

Road to net zero

The government's net-zero emissions by 2050 target will ensure a changing climate for business and society, says Laura Mackett, senior associate at Dentons

'W'e must now increase our ambition to tackle climate change. The science demands it; the evidence is before you; we must start at once; there is no time to lose.' This was the rousing call to action from Lord Deben, chairman of the Committee on Climate Change (CCC), in its May 2019 report *Net Zero – the UK's contribution to stopping global warming*.

The report was a response to a government request to reassess the UK's long-term targets and resulted in a recommendation for new greenhouse gas (GHG) emissions targets to be set to:

- Net zero by 2050 for the UK
- Net zero by 2045 for Scotland
- A 95 per cent reduction against the 1990 baseline by 2050 for Wales.

The UK-wide target was promptly made into law – the previous 80 per cent reduction by 2050 target in the Climate Change Act 2008 was replaced by a new 100 per cent reduction target from 27 July 2019. A bill to set Scotland's 2045 net-zero target and interim targets for 2020 (56 per cent), 2030 (70 per cent) and 2040 (90 per cent) is in motion. If passed, it will give Scotland the world's most stringent statutory climate change targets.

Achieving these targets will require a sharp ramping-up in policy and law-making, as well as major shifts in how we conduct our businesses and how we live our daily lives.

We are not expecting to be an emission-free society by 2050. Most sectors will need to reduce emissions close to zero without offsetting, with residual emissions balanced by GHG removals – for example, via afforestation and carbon capture and storage (CCS).

Changes will be required in energy and heat systems, electrification, the hydrogen economy, industrial emissions, waste and resource efficiency, CCS, road transport, aviation, shipping, agriculture, land use, food systems, consumer choices – and the list goes on.

Industry and individuals are likely to bear some of the estimated annual one to two per cent of GDP (£20bn-40bn) cost of achieving net zero by 2050.

The CCC's scenario planning looks at waste reduction, increased recycling rates and a landfill ban for biodegradable waste in the 2020s, then limiting emissions from waste water and combustion of non-bio wastes in the 2030s-40s.

HGVs must switch to low-carbon electricity or hydrogen fuel sources from the late 2020s, with supporting infrastructure put in place. Types and volumes of waste being generated will change with societal change – alterations to product design and materials demand, dietary changes, and expanded sharing, reuse and repair economies.

Changes to existing waste facility permits will probably be required and reforms may be needed across entire permitting frameworks. Robust regulatory enforcement schemes will have to implement new standards and phase-outs, and litigation may result from uncertainties. Increased policy and law-making may give NGOs greater opportunity to hold government and business to account via the courts.

Industrial lobbies will have increased opportunities to engage with – and shape – policy and legislative change. There may be the opportunity to take advantage of incentive schemes, capital subsidies, tax breaks, sectoral arrangements, long-term contracts and other mechanisms. Border-tariff adjustments could reflect the carbon content of imports and we are likely to see increased carbon disclosure requirements.

Product and building standards will help drive the demand for low-carbon goods.

Delivering net zero will require strong and well-integrated policy frameworks at UK and devolved levels, ensuring changes are clear, stable and investor-friendly. This is particularly important for policy areas that are partly or fully devolved, such as waste.

The next 30 years will bring risk as well as opportunities, domestically and in

wider global transitions to low-carbon economies.

Businesses will want to keep a close eye on – and, in some cases, influence or get ahead of – the changing landscape of law, policy and the demands of civil society, balancing the benefits against the risks of mis-timed or stranded investments. ●

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