slowest. It is an extraordinary process of trying to keep a coalition of 195 countries together. When you think about it in those terms, this is not something that is going to move at a very rapid pace.

I pay full tribute to the Obama Administration and full tribute to the Chinese, because it was their change of gear that was instrumental not just in securing the Paris Agreement but in the speed of ratification after the agreements on HFCs in Kigali and on international aviation. In this extraordinary year, 2015-16, we have seen a step change in terms of momentum. The Trump election is a challenge to that. There is no getting away from that, but there has been a very clear gear change in 2015-16, and it is very hard to overstate the importance of the Paris Agreement, if countries do what they said they would do.

- Q4 **Chair:** Michelle will want to talk in a moment about the effects of the election of Donald Trump. The executive secretary of the UN Framework Convention on Climate Change said that she thought the conference showed that the process that Paris started was irreversible and unstoppable. Do you agree with that or, given other global events, such as certain people being elected to the White House, will that change?

Mr Hurd: We will come to the White House issue. Having spent a lot time in Marrakech talking to my counterparts in open fora, behind closed doors, but also on public platforms, it was very clear that Patricia's



comment is right, and that is reflected in the Marrakech proclamation. Partly in response to the US election, the determination of that conference was to send a very clear signal to the world about the solidarity underpinning that process and the desire to carry on. The Chinese could not have been more explicit, and they followed that up with some very specific commitments related to future investment in renewable energy. They could not have been clearer about the signals that they sent.

That is why I said that proclamation and the message underpinning it was one of the most important outcomes of the conference under the circumstances that we were in. Those circumstances are opaque. I do not know what is going to happen in relation to the actual actions that the Trump Administration are going to take. No one here knows. Only those involved in the intimate circle of decision-making have any ideas. We can speculate, but we do not know. There is some risk.

Archie Young: Can I come in on that point about irreversibility, but also the point about speed? I would make two points about the speed. First, as the Minister says, the early entry into force of the Paris Agreement was indeed far faster than many expected, which brought with it an excellent momentum but also a challenge to the process. One of the pleasing outcomes of Marrakech was the way that the negotiations managed to maintain that momentum and agree the timetable going forward by when a lot of these crucial decisions, such as on the rulebook, will be agreed, which will be faster than many people would have thought.

Secondly, on irreversibility, in addition to the Marrakech proclamation, which is very much a collective Government statement of the irreversibility, it is useful to highlight the numerous announcements by business, by non-state actors and by civil society, whether that is Walmart committing to an 18% reduction or whoever it may be. That sends a very strong signal of the private sector's commitment to the irreversibility of this movement.

Mr Hurd: That is really important, because as politicians we know we move as fast as we think our societies, our countries and our communities will let us go. That signal from the private sector is very different from the one that we were receiving in 2005 and 2006, where there was a lot of concern about competitiveness and cost: "Are we sure?" Now I sense—I am generalising a bit, because there are still some areas of the economy that are very concerned about competitiveness, and quite rightly—the mood music reflected in coalitions like We Mean Business is: "Let us get on with this, because this is the direction of travel and this is the future." Also, as I hope we will come on to discuss, there is a very big economic opportunity here, which we need to capitalise on.

Q5 Michelle Thomson: Good morning. Going back to Donald Trump then, you said in your opening remarks that the international community would



press on. Have the UK Government made any contingencies or, in fact, what specific contingencies have you made for the US either not implementing the Paris Agreement or pulling out of the UN Convention on Climate Change?

Mr Hurd: Can I call you Michelle?

Michelle Thomson: Yes, that's fine.

Mr Hurd: Our primary commitment to this process is on delivering what we said that we would do. That is the responsibility of every country in this process, every country that has submitted an NDC. As we will come on to discuss, our primary contribution is for the UK to deliver on our domestic carbon budget, to play our full part in this process and to do that at the lowest possible cost.

Alongside that, though, we will continue to use our influence, which is real because it has been hard-earned over quite a long period of time of UK leadership on this issue, to do what we can to influence others to play their full part. That, as the Foreign Secretary has made clear, includes the US Administration. It is not appropriate to talk about contingency plans. It is appropriate to talk about how we will continue to meet our domestic commitments to this process.

Then what will happen is: once we see the reality of the plans of the Trump Administration—and we do not know; no one knows—the international community will have to respond, and we will be part of that response. It is not appropriate for us to talk about contingency plans in that context. It is for us to fulfil our commitments to the British public, in terms of making sure we are on track to meet our commitments at the lowest possible cost. Archie, did you want to say anything else?

Archie Young: I think that covers it, but we also have a long history of working with the US on energy issues and on climate change issues, with Administrations of various different colours, where we have agreed and disagreed more or less over the years. As the Foreign Secretary has said to the House, we hope that we can continue to co-operate and make sure that we speak truth, explain our point of view and work with the various parts of the US system, so that we can continue this movement as quickly and with as much robustness and rigour as possible.

Q6 **Michelle Thomson:** If that does happen, do you think it is a possibility that China might step up to the plate and, if they do, what opportunities and/or challenges does that bring the wider environment and the UK?

Mr Hurd: That is possible, but you are entering into the world of speculation, which I am determined to resist because we do not know. What was very striking, Michelle, was that China came out of the traps very quickly to send a signal of reassurance to the conference, and to the world, that they are in.



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I am not an expert on China, but it seems to me, looking at the evidence and what they are talking about, that they are in for very pragmatic reasons because they have very serious issues at home in relation to air pollution. They have very serious issues in relation to risk around food security and water security. They are clearly in, and the signal they sent immediately on this, publically but also in the private meetings that I had in front of the Americans, is what the Brazilians said as well, which is: "Frankly, you do what you need to do, but we are going to carry on."

If I may extend an analogy, we can think about this as one of those long distance bicycle races in the Olympics. What we have finally seen in this process is the forming of a very large peloton. It is very important, clearly, that the major economic powers at the front of that peloton, but, if America slips back a bit, that is not the end of the world if the peloton continues to press on broadly at the same pace and in the same direction. I heard very clear signals of continuing commitment, leadership and ambition from the other major economies that are effectively the mood-setters in this.

Q7 Michelle Thomson: If the US draws back from the Paris Agreement, will Brexit make it harder or easier for the UK to fill the vacuum?

Mr Hurd: I do not know if there will be a set of questions about Brexit, but there are some very big issues that we have to think through in the context of the Brexit negotiation and the reforming of our relationship with Europe. There is also a big issue about the energy relationship.

In the subset of climate issues, there is a decision about whether we continue to negotiate en bloc with the European Union. There is a decision as to whether we bind this country into the regulations that are now being negotiated about the Paris 2030 commitment. That includes the big decision about whether we continue to participate in the emissions trading scheme. Then there are some decisions about the raft of EU-sourced regulations that have a big impact on our carbon reduction plan.

