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From: [Angela Kelly](#)

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Subject: AK Re: IMPORTANT: Global Warming Politics* Britain's Climate Madness*1 July 2008

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Global Warming Politics

A Hot Topic Blog



Tuesday, 1 July 2008

Guest Essay: Britain's Climate Madness

Today, 'Global Warming Politics' is honoured to be able to host a Guest **Essay by** the outstanding economist, Ruth Lea [pictured].

Ruth was Director of the Centre for Policy Studies (CPS) for four years until November 2007.

She is now Director of Global Vision, and a Non-Executive Director and Economic Advisor to the Arbuthnot Banking Group.

Ruth is perhaps best known for having been the Head of the Policy Unit at the Institute of Directors (IoD), a key post which she held between 1995 and 2003.

Ruth is also a well-known writer and broadcaster, appearing regularly, for example, on BBC 2's flagship programme, *Newsnight*.

I am deeply grateful to Ruth for her generous agreement to write this telling critique of how 'global warming' madness is undermining British energy policy and the British economy.

Britain Leads The World In Global Warming Madness

Britain's dangerously flawed energy policy

Ruth Lea

On June 26, 2008, the Prime Minister unveiled his Government's renewable energy strategy for building a "low carbon economy". This will involve the building of 7,000 wind turbines (3,000 at sea, and 4,000 on land) by 2020, expand other renewable energy, such as micro-generation, tidal- and

wave-power, and will require £100bn of investment from the private sector (heavily subsidised by the consumer). Nuclear power will also be encouraged. The centre piece of the strategy is the planned expansion of wind turbines, which are almost universally disliked by those who have to live near to them.

But, aesthetics aside, the strategy is unworkable, expensive, and irresponsible.

Absurd and Costly

There is not the faintest chance that 7,000 wind turbines can be constructed in this time, given the construction capacity restrictions and tight timetable.

But, even if the turbines were built, this would not be the end of the matter.

Britain would still require a considerable back-up of conventional electricity-generating capacity because the turbines

would frequently produce no electricity at all, given the fluctuation in wind speeds.

Paul Golby, Chief Executive of E.ON UK, has said that this back-up capacity would have to amount to 90% of the capacity of the wind turbines, if supplies were to be reliable.

This would be an absurd, and costly, misallocation of resources, with the extra costs falling on households and businesses.

But, costs apart, there is yet another problem. And that is whether the necessary back-up capacity is likely to be available.

The current Government has woefully neglected Britain's energy infrastructure, and much of Britain's current electricity-generating capacity is due for closure over the next 10 to 15 years. Most of Britain's ageing nuclear power stations are due to be decommissioned, and half of Britain's coal-fired power stations are due to be retired because of the EU's Large Combustion Power Directive (concerned with controlling emissions of, for example, sulphur dioxide and nitrogen oxides). Under these circumstances, there is a very real risk that there will not be adequate conventional back-up capacity despite the Government's welcome acceptance of the need for nuclear power (there will inevitably be delays in construction) and the operation of new gas-fired capacity (which, incidentally, makes Britain unduly dependent on imports, as our own supplies are dwindling fast).

The prospect of power cuts is, therefore, all too real. Brutally, the lights could go out, and business and the public services, now so dependent on computers, would suffer. The folly of putting so many eggs in the basket of wind power is the height of irresponsibility.

The EU's Renewables Directive: Disproportionate Burden

The Government's 'dash for wind' in order to develop a "low-carbon economy" is, of course, part of its climate-change policy of cutting carbon emissions in order to "combat global warming". Any expansion of nuclear power would also curtail carbon emissions, and, indeed, if one believes that a low-carbon economy is a good idea (perhaps for security reasons as well as 'saving the planet'), one might ask why not allocate far more resources to nuclear power and far fewer to renewables.

Alas, this would not be permitted under the EU's 2008 Renewables Directive.(1) Under this Directive, the UK has agreed to meet 15% of its energy consumption from renewable sources by 2020. Whilst renewables include biomass, solar power, wind, wave/tide, and hydroelectricity, nuclear power is excluded. Insofar as the Renewables Directive is part of the EU's policy of cutting carbon dioxide emissions by 20% by 2020 compared with 1990, this is perverse to say the least.

Whilst the UK has a 15% renewables target for 2020, just 1.5% of energy consumption was met by permissible renewables in 2006.(2) The UK has committed itself, therefore, to increase its renewables share ten-fold by 2020. With the possible exceptions of Malta and Luxembourg, the UK is faced with by far the greatest challenge in reaching its 2020 target. In addition, the unit costs in the UK are relatively high because Britain lacks access to cheap biomass resources in the electricity and heat sectors, and is placing greater reliance on high cost, expensive electricity technologies, such as wind (mainly) and wave/tidal. By contrast several EU countries are well-placed, including Austria, Finland, and Sweden, as are many of the central and eastern European countries.

