Environmental Audit Committee
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Mark Carney
Governor, Bank of England
Bank of England
Threadneedle St
London, EC2R 8AH

16 October 2014

Dear Mark,

I am following up on our letter of 14 July, which highlighted the findings of our Green Finance inquiry, including potential risks of ‘stranded assets’ and a ‘carbon bubble’. I read with interest reports that you made comments to the World Bank on Friday 10th October which stated that the “vast majority of reserves are unburnable” if global temperature rises are to be limited to below 2°C. I am pleased you are highlighting these important issues, and hope that the Bank of England will take a proactive approach to assessing and mitigating these risks. As a Committee we would find it helpful if you can set out for us your latest thinking on this matter.

In your letter of 8 July you informed us that the Prudential Regulation Authority is producing a report on climate change issues that could affect the insurance industry. In your letter you said you would be happy to update us on the progress of this work. As we have recently launched an inquiry into Climate Change Adaptation, it would be helpful to have an update on the scope and initial findings of this study.

Best wishes,

Joan Walley MP
Chair, Environmental Audit Committee