These are all issues that we have to think through, and are thinking through, in the context of the wider conversation about Brexit and in the context of the work that Emma and I are doing on the emissions reduction plan. Ultimately, that is what we are accountable to Parliament for—our carbon budget. That is what we are accountable to the British public for. That is what we have to deliver. Brexit is complicated in the sense that we have a set of difficult issues to think through, but ultimately we are accountable to the British people for the delivery of our carbon budget.

Q8 Michelle Thomson: There is no softening, post-Brexit, of our commitment, then.

Mr Hurd: Brexit throws up a set of complex issues to think through. It gives us some flexibility to think through things afresh, through the prism



of the national interest. It presents quite a good discipline in looking again at things like the emissions trading scheme and saying, "What was this set up for? How is it working? Is it working in our interests? Is it doing what it said it would do?"

While we are in the European Union, we are a fully functioning, very active and very constructive member of these conversations, as I hope my European counterparts would testify. We are playing a full part in the discussions around the reform of the emissions trading scheme, the so-called phase IV reforms, and the negotiations about the burden-sharing agreement, because we take the view that we are in until we are out. The outcome of these negotiations will matter to us under any circumstances, so we are a very full and active participant in these negotiations, as I am sure you would hear if you talked to any of my European counterparts.

Q9 Michelle Thomson: That is a maybe. I wanted to ask you about the Paris Agreement rulebook as well. We appreciate it is extraordinarily complex, and you alluded to it earlier, with the number of countries. Do you think 2018 is realistic in any way, post-Paris?

Mr Hurd: It is. It has to be. Archie can talk about the mood music in the negotiations, but the critical agreement at Marrakech was that 2018 sticks as a date that we are all working towards. That is settled.

Q10 Michelle Thomson: Is it realistic?

Mr Hurd: It has to be. What I detect is that, if this holds, and it is an "if" because of what we have talked about before, there really is a shift in the dynamic of these negotiations. I am not a veteran. Archie has been through different COPs, and the veterans of these COPs say that the mood music now is completely different from what it was before in terms of the desire to co-operate, the kind of trust that is in the process now, which is absolutely fundamental, the momentum and the sense of ambition. The dynamic has changed.

What we are dealing with, though, is complicated, because ultimately we are talking about the rules and the framework for people being held to account for doing what they said they would do. We know that is awkward and difficult territory, but the good will and the momentum are there, and they were sustained through Marrakech and the technical discussions that Archie was deeply involved in.

For us, we have set out our stall very clearly. Getting that framework of accountability and transparency right is really important. It is a very clear British priority, because we stand there with our own framework of accountability and transparency, forged in 2008 through the Climate Change Act, as an example of the kind of framework that needs to be in place for this process to have sufficient rigour so that people trust it.

Q11 Michelle Thomson: What are the next steps that must happen to meet that date?



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Archie Young: Sorry, just to add to the Minister's point about the importance of 2018, the science shows the urgency of taking action on this. We are asking countries around the world to commit to take action and they are doing so, but we need that action to go further and faster.

Before countries will be willing to go further and faster, they need to understand that it is a level playing field and understand what they are signing up to. The details and the rulebook about the features of NDCs—we have all made nationally determined commitments—so that we all have comparable commitments; the compliance mechanisms, so that we know what the result will be if a country appears to be off-track in meeting its ambitions; and the transparency mechanism for how countries will explain their progress and how that will be measured are all absolutely critical features in order to give countries the confidence to increase their ambition, which the science says is absolutely urgent.

To take this specific point about the next steps, the conferences of the parties are annual. The one in Marrakech just passed. The next one is in Bonn. Fiji holds the presidency, and that will be in December this year. The one after that will be in Poland in November 2018. In between those, every six months, there are inter-sessionals in Bonn, where a lot of the detail is worked through, and in between those there are detailed workshops and meetings, some of which are fixed and some of which are ad hoc.

One that I would like to mention in particular is the Cartagena Dialogue, which is a progressive alliance of countries, of which the UK was one of the founding members, and we act as the secretariat. That is a crucial forum for us to get parties together, outside of the negotiating blocs in which we operate, to really try to hammer out the details so that, when we arrive at those big set pieces, we have a better sense of where all the other parties are coming from, where the compromises might be and how we can achieve a deal.

That compromise is crucial because, with that many parties, with issues of this complexity and given the cost associated with so much of this and the political imperative, no party will get everything that it wants, so we need to understand where our red lines are, where those compromises are and work that through over the next two years.

Michelle Thomson: I will watch with interest.

Mr Hurd: I will add something to that. Sorry, I know you are conscious of time. I am sure the Committee knows this, but it is perhaps worth stating the importance. Overhanging this process is the fact that the Paris Agreement does not just talk about 2° C; it talks about 1.5° C. Overhanging this is the evidence that, if you tot up the NDCs each country submitted through this bottom-up process, which was effective, the assessment is that you do not get to 2° C, let alone 1.5° C.



We are heading towards a potentially very difficult conversation around ambition. Our view is that that conversation has to have a very good underpinning evidence base, not just around the science inputs, the need for greater ambition and what is required, but also about what trajectory we are on and what is happening in terms of emissions in each country. That is why we are going to push it very hard, because that conversation will be difficult enough without a good evidence base underpinning it.

Q12 Albert Owen: Michelle touched on some of the issues I was going to raise with regards to the Paris Agreement rulebook. You are optimistic and I understand what you said, Minister, in your opening remarks.

Mr Hurd: I have to be.

Albert Owen: You are optimistic now because we have had lots of progress, but there have been some false dawns as well: Copenhagen, for example, was a bit of a setback. We have this situation now of a new incumbent in the White House. You said you were concentrating on domestic policy and I want to hold you to that, but before I do, with regards to the timetable of 2018, you said you believed it to be a realistic target. Historically, from Rio onwards, for countries to agree has taken a lot longer than two years. What is different this time, in your opinion? Do you have the mechanisms in place that you did not have before? I will let you respond to that, and then I want to come on to the emissions reduction plan. Do you want to respond to that first? What is different in your opinion? You have said you are more optimistic.

Mr Hurd: I have touched on it. We have to work with the convention as it is, with all its downsides and the difficulty of building trust and momentum between 195 countries, most of which come at it from very different angles and concerns. In human terms, it is the most extraordinary process.

In human terms, something has shifted very tangibly in terms of the momentum and the process behind it. Again, I come back to this point: the election of Donald Trump was a very large rock chucked in the pool. The response of the system was saying, "No, we have to send a message of solidarity and seriousness of purpose". We have to get on with the technical work, because we could have just gone into hysterics and talked about everything else, but the work went on and the message was sent to the world that this is a serious process with a pressing timetable attached to it. The mood music from many countries was that 2018 was too late and that we needed to get on with it. Something quite fundamental has changed.

We will get on to the ERP. To your point about priority being attached to domestic commitments, that is true on one level, because ultimately that is what we are accountable for, but these things are very linked, in my mind. We have three priorities in terms of climate change strategy: delivering our domestic commitments at the lowest possible cost; using our influence to make sure others play their full part; and, as I hope we



will come on to, maximising the economic opportunities for the UK through this process.

