

REMARKS BY TOM BURKE

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There are three things that are different about climate change:

The scale – it will undermine the prosperity and security of literally every single person on the planet. It will transform the landscape of risk and opportunity for every single business on the planet.

The dynamics – we cannot afford policy failure. Climate change is irreversible on human timescales. The level of climate security that can be maintained changes inexorably and irreversibly with time.

The urgency – there is no time. EU leaders have defined 2°C as the threshold of dangerous climate change. Jim Hansen, the scientist who has been most consistently right about this issue for the longest period, believes that this is too big to avoid high climate risks and that the eventual temperature rise should not go more than 1°C above the level in 2000, that is about 1.7°C above pre-industrial levels.

Staying within the Stern aspiration of a 450 – 550ppm CO_{2e} world gives odds of between evens and five to one against of staying below 2°C. To do even this requires a carbon neutral energy system by 2050¹. This means essentially moving to electricity for all power, lighting, heating and cooling, communications and transport requirements by that time.

The technologies to solve this problem are already available or within reach. The policies to deploy them in time to avoid high risk climate change are not. Not all the available technologies are equally important. Not all of the available policies will make a significant enough difference. What is required is very rapid transformational change in the deployment of low carbon energy technologies. This is unlikely to be accomplished by policy measures designed to achieve incremental change.

The Stern trilogy of carbon pricing, technical standards and investment incentives provides a sound policy framework. Of these, carbon pricing has received the most attention. Unfortunately, it is the least likely to make a significant difference in the available time.

Private sector investment in a low carbon energy system on the scale and in the time frame necessary will not be driven by a relatively low and

¹ This is because emissions from agriculture, deforestation and land-use changes which are very difficult to reduce roughly equate to the absorptive capacity of the carbon sinks which there is growing evidence are in any case becoming less effective.

volatile carbon price dependent on continuous renewal of political commitments on a global scale.

This means that far greater reliance than hitherto, or than is currently politically orthodox, will have to be placed on technical standards and investment incentives.

Two examples from Britain, gas supply should be prohibited to the 3 million new homes currently planned for Britain. The grid infrastructure necessary to make full utilisation of the renewables potential, especially off-shore wind, and for the transport and storage of CO₂ will only be made by public investment – they are the 21st Century equivalent in a low carbon economy of building the motorway networks to underpin the 20th Century economy.

With regard to technology, energy efficiency is the most important, fastest and cheapest way to address climate change. Current policies to promote energy efficiency can best be described as feeble. If we were serious about energy efficiency we would require by law all public and private sector institutions to take up all identifiable NPV positive energy efficiency improvements.

Carbon capture and storage is an imperative not an option. China is building new coal at the rate of 2GW a week. The world will add more than 1400GW of new coal by 2030 just to meet existing projections of increased demand, let alone meet the shift to electricity needed for a carbon neutral energy system. We must install carbon capture and storage on all new coal plants by 2020 and all existing coal plants by 2050.

Everything else is secondary to these two priorities.

Strategically, to succeed in dealing with climate change in the time available we have to trade money for time, we are not short of money but we are very short of time. We will only succeed if our approach is opportunity led rather than constraint driven. The three opportunity driven relationships that matter are EU-China; China-US and EU-US. Success in the UN negotiations will be an output from, not an input to, these relationships. The political always precedes the legal. Our core problem is political will.