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the union for professionals

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Katherine Mansfield
2/N2
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

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Dear Ms Mansfield

CONSULTATION ON CARBON CAPTURE AND STORAGE

I am responding, on behalf of Prospect, to the Treasury's consultation document on carbon capture and storage. Prospect is a trade union representing 104,000 scientific, technical, managerial and specialist staff in the Civil Service and related bodies and major companies. In the energy sector, we represent scientists, engineers and other professional specialist staff in the nuclear industry, the wider electricity supply industry and, increasingly, also in the gas industry. Our members are engaged in operational and technical management, research and development and the establishment and monitoring of safety standards, environmentally and in the workplace.

Prospect has commented extensively on the Government's various consultations on energy and environmental issues over the last five years or so. Of particular relevance to this consultation are our responses to the DTI's consultation on Carbon Abatement Technologies Strategy (November 2004) and to the Stern review of the economics of climate change (December 2005). Copies of both these submissions are attached for ease of reference.

Throughout, Prospect has supported an enhanced innovation framework, underpinned by stable and robust R&D, as the basis for taking forward new energy technologies. However, it is clear to us that the existing regulatory framework does not provide a strong foundation for making early progress. Therefore, our comments in response to this consultation are largely focused on this aspect as one of the key barriers to commercial development of CCS.

In order to capture environmental externalities effectively it is essential to build the costs of carbon pollution back into the system and to incentivise current investment decisions accordingly. Ideally, we believe that economic instruments to control greenhouse gas emissions would impose costs that are:

- Proportional to the amount of each greenhouse gas emitted
- Proportional to the relative warming effect of each gas
- Independent of where it is emitted
- Independent of who emits it
- Independent of the process that emits it
- Paid by the emitter when the gas is emitted to the atmosphere
- Applied to all emissions of greenhouse gases and credited for their absorption

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- Paid for other by activities that commit the future emission or prevent the future absorption of greenhouse gases.

One option would be a rationalised harmonised greenhouse gas tax. Providing that it did not conflict with EU regulations, such a tax introduced initially at a low level but with a clear commitment to progressive increases would provide both the incentive and the opportunity to change behaviour. It could also help to ensure a level playing field for all energy sources.

A second option would be to reassess existing emissions trading regimes to ensure that CCS technologies are effectively rewarded. Preparations for the second phase of the EU Emissions Trading Scheme provide an opportunity to do this, based on an analysis of the impact to date on carbon emissions technologies.

The overriding objective of economic regulation should be to support demonstration projects and therefore encourage further commercial development of this technology.

Yours sincerely

Sue Ferns
Head of Research and Specialist Services