They are all linked, because if we are credible in delivering on our domestic commitments we have more influence with others. If others do their bit, then the cost of these technologies will fall even faster, which will help our affordability. If others do their bit, the economic opportunities will be bigger. They are all linked.

Q13 Albert Owen: The Climate Change Act gave us a lot of legitimacy on the world stage as well, as we had it enshrined in domestic law. The Government ratified the Paris Agreement. It is more ambitious than our own climate change targets, so what is the Department going to do in this Parliament to ensure that we comply with those agreements in the long term? What are you going to be doing now that the agreement has been signed and the rulebook has been set up? What are you actually going to do? What are we going to see from you, as a scrutinising committee, that we can hold you to account on?

Mr Hurd: You are going to see an emissions reduction plan before the end of quarter one.

Albert Owen: That was my next question, so you have answered my next question.

Mr Hurd: That is my intent. It was promised in 2016. I hope I have the Committee's sympathy on this. This is a roadmap to show how the Government expect to keep this country on track to meet its long-term carbon commitments, and to meet in particular the fifth carbon budget, which takes us out to 2030. These are long-term in nature, and because they are long-term in nature my view was that quality is more important than speed.

This is a very important piece of work, not just to give reassurance that we remain committed to this agenda, not just to show people concerned that we are on track, but also, coming back to the business dimension of this, this is very important in terms of sending a signal to the market about where the future investment opportunities are going to be. Ultimately, it is private capital that is going to have to make this work. The signals that Government send about the direction of travel and the forward visibility of policy are critical.

This is a very important piece of work. It is very important to the Department. This is why I said I would like a bit more time to make sure that we get this right. Also, we effectively have a new Government with a whole new set of Ministers in the key portfolios: the Department for Transport, the Department for Communities and Local Government. We now have a process well underway, which we are leading and chairing, to engage with those Departments and their plans, but the new set of Ministers needs a bit of time to think these through.



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In answer to your question, Albert, on the emissions reduction plan, my intention is to publish it, subject to the agreement of others, by the end of quarter one.

Q14 **Albert Owen:** That is good. The Committee on Climate Change are a bit concerned that the Paris Agreement will take your eye off the ball of other things that you have already committed to in targets. Do you see that complementing it or do you agree with their advice that you could be pushed in different directions?

Mr Hurd: Let us be clear: the agreements we have entered into at Paris are absolutely compatible with the Climate Change Act and the commitments that we have made. It is worth noting that one of the first actions—literally within hours of the new Department being formed—was to put into law the fifth carbon budget. Anyone who knows about the trajectory we are on knows that that is a very ambitious budget. The Government could have flinched. The Government could have said, “We need more time to think about this”, but we pressed on and put it into law. That is an important proof point of our continued commitment on this.

The next emissions reduction plan is going to be a challenge. We performed very well in the past. We will shortly be producing the latest data on emissions performance. We have done extremely well in terms of reducing emissions. We have proved something important: that you can reduce emissions significantly while continuing to grow your economy significantly. That is a very important proof point, but the reality is, being very candid about this—

Q15 **Albert Owen:** Sorry, what evidence do you have of that? We have had a recession worldwide and our emissions have come down during a period where there was not growth.

Mr Hurd: I will answer that, and then I will come back. I have the data in here. It is striking. We are not the only country to have proved that. The Americans have proved that; the Swedes have proved that. It is a very important proof point. I will come back to my formative experience in 2005-06. The concern was: can you do this and grow your economy? Is this a choice? It is not. You can do both, and that is a very important proof point.

To your question about the ERP, I want to be very candid about the challenge here. We have performed very well in the past. We have probably outperformed. The data will have to prove that point, but we have performed. Most of that, though, in terms of Government, has come through the decarbonisation of the power sector.

There are two particularly big challenges. The Committee on Climate Change have been very candid about this. This is not rocket science. There is a very big challenge around decarbonisation of heat and how we change the way in which our homes and offices are heated in future. That



is very big challenge. Politically, it is a big challenge, because the British public on the whole are pretty satisfied with the way their buildings are heated at the moment. Then there is a very big challenge around transport. As I hope we will come on to, on transport, you can see the future, and the future is electric. I am optimistic about that. It is just about whether the pace is fast enough.

Those are the two biggest challenges where we have not made enough progress in the past: on heat, because not enough was done frankly; and on transport, because, although we have made great improvements in terms of efficiency through standards and regulations, demand overcompensated for that. If you look at the graphics for emissions reduction, you see we have made big reductions in terms of emissions from the power sector, but the other key sectors have not made as much progress as we would like. The emissions reduction plan has to confront that reality.

Q16 Albert Owen: I will make one final point. You talk absolutely rightly about transport and homes being a massive challenge and something we need to focus our attention on, but, with regards to your Government's energy policy, how does shale gas—unabated gas power—fit into what you are talking about in the long term? You ditched—I know we are going to come on to this—the carbon capture policy, or delayed it, but you are enthusiastic about gas.

Mr Hurd: Following the recent changes, my colleague, Jesse Norman, is going to lead on energy policy as Minister, but because there is a huge overlap with the carbon I am very involved in that. The old trilemma of energy policy continues to exist, which is security, affordability and the transition to clean. That trilemma and the management of that trilemma continues to be at the heart of energy policy. What we see now in this country, as we have seen around the world, is irrefutable proof that we are well through a process of extraordinary transition towards clean energy.

Q17 Albert Owen: I am being specific on gas. We rely on either imported gas or domestic shale gas.

Mr Hurd: I am putting it in the context of the trilemma. I look at shale gas through the lens of energy security.

Q18 Albert Owen: As a transitional one to cleaner energy in the future?

Mr Hurd: I look at it very simply. It is primarily an energy security issue for me. We import a lot of gas. If we have the capacity to generate our own gas in this country, we can do it effectively. If we can do it cost effectively and we can do it while reassuring people about the impact on the environment, it would be irresponsible to future generations not to answer the question, "Can we do it?", because we have seen the impact in the United States. We have seen what it is capable of doing. We owe it to ourselves to find out whether something similar can happen in the UK.



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That is my personal takeout. I look at shale gas, frankly, through the lens of energy security, in the context of the trilemma of energy policy.

Albert Owen: It will impact on your carbon reduction.

Mr Hurd: This leads me on to CCS.

Chair: Can we come on to that in a moment? Thank you.

Q19 **Chris White:** Morning, Minister. The UK is recognised for its leadership on climate change, both internationally and historically, but we are not at the moment on track to reach our emissions reduction targets after 2020. Do you think we are losing our momentum?

Mr Hurd: No, I do not. You are not wrong in your analysis in the sense that, yes, we have a reputation for leadership. That has been quite hard earned over successive Governments—Labour, coalition and Conservative. That leadership has been built on a foundation of cross-party support that is recognised overseas. We continue to be influential. What we say and what we do matters. We continue to be a member of the High Ambition Coalition in these international frames.

