



Department
of Energy &
Climate Change

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The Rt Hon Edward Davey MP
Secretary of State

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11 November 2013

Dear Andrew Raingold,

Thank you and you co-signatories for your letter dated 3 October, about the inclusion of a decarbonisation target within the Energy Bill. Your letter has been passed to DECC for a reply. I apologise for the delay.

I would like to respond to this by firstly welcoming support for the Government's commitment to reform the UK's energy market. Everything in the Energy Bill is based on the premise that we need to decarbonise our power sector significantly. It will help us to deliver secure and affordable energy for the long term; diversify our energy mix; insulate the economy from price spikes in the international energy market and meet our long-term, legally binding goals on renewable energy and climate change.

That is why Government is taking powers in the Energy Bill to set a target range for electricity sector decarbonisation for 2030. There is a logic in making a decision on what target range to set in 2016, once we've decided the level of economy-wide emissions reductions that will have to be achieved under the 5th Carbon Budget. The 5th Carbon budget period will cover 2030 and so it is sensible that we set the decarbonisation target at the same time. This means that a target range would not be set in isolation but in the context of considering the pathway of the whole economy towards our 2050 target and making sure we do that in a way that minimises costs to the economy and to consumers.

This is not forgetting that there are already legal targets that clarify the long term future of the electricity sector. For example, the binding target in the Climate Change Act to reduce UK emissions by at least 80% by 2050 and a commitment through the 4th Carbon Budget to reduce emissions by 50% over the period 2023-2027. In addition, the UK Government has recently agreed to press the EU to have an ambitious 2030 greenhouse gas emissions reduction target of 50% for the whole EU.

This Government is committed to achieving our carbon reduction targets and our ambition is undimmed. We also recognise that investor certainty is important in achieving this transition cost effectively. Long term contracts for low carbon energy will enable renewables, nuclear and Carbon Capture and Storage to compete against conventional power stations and they will be backed by our tripling in support for clean energy to £7.6 billion in 2020.

Whilst I understand that there is no universal agreement with the Government position on the decarbonisation provisions I am pleased that the House of Lords has chosen to support our position.

Nonetheless, I am genuinely grateful for your letter and was impressed by the significant investor numbers and names who are clearly supportive of an ambitious approach to tackling climate change.

I am copying this letter to The Rt Hon David Cameron MP, The Rt Hon George Osborne MP, The Rt Hon Nick Clegg MP, The Rt Hon Vince Cable MP, The Rt Hon William Hague MP, The Rt Hon Danny Alexander MP, The Rt Hon Michael Fallon MP, The Rt Hon Sajid Javid MP, Lord Deben and John Cridland.

yours,

A handwritten signature in black ink, appearing to read 'Edward Davey', written in a cursive style.

EDWARD DAVEY

A handwritten mark or flourish consisting of a single, curved line extending to the right.