

## OFFICE WITHOUT POWER



Perhaps it wasn't the most conciliatory way of winding up the parliamentary debate on limiting carbon emissions from UK power stations. Perhaps a different tone might have influenced enough MPs to have avoided the 8 vote defeat. But let me make it clear, I did not call the Minister of State a "worm". All I said was:-

"...this evening's vote will not necessarily be a division between left and right, between Tory and Labour, or between Lib Dems and Nationalists. People outside the House will see the debate as one that divides the vertebrate from the invertebrate".

It was a measure of my frustration about a government mindset that has been more than happy to regulate the lives of individuals, but not the conduct of big business.

The debate itself was an embarrassment. Riddled by scare stories, Labour MPs trotted out the line that any attempt to put a cap on carbon emissions would kill off investment in UK power stations. How subservient we have become to the myth that only deregulated markets drive innovation and investment. How distant is the memory of a Labour government with a coherent, interventionist energy policy.

For the record, none of the evidence supports the argument that an Emissions Performance Standard (EPS) deters investment. Not long ago, a company, formed by BP and Rio Tinto, called Hydrogen Energy, pulled out of plans to build a power station in Peterhead, Scotland. They decided, instead, to build one in Kern County, California. The significance of this is that California already has a set of emissions regulations (and the plant will have carbon capture and storage included in it). The UK has no regulatory framework, but the investment still went somewhere else.

How different it is in the individual decisions we make on a daily basis. Anyone walking into a shop to buy a fridge or washing machine automatically expects to see the energy efficiency rating clearly displayed on the machine. Buy a house and you have to be told what the energy efficiency rating is. Buy a new car and the details of its carbon emissions are on clear display. Even for older vehicles, the annual MOT test sets a base line of acceptable carbon emissions that has to be met. As soon as you talk about having a similar emissions performance standard for power stations, however, it is as though you threaten the very existence of society. In truth, it is only the power of the energy companies that is being challenged.

Deregulation has delivered an energy cartel, but not energy security. Worse, it has produced a degree of insecurity in government decision making that leaves it fearful of placing tough demands on industry. Government ends up either as a hostage to the status quo or having to bribe the industry to behave differently.

So it was that the parliamentary debate became dominated by talk of the government's commitment to

put a £9.5 billion subsidy into the development of carbon capture and storage (CCS). This is to be undertaken in the building of four new coal fired power stations, though even its supporters acknowledge that they have no idea if it will work or not. Smaller CCS plants already exist, but nothing on the scale that the UK is considering. The only large scale plant I could identify in operation is the American Electric Power company in West Virginia. This is a retro-fit programme that currently manages to capture 1% of the carbon emissions. The aim is to push this up to 7%. Either figure, however, is a long way short of the 100% CCS we need to make serious reductions in UK carbon emissions.

Most independent commentators, including the government's Climate Change Committee, argue that there has to be some sort of 'Plan B' in place. Regulation is part of any such plan, rather than an undermining of it. The most puzzling argument against doing so, however, was put by MPs who said that because we have no idea how CCS will work, we can't set any emissions: standards cannot be put ahead of the technology itself. It is an argument that doesn't stand up to scrutiny from anything more than two brain cells.

You can define an emissions standard that could apply to the conventional power station that is being built. CCS would have to make the plant perform better and it's easy to set additional scale rates for emissions reduction levels, that the technology will be expected to deliver. This is precisely what has driven some of the most important changes in the past.

The legislation banning the use of CFC's and HFC's in refrigeration, was pushed through when the industry said it didn't know how to build fridges that weren't dependent on it. For decades the motor industry insisted it could not build low carbon emitting cars. It took states like California to drive through legislation, telling the industry that if they wanted to play on California's roads they would have to play by California's rules.

What this demonstrates is that governments that are unafraid to set new tough regulatory standards drive the pace of technology change. Governments that fear to do this simply get milked for subsidies to maintain this status quo. The point could not have been made more clearly than in the latest OFGEM report on delivering UK energy security.

OFGEM coolly announced that £200 billion pounds of new investment was needed to deliver UK energy security. They put this down to the UK's ageing power stations, new EU emissions standards and our increasing dependence on international markets to meet UK energy needs. Who took us there? An industry hailed as the most open and competitive in the world has turned out to be one obsessed with short-term price competition, consistently high dividend payments to share holders and spiralling energy costs to consumers. Even now, as wholesale energy prices fall, energy companies have simply widened their own profit margins. Still, they argue that the merest whiff of regulation would cause a collapse of new investment.

My belief is that Ministers should call the bluff of the big six energy companies. Tell any one of them that if they don't like tough new standards and obligations, that have to form the basis of a low carbon energy future, they can throw in their share of the UK market and go elsewhere. The UK is the sixth largest economy in the world, with one of the most generous levels of subsidy to the energy sector. If companies feel they can make more money in building an empire in Bangladesh, Bulgaria or Botswana,

let them do it.

My bet is that if they threw their hand in, the cards would not even reach the table. Their competitors would grab the cards in mid air, in a mad scramble for increased market share. If not, we could have at least one publicly owned company as a public sector comparator for the rest. The message it would send out is that the UK has a non-negotiable commitment to dramatic carbon reduction in the energy sector. With or without CCS this is what we are going to have to deliver, and quickly.

I know that it scares Ministers whenever they are asked to move away from talk of 'aims', 'ambitions', and 'enabling powers'. At some point, however, survival itself is going to have to address targets, standards and measurable transformation. This is the job of government, and government has to be reminded of this fact.

Within the next few months a number of power station protestors will find themselves in court facing charges ranging from conspiracy to criminal damage. Many will already have been subject to pre-charge bail conditions – effectively punishments in advance of either a crime, or a trial or a conviction. They will be accused of putting the nation's security at risk. Their answer will almost certainly be that it is the government that places the nation's future security at risk. Public protest remains the only way in which civil society can protect succeeding generations from pollution levels that will most threaten their existence. They will be right.

When governments fail to step up to the plate and a regulatory framework that limits and reduces pollution levels, it is hard to say that the protestors are getting it wrong. Parliament has made it stand.

Vertebrates 0 - Invertebrates 1