You may remember that we ratified the Paris Agreement during Marrakech at the end. When I announced that in a hall full of 500 or 600 people—and we were the third country to ratify it during the course of the conference—the announcement was met with cheers and applause. That partly reflects that what the UK does in this area continues to matter. If you look at the framework of the Paris Agreement, with what is agreed in terms of five-year cycles of accountability, it bears a lot of parallels with what we set up as a framework here with the Climate Change Act.

Our leadership is there, certainly on a historic level. Our influence is there very clearly and palpably in the negotiations that are going on at the moment, but you are right: that leadership and influence will continue to depend on our leadership in terms of delivering credible performance at home.

To that point, you are right—there is no mystery to it—that, although we have performed very well historically against the first three carbon budgets, as it happens, we are off track on four and we are off track on five. There is no mystery about five, because it is the budget out to 2032. It would be strange if we had all the policy frameworks in place to give people assurance we were on track for that.

Part of this process is that the budgets are set and the Government have to come to Parliament in front of the people and say, “This is how we intend to meet them.” That is why we have the legal requirement to produce an emissions reduction plan. Let us have this conversation after we have produced our emissions reduction plan and hear the view of this Committee, the House and the people about whether we have a credible plan in place to keep this country on track towards meeting our targets.



In the context of what you are talking about—our international influence and ambition—we are still so far ahead of other countries, in terms of the framework that we have set up and the progress that we have made in reducing the carbon intensity of our economy. I have not heard a single question mark about British loss of authority or leadership. There are question marks about post-Brexit, and a large part of my job for the last six months has been to reassure our international partners, both in the EU and on the international stage, that Britain continues to be on the pitch and to play a very vocal and constructive part in the negotiations. That was needed and was very welcome.

In terms of our influence and our leadership, I am absolutely sure it is still there. I take your point that that will continue to depend on our performance at home and our ability to show the world that not only can you continue to grow your economy and reduce your emissions significantly, but also, as I hope we have time to note, that there is significant economic opportunity attached to this, because the low-carbon economy in the UK is real now. The ONS data is there for the amount of turnover and the amount of jobs that depend on this transition to a low-carbon economy, which is why Greg Clark, in his evidence to you, made it quite clear that continued progress on that path was one of the priorities of the Department.

Q20 Chris White: You make a strong point on the Paris Agreement and our ratification of that, but the ambitions of that agreement exceed our ambitions. How do you see us bridging that gap? You talk about being so far ahead, but do you think there is an element of complacency in that statement?

Mr Hurd: No, not remotely. I also challenge the premise that the Paris Agreement goes further than British ambition. That is not true at all and, more importantly, the Committee on Climate Change have reached the same view. Their current advice is that this is not the time for Britain to take decisions on going further than the commitments that we have made under the Climate Change Act and that we have made through the EU in relation to Paris. The proposal of the EU Commission to us as part of that effort sharing is absolutely consistent with the carbon budgets that we have set. We feel comfortable and the advice that we have received is that the trajectory we have set—80% reduction by 2050—is compatible with 2° C, as far as you can be sure about these things.

I do not wish to sound complacent; I just wish to sound factual. The UK started in earnest earlier than other countries and there was debate about the merits of that. We have performed well in terms of emission reduction while continuing to grow our economy, but it is very clear—and I was very candid with Albert on this—that the fourth and fifth carbon budgets take us on a steeper trajectory of emission reductions. Frankly, we have done a lot of the relatively easy stuff. Now we have some tougher nuts to crack: heat, transport, CCS. These are tougher nuts that



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we now have to crack, and that is why this emissions reduction plan is important, which is why I ask for a bit more time to get it right.

- Q21 **Chris White:** That is a fair enough response, but it becomes more difficult and more challenging. When the Committee on Climate Change says that the current policies can deliver, at best, half the emissions reduction needed for the budgets for 2032, that half is, as you say, the less difficult half. It is early days, perhaps, to outline the policy in front of the Committee this morning, but do you think that is achievable? Is it your ambition? Do you see that your negotiations on Brexit for what you are responsible for might take you off course?

Mr Hurd: No, I have been very candid about the challenge. There is not any real mystery, panic or shock about there being a gap on the fifth carbon budget. We are talking about the 2030s here. It would be surprising if all the policies were in place that could give visibility out to 2032. Our responsibility now, and part of the reason why the process we set up in 2008 with the Climate Change Act is the right one, is that the budget comes first and then the Government have to respond to it, setting out policies and priorities to meet the budget. That seems the right way around. The test is really our response to the budget, which is forthcoming with the emissions reduction plan, and the credibility of the picture that we present there about how we intend to keep this country on track to meet its long-term commitments.

- Q22 **Chris White:** Why I kept you challenging you on that issue is that you started your remarks in front of the Committee by saying that the future is electric vehicles. 20 or 25 years ago, we were probably both watching *Tomorrow's World* on television and that was the future in 20 to 25 years, and we are still nowhere near that. If we are relying on those changes to take place, the technology to introduce this whole new infrastructure is going to take 15 years to put in place.

Mr Hurd: There is a very interesting debate to be had about the timescales for adoption of transformational technology, the role of Government in terms of accelerating that process and helping to drive markets, and critically, as we have done in the power sector with the big push towards clean energy, the role of Government in driving down the costs. This is fundamental. The challenge here is: how do we reduce the cost of the low-carbon choice and accelerate the market to deliver that low-carbon option at a competitive price?

Take the electric car. You only have to look at, for example, the recent KPMG survey of executives in the auto industry. They can see the future. The car industry is going through, in the next 10 to 15 years, one of the biggest changes in its history, because there will be profound changes raised about what we drive, how we drive and whether we drive. These are the issues that the car industry is coming to grips with. If you talk to Ford, they see their future as being in mobility services. Universally, as you see from the survey, they see their future being in clean vehicles. They can read the tea leaves.



You are seeing the driving force of human innovation to reduce the size of batteries and deal with the anxieties people have about electric cars, which are cost, range and what you might call social norms. The Government have a very active role to play in that, which is what we are doing through our grant programmes, to tackle the blockages to the market: through plug-in grants to reduce the cost of these vehicles; through investments in expanding the infrastructure of charge points; and through our support of innovation in the industry to tackle issues like weight and size of battery, so these things are cheaper and can run further.

You talk to the major manufacturers about their plans and you see what is coming on stream, whether it is Ford or GM. They are all at it. Jaguar announced their plan to launch an electric car. This is their future, and it is a question of whether we can bring that future forward quickly enough, so that the technology is adopted quickly enough to meet our carbon ambitions.

Chris White: Fantastic.

Mr Hurd: Chris, I know you are a Midlands MP. The clean car is a perfect example of the opportunity to get a triple win here, because faster adoption of clean cars and electric cars is good for carbon. It is good for tackling our air quality problem, which is serious. There is also a major industrial opportunity attached to it for the UK.

