

Carbon Brief approach the Committee on Climate Change for comment on the GWPF's report on the cost of meeting the Climate Change Act. Below is the committee's response.

While it is possible to tackle climate change while growing the economy, the Committee on Climate Change has consistently reported that there is likely to be some financial cost compared to a world where climate action is not required. However, action is required. The cost of cutting emissions is lower than the cost of dangerous climate change.

- *We agree that assessments of costs should be holistic and transparent, including the full range of costs and benefits. This has been a consistent feature of CCC's detailed published analyses, which have consistently found the costs of meeting carbon budgets to be around 1% of GDP.*
- *That estimate covers the full costs of variable renewables (the CCC have published some of the most advanced assessments in this area), a range of fossil fuel prices (including costs that continue at current low levels) and savings from reduced fossil fuel use alongside increased investment costs for low-carbon technologies.*
- *It does not include the value of reduced carbon emissions, although we note that 1% of GDP is a much smaller cost than the expected impacts of dangerous climate change.*
- *The Committee also publishes separate analyses of the impact of carbon policies on energy bills and competitiveness.*
- *We find that energy bills for a typical household will be around £100-150 higher by 2030 as a result of policies to decarbonise electricity supply (including carbon pricing). In most cases this could be fully offset by potential energy efficiency improvements.*
- *We do not find evidence of 'offshoring' of UK industry as a result of carbon policies. To the extent there are future potential competitiveness impacts these can (and should) be avoided through exemptions and compensations for industry that is at risk.*
- *We have previously published detailed analysis of the impacts of carbon policies on the UK steel sector, which we estimate add less than 2% to industry costs.
<https://www.theccc.org.uk/publication/technical-note-low-carbon-policy-costs-and-the-competitiveness-of-uk-steel-production/>*
- *Offsetting the costs of low-carbon actions, there are significant potential non-financial benefits, such as improved air quality.*
- *The 2050 target and the carbon budgets are a fair and practical UK contribution to global action to tackle climate change. The Paris Agreement and the many individual commitments (e.g. individual countries' pledges towards the Paris Agreement now cover over 99% of global emissions) that are taking place around the world demonstrate that the UK is not acting alone and the international direction is towards increasing climate action.*
- *The Climate Change Act and the carbon budgets have been deliberately designed to chart a steady course for reducing emissions in the UK. That steady course, and the setting of*

stable targets for the medium and long term, allows the UK to ramp up effort steadily and predictably over time in line with technology developments and capital stock turnover. This is the lowest cost way to reduce emissions in the UK and prepare the UK economy for the low-carbon world that is emerging internationally.

Carbon Brief also asked the committee a specific question about the costs of building a flexible grid. The GWPF cited a report for the CCC to attribute £5-5.7bn in annual costs in 2030 to the costs of meeting the Climate Change Act. Below is the CCC's response.

Re: the representation of the CCC/Pöyry work on pages 7 and 8 of this [report](#):

The difference here is that the GWPF add all the costs of investing in flexibility (interconnectors, smart meters etc...).

However, these investments bring large benefits in reducing the cost of running the system – lower fuel costs, less capital required, and others.

The CCC's work for the fifth carbon budget identified that the benefits are larger than the costs (see also the NIC and PolEx's reports in the last year, quoting the £8 billion annual saving, and note that this applies even without decarbonisation).

Therefore, the CCC did not include the costs (or benefits) of these measures.

You can read more about the £8bn annual saving from building a flexible grid in this [Carbon Brief](#) article.