

Members-Only briefing on Government response to CCC's 2020 Progress Report to Parliament

The Department for Business, Energy, and Industrial Strategy (BEIS) recently released its [response](#) to the Committee on Climate Change's 2020 Progress Report to Parliament. The response is an annual requirement and covers the sectors of power, buildings, industry, transport, and natural resources. The principal aim is to outline what the Government is already doing to meet the recommendations of the CCC, and what further work or policy development they will do to meet others. It reads as a summary of current Government policy and priorities, a breakdown of which is provided below.

Bioenergy – Heat and Feedstocks

Biomass Strategy

In a major win for REA following repeated calls for this and our own Bioenergy Strategy produced last year in the absence of Government updates, a new Government Biomass Strategy will be published by BEIS in 2022, which will build on the Government's 2012 Bioenergy Strategy.

It will look at the following areas:

- Consideration of the best-uses of biomass and waste resources to 2050
 - Including wood in construction and the wider bio-economy
- UK and international governance over biomass feedstocks
- UK production of biomass feedstocks.
- Support schemes, including for CO2 removal and sequestration.
- The role of CCS and requirements for CCS-readiness.

The strategy is being developed in recognition that "biomass has great potential" and that work to see how it should be sourced and used across the economy will help it "best contribute to our Net Zero target".

Further details on this will be released in the Energy White Paper, which is expected around November time. A Call for Evidence will follow.

Biomass feedstocks

Further elaborated on in the England Tree Strategy consultation, which will inform the delivery of the £640 million Nature for Climate Fund, a Conservative manifesto commitment. Proposals to expand the production of woody biomass are mentioned in relation to this.

Power – CCUS, and CfDs

Biomass Power

On carbon capture and storage (CCS), the Government has previously set-up a BEIS led Power CCUS Expert Group to develop work on the business models for such projects. They aim to provide an update on this work this quarter.

Later this year there will be a Call for Evidence on Greenhouse Gas Removal (GGR) support mechanisms. This will explore both long- and short-term support options, including BECCS.

Contracts for Difference (CfD)

The next CfD allocation round is planned to open in late 2021, it is confirmed.

BEIS do not think there is sufficient evidence to show that Anaerobic Digestion, and Dedicated Biomass with CHP could compete with the technologies currently in Pot 1.

Further decisions on which pots the various technologies should sit in for future rounds will follow the findings of the Biomass Strategy.

Countdown to COP26 and Net Zero strategy

The Government has promised a “comprehensive Net Zero strategy” in the lead-up to COP26.

A consultation will be launched on the Government’s preferred strategy and long-term requirement for GHG removals, including a proposed market design & set of governance principals.

- The Call for Evidence will focus on carbon pricing, market design and governance principles for GHG removals, and will build on evidence gathered from the HM Treasury consultation on Carbon Emissions Tax.

The future strategy will include skills, and BEIS are working with DWP, DfE and the Home Office to develop a ‘just transition’ strategy for the workforce.

Industry

A commitment to publishing the Industrial Decarbonisation Strategy in Spring 2021. The strategy will set out the Government’s “vision for a prosperous, low carbon UK industrial sector in 2050”. Working closely with Devolved Administration partners, the strategy will set out how the low carbon transition can support industrial competitiveness and the green recovery across the UK.

Progress to decarbonise heat

The response highlights the Clean Heat Grant scheme, as well as the extension to Tariff Guarantees under the Non-Domestic RHI as examples of their efforts to support “the growth of the heat pump market”.

It also highlights the growth in UK biomethane production capacity, and the Government’s efforts to enable it to grow further, through the Green Gas Support Scheme.

The report again highlights the challenges facing the sector, and the need for virtually all heat in buildings to be decarbonised if the UK is to reach its Net Zero target.

They highlight that the forthcoming Heat and Buildings strategy will set out immediate actions that will be taken to reduce emissions from our current building stock – this will include “how we achieve the mass transition to low-carbon heat”.

Both hydrogen and electrification of heat using heat pumps are put forward as the “two main options” for decarbonising heat:

- “Low carbon hydrogen could potentially provide a means of decarbonising a large proportion of the approximately 85% of buildings connected to the gas grid.”
- “Electrification is not just a solution for off-grid buildings. Deploying heat pumps for some on-gas grid households in the 2020s will be beneficial”.

The following options are also put forward as playing an important role:

- **Biogas:** “Low carbon gas such as biogas also has the potential to make substantial contributions to emissions reductions from heating. Biomethane is currently the only green gas commercially produced in the UK and offers a cost-effective way of contributing to near term legally binding carbon budgets”
- **Heat Networks** “will also have an important role to play, especially in areas of high-density demand and where there are large low-carbon heat sources”.

Recognises the fact that any future low carbon buildings scenario, must have a low carbon heating market that is able to match the 1.7 million installations per year of fossil fuel boilers. For low-carbon heat it currently stands at 30,000 systems a year.

Transport

Following the Electric Vehicle Energy Taskforce’s formation, they have set out several proposals on EV uptake and future challenges, including proposals to encourage smart charging. A number of these were then consulted on, including the intent to mandate that all private charge points must be smart and comply with minimum device standards. It is the Government’s intention to lay the relevant legislation next year. The work of the taskforce is now going into a second phase, which will look at more detailed plans to deliver the proposals.

The response also committed to setting out and implementing a strategy to transition to zero-carbon freight, including stronger purchase incentives, infrastructure plans and clean air zones.

The response also highlights a number of ‘key achievements’ from the Government, including the “Decarbonising Transport: Setting the Challenge” plan released in March 2020, the Rapid Charge fund as well as the £500 million commitment for electric vehicle charging infrastructure. It also highlighted the meeting of the Jet Zero Council which the REA has been involved in.