That is what we want to focus on: what are the areas in which we can see more than one win, where we can see more than just the carbon dividend, however important it is? Where can we see multiple wins for the UK through faster adoption of electric and ultra-low-emission vehicles? Positioning the UK as a leader in terms of the research, development, innovation and manufacturing that goes into that process is an enormously exciting opportunity, which the Department really wants to grab. Our colleagues at the Department for Transport see it the same way.

Q23 **Chris White:** You mentioned driving the market. What is your Department's role in driving the market, and do you see this as a major aspect of an industrial strategy?

Mr Hurd: In terms of industrial strategy and the emissions reduction plan, an industrial strategy has to respond to and reflect some of the key trends affecting the economy. One of the biggest trends affecting the economy is, as a result of the Paris Agreement, the worldwide acceleration down the path of decarbonisation. This is a major shift, involving big changes in terms of how our energy systems work, how our transport systems work and how buildings are heated and cooled.

If you look at all the forecasts—they are scattered but credible—the amount of investment that will go into these areas is enormous. I would like Britain—I know Greg Clark and the Prime Minister want to be sure of



this—to get a good share of that. We want countries around the world to be thinking about Britain in the context of that challenge. There is a very big economic opportunity for Britain, and the industrial strategy is an opportunity to make sure that we are as competitive and as well prepared as possible for that opportunity, which is why Greg listed among his priorities the further development of the low-carbon economy in the UK.

To your question about market-building, I come back to the fundamental challenge here, which is reducing the cost of decarbonisation. We will be, as you would expect and hope from any Government, extremely cost conscious here. We are operating in an environment of limited public resources, where the appetite of our constituents to pay more in quite stretching, complicated economic times is limited. We are going to be very cost conscious, so the challenge around the world, but in the UK as well, is: how do we drive down the cost of decarbonisation?

We have seen, as a result of government interventions around the world, the most astonishing falls in the price of solar panels and renewable technology, which is an example of what Government action can do if it is sufficiently determined and ambitious. You are seeing, as we have talked about before, in terms of accelerated adoption of electric cars, that we are interventionist. We have a plug-in programme. We are taking active steps to remove and reduce barriers to adoption here.

We are accelerating the market in the area of heating, for example. We have to help this country make a transition in terms of how we heat our homes and our buildings. We are not sure yet what the optimal technology path is going to be or what combination it is, whether it will be electrification, whether it will be cleaner gas or a combination, and how heat networks fit in. We have a role to lay the groundwork for some big decisions on that that are coming down the track. Then Government will have a role in market-shaping, market-building and market-accelerating. We see that quite clearly. Otherwise the costs will remain too high.

Q24 Chair: Chris has made a really important point about industrial strategy not just residing in the Department for Industrial Strategy. You have talked, quite rightly, at length about the challenges regarding heat and transport. In terms of transforming energy and transport systems and heat networks, that will require complete buy-in from your colleagues in DCLG and in the Department for Transport on things like planning policy and building standards. Can you confirm that that is the case? How bought in to a proper co-ordinated Government industrial strategy in order to address the transition to a decarbonised economy are your ministerial colleagues in other Departments?

Mr Hurd: We are running a process, centred on a new committee, which Greg Clark, our Secretary of State, chairs. The system of Government is very aware of the importance of the emissions reduction plan and having a credible plan. Part of our role is to have those conversations with



Ministers, to press them for ambition, but also to position this agenda alongside their own. I talked about electric cars and the conversation we had with the Department for Transport. This fits beautifully with their vision for a modern transport system in the UK. As you saw in the announcements in the Autumn Statement, there is clearly a high-ambition agenda in the Government in relation to modern transport and accelerating the progress towards a more ambitious uptake of electric vehicles.

On buildings, I am conscious that I am speaking to a former CLG Minister. Those conversations are ongoing and the output you will see hopefully in the emissions reduction plan. There is a whole set of issues around the standards we want to set going forward in terms of homes in this country and the ambition that we have to upgrade homes, for people to have the opportunity to live in more comfortable homes with higher levels of performance. That is a conversation that we are having with CLG. It needs to be reconciled with their policy priority, which is volume of housebuilding. We recognise the policy priority. These are the kinds of conversations that you have in Government, as you will know. The conversations on that are extremely positive and constructive.

Q25 Anna Turley: Thanks for joining us, Minister and colleagues, today. I would like to focus a bit on renewables. I was very struck by the comment you made earlier, Minister, about the importance of market certainty and future investment. The Green Alliance have just published analysis that shows investment in renewables could be about to fall off a cliff by the end of decade; they talk about as much as a 95% reduction. The UK has led the way. We have been world leaders in offshore in particular, and 25% of our energy last year came from renewables. Can you restate your commitment to renewables? If we are committed to achieving the goals in Paris, can you give investors certainty by perhaps committing to some of the details of future auctions and so on?

Mr Hurd: You tempt me on that, but that last bit I cannot do yet. The reality is this. Since 2010—and I pay full credit to the previous Secretary of State on this—we have made huge advances in terms of deployment of renewable energy in this country. The fact that a record 25% of electricity generated last year came from renewables is testament to that. This is the first year that we got more electricity from renewables than we did from coal. The needle has swung very far in quite a short period of time in terms of our transition to a cleaner energy system.

That has come at a cost. Last year, £13 billion was invested, and a total of £52 billion since 2010. That is serious money, but this is a big shift in national infrastructure. We must not lose sight of that. There has been a very big shift. I think it is 11 GW of solar power now. We have serious capacity in the system.

Then a problem had to be confronted. In an environment of severe fiscal restraint, there was a real concern that costs were running out of control and a process was put in place to correct that. That caused pain. That



caused some uncertainty. That is true. What we have tried to do, as a new Administration coming in, is to give more forward visibility in relation to the contract for difference, which is a much better mechanism in terms of driving down the cost of renewable technology. The announcement of the first auction I hope was welcomed by the Committee back in November. Again, that is serious money for this Parliament, but we have a very clear objective to drive down the cost of less mature renewables. That is a significant commitment.

The challenge we have now, which we are working through, is: where do we go now, in terms of further deployment of the more mature technologies? How do we move from subsidy-based deployment to deployment of more mature technologies on a subsidy-free basis in genuinely competitive markets? That is where we want to get to and where we should all want to get to, because subsidies should not be a way of life.

We have seen extraordinary drops in the price of these technologies. Now we have to think through carefully, and we need a bit more time to do this, what the next stage is and how we can be smart, putting this in the context of the broader work we are doing to try to make our energy system smarter, in terms of its flexibility and the way the grid and everything interacts with the renewable capacity that we have invested so much to bring on stream.

I hope, with the contract for difference and the big commitment to pot 2, that we have sent a positive signal to the market about our continued commitment on this historic and very important shift, in terms of how we source energy in this country. In historic terms, this is very important: more electricity from renewable energy than from coal, a commitment to phase out coal. In the history of our country, this is quite a historic moment.

