



23 June 2010

## **PRESS RELEASE**

### **AEA WELCOMES GOVERNMENT COMMITMENT TO THE LOW CARBON ECONOMY**

AEA has welcomed the environmental elements of the Chancellor's budget.

"In terms of climate change, the Government is getting financial mechanisms and products in place to make things happen now. Broadly speaking, there seems to be a consensus about future options to meet climate change targets. It's now about getting on and making it happen," said Robert Bell, Chief Technical Officer of AEA.

"It's good to see Government not walking away from climate change despite financial pressures, and instead supporting the view that climate change won't go away, the clock is ticking, and it has to be addressed now. It's also clear that the Government sees the economic value in this strategy."

Increasing the Climate Change Levy in line with inflation and reducing the discount for those with Climate Change Agreements (CCAs) will not be unexpected. AEA's view is that while the reduced discount will make CCAs somewhat less attractive for small energy users, as the balance between the discount saving and administration costs changes, the larger participants are likely to accept the change. It still represents a good discount, and a very good reason still to utilise CCAs. There is an ongoing commitment to CCAs, but no indication of whether there will be a change of format. Timescales are short for developing a replacement scheme.

Elsewhere the Chancellor has restated the Conservative manifesto about setting a floor for the carbon price, but the detail needs to be developed.

AEA also welcomes the Green Deal for households, which could not only incentivise the uptake of energy efficiency and micro-generation, but could also inspire broader lifestyle change in an area where it has sometimes been hard to make inroads. The structure of this instrument will of course be critical to its success.

Bringing forward the inclusion of N<sub>2</sub>O process emissions in the EUETS to 2011 will mainly affect UK nitric acid manufacturers. It will be important to establish a mechanism for collecting and reporting emissions of N<sub>2</sub>O in both the UK and Europe, including decisions on allocations.

The Landfill tax announcement was expected and industry has been planning around this for some time. We would expect to see more businesses looking at waste reduction, and new contracts for recycling.

Ends

**For more information contact:**

Michael Evans

Madano Partnership

020 7593 4000

[www.madano.com](http://www.madano.com)