



Department
of Energy &
Climate Change

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The Rt Hon Edward Davey MP
Secretary of State

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28 February 2014

Near Nick Dearden,

Thank you for your letter dated 14 January, about ending UK financing of overseas coal. We have also received a number of emails as a result of your 'Get The Banks Out Of Coal' campaign, and we will be publishing this response on our website. I am happy for you to also share our response on your own site. I believe you may have also received a response from my right honourable friend the Secretary of State for International Development regarding this matter.



I recognise that investments in new coal-fired energy production risk locking countries in to higher levels of carbon emissions over the coming decades. That is why the UK Government is calling for an end to supporting public financing of new coal-fired power plants overseas, except in rare circumstances and in the poorest countries.

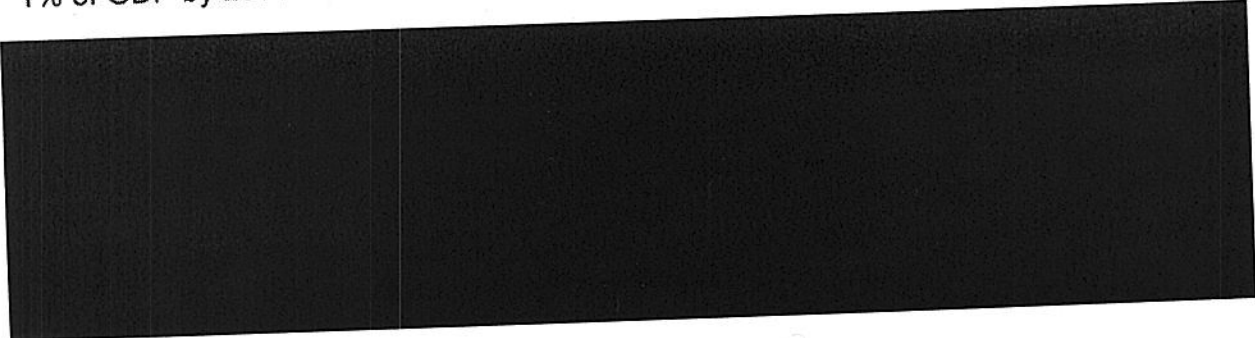
Over the past few years, there has been a shift in development bank lending towards renewable energy. The average lending for all types of fossil fuel projects between all of the multilateral development banks over the last three years is now \$3.6 billion, while their lending for renewable energy projects is \$11.3 billion. We are also supporting the development of renewable energy in developing countries through the UK's £3.87 billion International Climate Fund (ICF). The ICF aims to help the world's poorest adapt to climate change and to promote cleaner, greener growth – including through the development of sustainable energy resources. Further information can be found on our website: <https://www.gov.uk/government/policies/taking-international-action-to-mitigate-climate-change/supporting-pages/international-climate-fund-icf>.

I am working with partners in the EU to develop an ambitious package of measures to drive actions to tackle climate change and reduce emissions from all sectors of the economy.

The Commission's proposals on the 2030 Climate and Energy Framework are a step in the right direction towards an ambitious emissions reduction target for Europe, and the reform and flexibility to achieve it in the most cost-effective way, so that British consumers aren't paying over the odds. The right 2030 package will unlock low carbon investment, whilst keeping the pressure on energy bills down.

I also welcome the fact that Europe is now combining leadership on climate change with a new focus on the cost of policy. A 40% greenhouse gas target is a good start, but we need to go further, up to 50% in event of an ambitious global climate deal. Securing a deal on 2030 in March is vital. We need to provide investors with certainty and the EU needs to be ready to announce an ambitious 2030 emissions reduction goal by the UN Secretary General's (UNSG) Leader's Climate Summit in September, as this will help leverage ambition from others, putting us on the right track in securing an ambitious global climate deal in 2015.

Carbon Capture and Storage (CCS) is a critical part of the Government's plans for decarbonising both the electricity and industrial sectors. The CCS Commercialisation programme, which we announced in 2012, is progressing well. The development of CCS in the UK is likely to contribute to economic growth as well as in the longer term facilitate a competitive energy mix and the cost effective achievement of climate change objectives. CCS is also the only way for several important industrial sectors such as cement, steel and ceramics to decarbonise and is therefore likely to become critical to their competitiveness as those industries decarbonise. For the UK, CCS is part of our least cost decarbonisation path. The Energy Technology Institute's recent analysis suggests that successfully deploying CCS would cut the annual cost of meeting our carbon targets by £32bn or up to 1% of GDP by 2050.



Yours,



EDWARD DAVEY