Q26 Anna Turley: You have talked quite a lot there about the emphasis on cost. Do the Government recognise, in terms of cost, that solar and onshore wind are the cheapest forms of clean technology? Their cost is falling. Do you see a route to market for these cheaper technologies? Is that something that the Government are looking to support?

Mr Hurd: As I said before, Anna, yes. As a result of decisive government action, not just in this country but around the world, we have seen astonishing falls in terms of the price of solar panels and the technology underpinning these renewable sources. In some parts of the world, they are cheaper than the traditional base. That is enormously exciting.

Now, having made the investment and helped drive down the cost to the point where these technologies are now increasingly cost-competitive, given the fiscal environment and the context we are in, we have to be very careful about the public purse. We have to be very careful about our constituents' purses. We have to be smart now in thinking about the route forward for these technologies now, in terms of deploying them on



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a subsidy-free basis in a competitive market. That is what we are trying to think through at the moment.

Anna Turley: I would like to ask a couple of questions on carbon capture and storage.

Mr Hurd: You are probably aware, Anna, that we have a manifesto commitment in relation to onshore wind.

Q27 **Chair:** Does that not tie one hand of the Government behind their back? The costs have fallen quite dramatically and it can help in achieving the carbon-reduction targets. It is a manifesto commitment: we are not going to do that.

Mr Hurd: It is a manifesto commitment.

Chair: Thank you. Anna, sorry to interrupt.

Q28 **Anna Turley:** I appreciate that intervention. Thank you, Chair. I would like to turn to carbon capture and storage now, which is obviously a big constituency interest to me as well, because of the potentials for Teesside. Given the need to reduce our emissions and obviously our commitments in Paris, can you confirm that the Government are still committed to carbon capture and storage and can you say when you are likely to announce your policy on that?

Mr Hurd: I want to be able to say something about it in the emissions reduction plan. I know, because of the cancellation of the competition, that we may have given the impression that we are not interested in CCS, but that is not true at all. We are interested in finding a smarter path forward to see whether we can reduce the cost of it, which is too high, and give ourselves some intelligent optionality on it, in the future. The Committee on Climate Change, who give independent advice on this, are not the only ones to say that CCS is going to matter a lot in the future. We have to be mindful of that, in the context of both future emissions from the power sector, but also, in particular, future reductions from the industrial sector, which you will know very well from your constituency.

The problem we have is that the taxpayer has spent quite a lot of money in the past, running to hundreds of millions, to achieve not very much. I think it was the right decision to cancel the competition. Actually, the advice I have received says that that probably was the right decision; it was not set up in the right way. We now have to find a smart path forward and we have to engage with industry to get its buy-in. We have to engage with places. The Secretary of State has made it clear that the industrial strategy is going to be heavily rooted in place. There are places in the country that are very keen to develop CCS, and part of my priority is to work through this with them and the industry. The past is the past; this could play a very important part in the future. What is the smartest route forward to give ourselves some optionality on this?



Q29 Albert Owen: Can I come in on the back of that? I found what you just said here extraordinary. You are looking for places; you are looking for business. There were plans set up, ready to go, and it was finance that was lacking and government commitment was taken away. There was Peterhead and many other locations that were agreed on, so it was policy that changed and the finance moved. It was not the places or the commitment from industry.

Mr Hurd: No, the same places are interested in it as before. You are right on that.

Albert Owen: It is a re-run.

Mr Hurd: You have to respect—well, you do not have to respect it—the fact that, in a very challenging fiscal environment, a decision was taken that that was not value for money as an exercise. Of course, Lord Oxburgh is very distinguished and has a very good track record and knowledge of this. He was commissioned to publish a review, which we are considering now, about the way forward. We commissioned that review; that was not the action of a Government that are not interested in it. We are just interested in finding a smarter path. You will see in his report, in his critique of that competition, that maybe that was not a stupid thing to do. We just have to find a smarter way forward.

My point about place, which you are playing back to me, is that there are parts of the country that want this and want to develop. Part of our process going forward is to try to work closely with those areas and with industry to see whether there is a smarter way forward. Part of the challenge here is in terms of financing this. We have to try to find some incentives for the private sector to get involved here. This cannot be a bill picked up just by Government and society.

Q30 Albert Owen: Sure, but did I hear you right on your timetable? When you do the carbon reduction plan, there are likely to be announcements on CCS and possibly the tidal lagoons. That is an opportunity for you to marry these projects with your ambition for carbon reduction.

Mr Hurd: The emissions reduction plan is an opportunity. I would hope that people who ask themselves the question, “What are the Government thinking about CCS now?” will read in the ERP a plan and a direction of travel.

Albert Owen: You have had those plans for years.

Mr Hurd: No, what I am saying is that we cancelled the competition and, therefore, we need a new plan. That is why we commissioned the Oxburgh review and are considering that now. We are doing our own work. We have been very clear about this and you can disagree with it. Given that the overriding problems with CCS are the cost of it, the question of who pays, the incentive structures and the investment and regulatory framework around it, we have had to think again. The past is littered with quite a lot of taxpayers’ money spent to not achieve very



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much, and this is not unique to the UK. A lot of my bilateral conversations are with countries that are trying to work and think through CCS. The fact of the matter is that no one has really cracked it yet.

Albert Owen: Canada. We went out and saw it.

Mr Hurd: Part of our process is talking to countries like the States, Canada, Norway and Australia.

Albert Owen: We will never crack it if we do not make decisions, Minister.

Mr Hurd: We intend to make decisions, but the ERP will be the point at which we signal the roadmap going forward.

Q31 **Michelle Thomson:** While you are here, Minister, the Green Investment Bank is headquartered in my constituency of Edinburgh West. Now, I had previously gained assurances from the chief executive, from the Scottish Government and from you that there would be no job losses or movement of head office functions, and about the enshrinement of the greenness via the special share. I understand, coming from a commercial background myself, that negotiations need to be kept sensitive. However, you will be aware that there is a concern: the talk is that Macquarie will asset-strip the bank. Can you reassure me that that will not be the case or will you agree to meet with me and preferably a Minister from the Scottish Government, Keith Brown, the Cabinet Secretary, in the near future, to set my mind at rest?

Mr Hurd: We can certainly meet. In fact, I am scheduling a call with Keith, but a meeting would be even better, so you can bank that. Given your commercial background, you will know what I am going to say on the former. We are running a process, in terms of GIB. We were always clear that its future was going to lie in the private sector. It was set up to correct a market failure. Arguably, that market failure has been corrected. The fact that private sector organisations wanted to buy it is perhaps a signal of that.

I am obviously not going to comment on what is media speculation. We have run a process; we have proposals. We are looking at those proposals against the objectives for the sale that we have set up, which start with securing value for money for the taxpayer, but are also about ensuring that GIB is reclassified to the private sector. We have also been very clear about our intention for the GIB to continue to focus on green sectors, to mobilise more private capital and help accelerate the UK's transition to a low-carbon economy. We are looking at those proposals in the light of the criteria that we have set. That is a live process at the moment. Beyond that, I cannot comment.