It is, therefore, unsurprising that the UK is likely to carry a disproportionate burden of the costs of meeting the EU's 2020 renewables target. According to a study by Pöyry Energy Consulting, the UK could carry around 20-25% of the total EU costs.(3) Pöyry has estimated that the annual cost in 2020 could be around £150 to £200 per UK household, and the lifetime costs up to 2020 would be £1,800, even as high as £2,800, per UK household. These are significant sums, and they are likely to be under-estimates.

Given my earlier comment that the Government's plans for 7,000 wind turbines will not be achieved by 2020, there is no chance that we will meet the renewables target. (And, in any case, 7,000 turbines, even if built, are apparently inadequate for Britain to meet the 15% target.) The Government is living in fantasy-land - but it seems hell-bent on pursuing an energy policy which will be costly, will dangerously distort energy policy, and will leave the country vulnerable to black-outs.

The Economic Effects

Even if the lights stay on, it is clear that the Government's current strategy will lead to higher and less competitive energy prices in Britain, other things being equal. For households, especially low income and pensioner households, this will bite into general living standards. Businesses, especially energy intensive industries, will continue to lose competitiveness and will migrate overseas to, say, India or China. The Energy Intensive Users Group (EIUG) estimates that various 'green measures' (the Renewables Obligation, the Climate Change Levy, and the costs of the EU's Emissions Trading Scheme) already account for a quarter of total energy costs for their members. The situation will surely deteriorate. Britain's chemicals, cement, and steel industries, to name but three, are likely to shrink, jobs will be lost, and the balance of payments will deteriorate.

Yet *this has barely been mentioned. Does no-one care?*

Britain's Climate Change Bill: Economic Madness

As already mentioned, the EU has a 20% target for cutting carbon dioxide emissions by 2020, compared with 1990. British legislators, however, seem to regard this self-flagellation as insufficiently painful. The Climate Change Bill, currently going through Parliament, includes legally-binding targets of a 60% reduction by 2050, and a 26 to 32% reduction by 2020, compared with 1990.

The Bill is predicated first on the assumptions that 'global warming' is "dangerous" and is unquestionably mainly caused by anthropogenic carbon emissions. These assumptions are, of course, inherent in the work of the UN's Intergovernmental Panel on Climate Change (IPCC), which provided the quasi-scientific background for the path-breaking Kyoto Protocol of 1997. Secondly, they rely on Lord Nicholas Stern's report, based on the IPCC's apocalyptic projections of a frizzling planet, exhorting us to spend now to prevent this fate, or to fry and/or drown later.(4) Woe betide any foolish soul who dares to speak out against this orthodoxy.

But the notion that there is a scientific consensus on this matter is simply not true. Many scientists, though they risk their funding and the wrath of the Royal Society, are prepared to acknowledge that the sun has an infinitely greater role to play than humankind in climate change. Moreover, climate change in the form of modest warming is likely to be, on balance, economically beneficial. And, inconveniently for the doomsayers, there has been no 'global warming' for a decade.

Secondly, the Bill simplistically assumes that climate change can be combated by cutting anthropogenic carbon emissions, as if there were a straightforward, bivariate and uni-causal relationship between carbon dioxide emissions (and concentrations) and temperature. Nothing, I am reliably informed, could be further from the truth.

Thirdly, the Bill chooses to ignore the fact that, whilst Britain attempts to decarbonise her economy, much of the rest of the world will not. Britain accounts for less than 2% of world anthropogenic carbon emissions, whilst China's emissions probably increase by more than our total every 1 to 2 years. We could, however, make our economy uncompetitive and curtail British people's economic freedoms and

prosperity, satisfyingly so for the many critics of modern developed economies, by pursuing this policy. But where we lead, others will not follow - not even the other EU member states, if it suits them. It is economic madness.(5)

The Future

The Climate Change Bill will, however, be enacted. All the major political parties are supporting it. But, apart from its unfounded scientific assumptions and economic irresponsibility, it is already looking old-fashioned (there's nothing so old-fashioned as last year's fashions that have ceased to be fashionable) and irrelevant.

Two things are changing the debate. The first is the, already noted, absence of 'global warming' since the end of the 20th century. People understand this. The second is the economy. Bill Clinton was *right*: "it's the economy, stupid". British living standards for many are now falling, and this changes people's priorities. Recent polls show that, first, the British people are sceptical about human-caused 'global warming' despite all of the propaganda thrust at them and, secondly, they regard 'green taxes' as little more than yet another excuse for Governments to tax them harder.(6),(7)

The mood is **changing**. Politicians please take note.

References

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