

Coalition commits Britain to legally binding emission cuts

Chris Huhne will announce a long-term programme that will put Britain at the forefront of the battle against climate change

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Ministers believe that commitment to wind power and other green energy sources will attract investment to Britain.
Photograph: Graeme Robertson

Cabinet ministers have agreed a far-reaching, legally binding "green deal" that will commit the UK to two decades of drastic cuts in carbon emissions. The package will require sweeping changes to domestic life, transport and business and will place Britain at the forefront of the global battle against climate change.

The deal was hammered out after tense arguments between ministers who had disagreed over whether the ambitious plans to switch to more green energy were affordable. The row had pitted the energy secretary, Chris Huhne, who strongly backed the plans, against the chancellor, George Osborne, and the business secretary, Vince Cable, who were concerned about the cost and potential impact on the economy.

However, after the intervention of David Cameron, Huhne is now expected to tell parliament that agreement has been struck to back the plans in full up to 2027. He will tell MPs that the government will accept the recommendations of the independent Committee on Climate Change for a new carbon budget. The deal puts the UK ahead of any other state in terms of the legal commitments it is making in the battle to curb greenhouse gases.

With the Treasury and Cable's business department sceptical, green groups had feared that ministers would refuse to back the committee and were accusing them of renegeing on Cameron's promise to lead the "greenest government ever". But with Clegg and the Liberal Democrats desperate to boast a success on one of their key policies, supporters of a deal won the day. A government source told the *Observer*: "This is a victory for the cause of enlightenment over the dark forces at the Treasury."

Another senior government figure said: "This country is now the world leader in cutting carbon emissions. We are the only nation with legally binding commitments past 2020."

This point was also stressed by David Kennedy, chief executive of the committee. "We have moved into uncharted territory and are going to be watched carefully by other countries. No one else has a target like this."

The new budget puts the government on target to meet a reduction by 2050 of 80% of carbon emissions compared with 1990 levels. The committee has said that to reach this carbon emissions should be cut by 60% by 2030.

Ministers believe that major companies involved in developing offshore wind technology – such as Siemens, Vestas and General Electric – will now be keener to invest in Britain, knowing it is committed to a huge expansion in renewable energy. It is also hoped that the commitment to renewable energy – the committee says 40% of the UK's power should come from wind, wave and tide sources by 2030 – will stimulate new industries.

These would include the development of tidal power plants, wave generators and carbon capture and storage technology – which would extract carbon dioxide from coal and oil plants and pump it into underground chambers. All three technologies, if developed in Britain, could be major currency earners.

The committee's report says the new carbon deal will require that heat pumps will have had to be installed in 2.6m homes by 2025. It also says that by the same date 31% of new cars, and 14% of those on the road overall, will be electric. Experts say a total of £16bn of investment will be needed every year to meet the commitment. Some of this money will be raised through increases in electricity prices.

However, failure to act now and decarbonise electricity generation would mean the UK would have to pay even more to replace power plants in future. "If we have to pay more in future that will slow economic growth, so we need to act now," said Kennedy.

The decision to back the carbon budget comes a year after Cameron announced that his government would be the greenest on record, a claim that last week led the heads of 15 green campaign groups to write to the prime minister to tell him he was in danger of losing his way on environmental policy.

The letter said the coalition should promote a green economy with "urgency and resolve" if it was to honour its promise. The groups include Greenpeace, Friends of the Earth and the RSPB.

Tuesday's expected announcement is certain to be welcomed by green groups though they will fear further backtracking in years to come. Huhne recently announced plans to invite green lobby groups in to scrutinise policy in order to hold ministers to their promises. They have been impressed with parts of the government's programme, including progress on establishment of a green investment bank.

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