Chair: This is an important point. Can I push you on this?

Mr Hurd: You can try.



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Q32 **Chair:** Post-sale, when it goes into the private sector, will the Government retain any sort of control, whether it is in the form of some sort of golden share or in the form of covenants, to make sure of no asset-stripping and that long-term value creation in the green sector will be maintained? Will it be the case that the Government will have sold it and washed their hands?

Mr Hurd: We have already made commitments in relation to what I would call the green governance going forward. The objectives for the sale and the criteria we have set are real, and the proposals are going to be judged against those. That is what we are reviewing at the moment across Government. That is live. It is highly confidential and very sensitive commercially, and I am sure you would respect that.

Q33 **Chair:** How do you reconcile the maintenance of those green objectives post-sale, when it goes into the private sector, with any classification or reclassification that the Office for National Statistics may have, in terms of control?

Mr Hurd: As I said at the start of this, we recognise there were concerns about the ongoing green credibility of the GIB. We think we have set in place adequate measures to protect that. We have set the criteria that we will judge any proposal against. Any proposal is negotiated and the terms and conditions of those negotiations are confidential. We are pretty clear what we went into this trying to achieve, and we are going to be robust and rigorous with ourselves in judging proposals against those criteria. Beyond that, there is not much more I can say at the moment, in the context we are in.

Richard Fuller: Minister, I do not have anything like your experience in this area, so I will ask some very straightforward questions, hopefully.

Mr Hurd: They are always the most dangerous, Richard.

Q34 **Richard Fuller:** Why on climate change are all these events held in places like Rio, Bali, Paris and Marrakech, and not in places like Dhaka, Guangzhou, Lagos and Cleveland?

Mr Hurd: I do not really know enough about how these places get chosen. You have to volunteer to do it and that is not a light undertaking. For example, as Archie said, Fiji is holding the next presidency but has said, "Can we do it in Bonn?" so we—or whoever it is—are all going to Bonn. People have to volunteer for it.

Archie Young: That is absolutely right. Often it is in places that can accommodate a conference of the scale that we see in these COPs. For example in Marrakech, in the blue zone, which was the negotiating zone, there were estimated to be about 20,000 people. In the green zone, which was the commercial expo side to it next door, there were a further 20,000 people or so. In order to accommodate that, it is often in places that have a large tourism industry and therefore can handle that influx of people in their infrastructure.



Q35 Richard Fuller: As the Minister quite rightly said, we are moving towards phased implementation. It is good to be where the problems are, rather than to be where the activists are or at least to try to direct yourself so that you can see things on the ground. I do not want to dwell on that point, Minister. It is a simple point.

Mr Hurd: No, but I think it was important that this last one was in Africa. Actually, the African dimension to the conference was, quite rightly, a very explicit part of the Moroccan presidency of it.

Q36 Richard Fuller: Okay, I am not going to dwell on that. On this issue, there are targets. I presume then that there is measurement, reporting and then oversight. I would have thought that we are pretty good at doing all that stuff. We have robust systems. It is known that we gold-plated everything from the European Union when we were in it. We do not have to do that any more, thank goodness. We follow the rule of law and we have a very transparent and active process with the third-sector organisations, which really want to hold us to account. What about other countries?

First of all, what has Marrakech said? The UNFCCC has talked about an implementation rulebook. What is that going to be? How can British taxpayers have reassurance that, if we are in this global agreement, we know that we are doing the right thing, but also that all the other countries are doing the right thing?

Mr Hurd: This is a massive, absolutely fundamental point. I come back to my experience in 2005-06 of my constituency and others saying, "Okay, it is all very well for us to do this, but what is China doing?" and that was right. The process, which has ground on for many years and shifted gear in 2015-16, is about two things. It is about forging what is now a genuinely global coalition on this, 195 countries. Second, as we laboured at the start of this evidence session, is the importance we and others attach—we are not alone on this, but we are very vocal on it—to agreeing the framework of rules that govern this process going forward. Agreement is one thing, but countries doing what they said they would do is the ultimate test of the Paris Agreement. That requires a framework of rules, a system of transparency and accountability, which ideally is compatible with and similar to the robust framework that we have had in place here since 2008.

Richard Fuller: At the moment, just to be clear, there is no international framework. That rulebook is not there, as such.

Mr Hurd: That is what we are negotiating. That is what we are working towards in this next period. Paris was about countries saying, "This is what we will do. We will agree a process to agree the rules around accountability, transparency and stocktaking." That is why I laboured the point at the start. That is what is absolutely critical. Do you want to talk about that?



Archie Young: Paris is definitely the overarching framework. It is the skeleton that sets out the direction and has the binding commitment of parties. The nitty-gritty detail of exactly how that monitoring, reporting and verification will work is exactly what we are doing at the moment. A further angle, as you rightly say, is that different countries and different parties are at different stages in the process of this.

A core element both of what we are negotiating and also of the support that we provide is on capacity building. I do not know if the Minister would like to say more about the Capacity Building Initiative for Transparency, which is one example, where the UK Government have put in £10 million and the Scottish Government have put in a further £1 million. It is specifically designed to help countries improve the way that they report and the transparency of the action that they are taking on climate change, so that we can have greater collective confidence in the system that we are putting in place.

Q37 **Richard Fuller:** That is confidence that they have the capacity to monitor progress. What about confidence in the veracity of the measurements and the reporting of individual countries? That is a little harder. That is where countries say, "Well, it is none of your business. It is up to us." What is proposed on that?

Archie Young: As part of the negotiations, there is a subsidiary body called the Subsidiary Body for Scientific and Technological Advice. It focuses on negotiations around making sure that the science inputs to this process are robust and that all parties are fulfilling their commitments in a suitably rigorous and robust way. You are right that some countries are more open and some are less open. If I can turn it back, that is why there are negotiations on the features and the regimes that we are putting in place, so that we can hold countries to account and have greater confidence in the veracity of what they are reporting.

Q38 **Richard Fuller:** As we bring forward this process for holding countries to account, because I understand it is not done yet, but is a matter for negotiation, what sort of measures, penalties or consequences might there be if somebody is found guilty? Is there an equivalent of banning Russia from the Olympics for their problems on doping or is it more that, when we think someone has weapons of mass destruction, we decide to invade a country? Where on the parameter of consequences will we sit?

Archie Young: That is very much a live issue. I would say that the spirit of this process is bottom-up. Parties have come forward with voluntary contributions and commitments. In that light, I expect that the compliance mechanism that is finally agreed in a couple of years will not be at the stricter sanctions-type end of that spectrum. I do not think that would be consistent with the way that the process has been put together. We need to make sure that, whatever mechanism is finally negotiated, the political conditions are such that, with appropriate transparency, if parties are seen to be potentially unable to meet their commitments,



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there is support and assistance, and there is also sufficient political opprobrium or pressure to ensure that their feet are held to the fire.

- Q39 **Richard Fuller:** To go back to the Minister's rather helpful analogy at the beginning of the peloton, when someone is getting weaker in the peloton, the goal is to get them back into the group so the group can continue moving, rather than let them fall behind.

