

RECEIVED 16 APR 2010



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Rt Hon Tessa Jowell
House of Commons
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13 April 2010

EMISSIONS PERFORMANCE STANDARD

Dear Tessa,

Thank you for your letter dated 26 March to Ed Miliband, regarding your previous correspondence dated 8 February, enclosing an example of correspondence you have received, about the inclusion of an Emissions Performance Standard (EPS) in the Energy Bill. I am replying as Duty Minister.

A reply was sent to you on 7 April, however, as the Bill has now become the Energy Act 2010, I felt it would be relevant to write to you again.

As you are no doubt aware, the issue was debated at some length during the Report stage of the Bill on 24 February and the measure was defeated in the subsequent vote. The Bill subsequently received Royal Assent on 8 April and is now Energy Act 2010.

I fully recognise your constituents' concerns about the impacts of emissions from coal power stations on the environment. The Department believes that the move to a low carbon electricity system is critical to the delivery of domestic climate goals while, globally, there is no solution to the problem of climate change without a solution to the problem of coal.

It was felt that Developed countries need to show leadership in demonstrating that electricity generation from coal could be decarbonised. In November 2009 a package of measures for new coal power stations was introduced.

- Britain has become the first country to say that no new coal power stations will be constructed without carbon capture and storage (CCS) fitted to a substantial proportion of their output, at least around 400MW, from day one;
- The recently passed Energy Act 2010, will create a funding mechanism to support a programme of four commercial-scale CCS demonstrations on coal power stations

through a levy on energy suppliers. This programme is projected to have carbon emissions similar to the alternative gas generation that it is expected to displace;

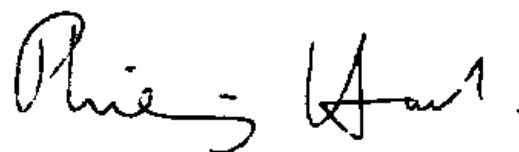
- It is intended to demonstrate both pre- and post-combustion carbon dioxide capture technologies. The pre-combustion demonstrations would be on Integrated Gasification Combined Cycle power stations and would be expected to have 100% CCS on their coal capacity from day one. Power stations demonstrating post-combustion capture would be expected to retrofit CCS to their full capacity by 2025;
- It will be for the incoming Government to decide what action should be taken in the event that CCS is not on track to become technically or economically viable; and
- In line with the independent Climate Change Committee's view that there will be a very limited role for conventional coal beyond the early 2020s, the Department has expressed the view that, with or without CCS, coal power stations will need to substantially reduce their emissions if they are to continue operating in the 2020s.

Given the centrality of these measures to delivering our carbon targets, it is important to ensure the Government is held to account by Parliament for the delivery of this framework for clean coal and for the move to a decarbonised electricity sector. The Government is required to report to Parliament every 3 years on progress towards these aims, including an assessment of whether the policies we have in place need revising.

Further consideration of an EPS, and other regulatory options, will be a matter for the incoming Government. There are already powers to introduce an EPS. The Department took the view that to pledge to introduce one now, however, would be premature – potentially undermining investment in new coal plants and the whole of the clean coal framework, designed to guarantee no new unabated coal.

A quarter of our current electricity generation capacity is expected to close over the next decade (including closure of around one third of our existing coal-fired capacity by 2016 and further closures expected by the 2020s). Energy security demands that coal is part of our energy mix and thus new power stations are needed. CCS is expected to reduce emissions from power stations by around 90%.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philip Hunt'.

RT HON LORD HUNT OF KINGS HEATH OBE