Department of Energy & Climate Change

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Angus MacNeil MP
Chairman
Energy and Climate Change
Commons Select Committee

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Dear Angus,

Following our session on the outcomes of Paris COP21, I promised to write to your Committee on the four points below.

First, in reply to Julian Sturdy's question (Q29) on what actions my Department has taken with the EU in relation to a Minimum Import Price (MIP) on solar panels, I can confirm that I wrote to Commissioner Malström on 17 November 2015 on this subject, arguing that the MIP should expire so that the UK solar industry could benefit from lower cost panels from Chinese companies. The EU has since launched an Expiry Review into the MIP on solar panels.

I can also confirm that my Department did estimate the price differential caused by the MIP imposed on solar panels manufactured in China, using information and guidance from leading engineering consultants. Given the proprietorial nature of the latters' work, I am unable to make the exact percentage number public, but can confirm that my Department did estimate an indicative 10 to 14% example for a drop in prices as a purely illustrative number to show the effect on construction costs.

Second, you asked (Q37) how much EU funding is allocated to the operation of Carbon Capture and Storage (CCS) projects in the UK. I can confirm that the Don Valley Project was awarded a €180m European Energy Programme for Recovery grant in 2009. This award is still in place and approximately €125m has so far been claimed. In 2013, the White Rose CCS project was awarded up to €300m in potential New Entrant Reserve (NER) 300 funding which officials in my Department are discussing with the European Commission.

Third, Alistair Carmichael (Q62) raised the issue of provisions on carbon markets in the Paris Agreement. The Agreement has provided the mandate to develop the rules necessary to underpin our strategy of promoting and supporting the roll-out and linkage of carbon markets and pricing schemes around the world. My Department will continue to pursue the development of these rules through the UNFCCC process, recognising that we may need to complement this work through other fora to ensure the process is not stalled by countries reluctant to see markets develop.

Alongside the UNFCCC process, we have been supporting the bottom up development of carbon markets around the world through our bilateral and multilateral engagement and through our International Climate Fund projects. This strategy has proved successful, with carbon pricing schemes in place in around 40 countries and sub national jurisdictions. The new Agreement has also given us the space to develop rules to link such schemes without undermining the targets enshrined within the Agreement, for example, by preventing the double counting of emissions reductions and ensuring that a carbon credit represents a credible tonne of carbon saved. By enshrining in the Agreement such an accounting and crediting framework we have responded to the business and investment community and sent the necessary international long-term legal signals that we are serious about carbon pricing and markets.

And finally, James Heappey (Q79) and a number of other Committee members asked for details about the cross-Departmental Ministerial committee I referenced in my remarks. I can confirm that the Chancellor of the Duchy of Lancaster chairs an inter-ministerial group on clean growth, which considers issues relating to carbon budgets and decarbonisation, where these have a cross-Departmental aspect. Its members include Ministers and officials from the relevant Departments, including my Department, Defra, DfT, and BIS.

Yours sincerely

AMBER RUDD