Archie Young: Exactly. We need to send our domestique to help them and pull them forward.

Mr Hurd: That is why this is such a pivotal moment, because the mood music is one of momentum, irreversibility and ambition. That is quite clear, but that now needs to be sustained into these technical, complicated negotiations about the rulebook.

- Q40 **Chair:** Minister, Richard asked some really pertinent questions about how we manage, monitor, report and how transparent we are. Archie mentioned the compliance framework. Richard also mentioned that we, in this country, are very good. We are often maybe gold-plated. Are we? Do you think that that is the case or do there need to be improvements in the transparency and the reporting of how we are managing carbon budgets?

Mr Hurd: My instinctive view is that we do have a gold standard in terms of our process. It is one that others are considering copying. Let us not lose sight of the fact that we were the first country to put carbon budgets on a statutory basis. This is a very robust framework that we set up back in 2008. I served on the scrutiny committee of that Bill and on the Bill itself. I think it is a good framework. Emma, who has taken on an uncharacteristic position of silence so far, may give some thoughts on how transparent we are in relation to our plans, but I think we have a good process. We will shortly be putting out some data on emissions projections.

- Q41 **Chair:** If I am a member of the public or, indeed, if I am a Member of Parliament, can I log on and see, perhaps in real time, how we are doing in terms of emissions reductions?

Mr Hurd: No. What do you want to say about that, Emma?

Emma Bulmer: No.

Mr Hurd: It is not quite as agile as you are suggesting, which is food for thought, but you could find the data.

Emma Bulmer: Yes, that is right. We publish on an annual basis our projections for emissions. We look ahead at how we are going to do against future carbon budgets, and that happens on an annual basis. We also publish statistics on how we are doing today against our emissions. There are various forms in which you can grapple with the data.

- Q42 **Chair:** What does that mean, looking at today? What is the timescale



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that we look at? My understanding is that the Environmental Audit Committee, in the last Parliament, was saying that we should have annual updates. In 2011, the coalition Government said that that was a good idea, but I am not sure that that has been implemented in full. What sort of progress reports are put in place to see where we have been and how we are doing, according to the plan?

Emma Bulmer: We have a framework set up under the Climate Change Act, which requires the Committee on Climate Change, our independent advisers on climate change, on an annual basis to provide a progress report, where they effectively mark our homework. Under the Climate Change Act, we are required to respond to that report on an annual basis. That is the kind of scrutiny process that we go through on an annual basis.

As to the actual statistics, there is a two-year time lag before we get the data for how we have performed in a given year. That does not mean that we do not project forward how we think we are going to do, but the actual data on how we have performed has that two-year time lag.

Q43 **Chair:** My understanding is that quarterly progress reports were introduced in 2011 and then quietly stopped in 2012. What is the reason for that, do you know, and is there any merit in thinking about reviving them?

Emma Bulmer: I am not sure of the precise reasons in terms of that quarterly reporting, but we are very clear that, under the Climate Change Act, there is an annual process of reporting against our progress.

Q44 **Chair:** In terms of bringing this together in a co-ordinated manner, there used to be the National Emissions Targets Board, but that has been disbanded. Again, is there any merit to bringing that back into life, to make sure that government action is co-ordinated?

Mr Hurd: We have a mechanism for co-ordinating Government now.

Q45 **Chair:** You are happy with what is happening?

Mr Hurd: The proof will be in what comes out of that process, but it feels like the right process at the moment.

Q46 **Albert Owen:** Michelle mentioned that we would probably touch on Brexit and we have not, so I think we should before we leave. I ask a very serious question here: we have been talking about these international agreements, the Paris Agreement, etc, but we have a number of obligations and agreements with our European colleagues. How do you envisage that, if Brexit really does mean Brexit, we will continue? Will we be incorporating those or parts of those into British law, or will we be partners on a European federal position with our European colleagues? We are not talking here about the numbers of people coming into the country or goods; we are talking about climate. The Department of Energy and Climate Change has agreements with other departments of



climate change in other countries. How do you envisage that? I know it is a very difficult question, but I just think we need an inkling.

Mr Hurd: It is. It is complicated. I break it down, as I broke it down to Michelle earlier, into some decisions that we have to take. Decision one: do we continue to negotiate as part of the EU or do we negotiate as the UK? This negotiation process is ongoing. You had a flavour here of the underlying complexity and the importance of getting this right. That is a big decision.

Do we bind the UK into the regulation that is being negotiated now around how the EU fulfils its obligations under Paris? There is a set of negotiations around effort sharing, primarily around the allocation of targets. Secondly, and very importantly with quite important implications for British industry, do we continue to participate in the EU Emissions Trading Scheme? Then there is a decision in the context of the great repeal Bill. There is a whole set of EU regulation and standards, which have frankly been very important, in terms of driving energy efficiency and driving other things that have made and continue to make big contributions to carbon dioxide. What is our plan in that context?

You can see these are big, complex, interrelated issues, where in the context of Brexit we have an opportunity to take stock again and look afresh at what we want to do, through both the prism of national interest and where we think, in the context of the need to continue to influence the decisions that other people take, what the best positioning for us is.

Q47 **Albert Owen:** How will be leading on that? Will it be you? Previously it was the DECC Minister who would be out there. You will now have that responsibility, but you also have the environment. Who will be leading that?

Mr Hurd: I lead on our negotiations on climate matters in Europe and internationally. In the context of the Brexit decisions, these are a subset of decisions that sit in a bigger set of decisions around the whole Brexit issue, which effectively the Prime Minister and the Department for Exiting the EU are leading. Of course, we feed into that bigger pot of decision-making our view on what the most intelligent options for the UK are, in terms of the subset of decisions that we effectively are accountable for. We have to do our work in terms of taking a view and we feed that in.

Q48 **Albert Owen:** Do you envisage that, when repeal Act comes, you will be at the dispatch box answering questions on climate change?

Mr Hurd: Yes, I do because, ultimately, the framework that drives us is the framework that we are accountable to the British people for, which is the framework that is set by the Climate Change Act and the system of rolling carbon budgets, which the Minister at the time, at the moment me, is accountable for when the emissions reduction plan is tabled. I do not see that changing. We are committed to the Climate Change Act. This process will continue. British Ministers will be accountable to the British



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public, to Members of Parliament and to Parliament, for delivery against the long-term commitments that Britain has made.

Chair: Minister, thank you very much, and thank you to your colleagues too. I am pleased that you have given evidence and we hope to welcome you back very shortly. Climate change is an important part of what we are doing in the Committee, and we are keen to scrutinise and challenge you, and to see what the Government are doing on this.

Mr Hurd: Chair, can I welcome that and particularly welcome your interest in climate change? It is a very important part of what the Department has done, even though it is not on the tin of the Department. It is a very important part of what we do and I hope we have given a flavour of why. I look forward to further engagement with this Committee.

Chair: Thank you for that.