



GREENPEACE UK



ALDRERGATE  
GROUP Leaders for a sustainable economy



**Deputy Prime Minister – The Rt Hon Nick Clegg MP**

70 Whitehall  
London  
SW1A 2AS

8<sup>th</sup> October 2012

Dear Deputy Prime Minister,

We are writing to welcome the commitment your party made to deliver a green and low carbon economy at its recent conference.

Our view, shared by many investors and business leaders, is that we must prioritise an economic policy that focuses on smart green growth, innovation and local enterprise if we are to create a sustainable and rebalanced economy, ready for the global challenges of the twenty first century.

We therefore welcome the policy positions adopted by the Liberal Democrats on decarbonising our power grid and earlier borrowing powers for the Green Investment Bank. These policies will ensure a faster economic recovery and play a vital role in generating thousands of green jobs that will be the bedrock for a sustainable future. We are also pleased that you highlighted the importance of this agenda in your leader's speech.

We urge you and your ministerial colleagues to now implement these policies. As both the Energy Bill and Enterprise & Regulatory Reform Bill are overseen by Liberal Democrat Secretaries of State, you are in a strong position to do so.

Your first opportunity is to amend the Enterprise & Regulatory Reform Bill to allow the Green Investment Bank to borrow from the capital markets no later than 2015, and earlier if required.

The link between national debt levels and GIB borrowing powers was made when the Government had very different economic forecasts. It should now be discarded. The Government has significantly changed its policies to support infrastructure investment and agreed to £50bn in guarantees, part of which will go on the government balance sheet. In this context it seems perverse to continue to handicap the GIB, which with its 50 professional staff can help to deliver the necessary green infrastructure at scale.

The Government's own estimate is that with £3 billion in capital, the GIB can leverage an additional £15 billion into the low carbon and green economy. But if it is allowed to borrow commercially it could use its £3 billion capital base to borrow £18 billion. It could then use this to leverage £90 billion – nearly half the amount needed to de-carbonise the UK energy system over the next decade.

The priority for the Energy Bill should be to establish a carbon limit on the face of the bill of 50g of CO<sub>2</sub> per kwh for the decarbonisation of the power sector by 2030. This will help avoid carbon lock-in and provide low carbon investors with the certainty they need to make long term, sustainable investments. It is also vital that equal weight is given in the bill to incentivising a reduction in energy demand, the most cost effective way to reduce emissions.

These changes to the Enterprise & Regulatory Reform Bill and Energy Bill would receive our strong public support and we urge you to implement them.

Yours sincerely



**Ed Matthew** – Director of **Transform UK**



**Andy Atkins** – Executive Director of **Friends of the Earth**



**Matthew Spencer** – Director, **Green Alliance**



**John Sauven** – Executive Director of **Greenpeace UK**



**David Nussbaum** – Chief Executive of **WWF UK**



**Andrew Rainsgold** – Executive Director of the **Aldersgate Group**



**Francis O'Grady** - General Secretary Designate, **TUC**

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