

Speech by the Rt Hon Peter Mandelson MP on becoming patron of the UK Business Council for Sustainable Energy on Monday, 27 January 2003

I am delighted to become patron of the UK Business Council for Sustainable Energy.

At the DTI, I was secretary of state for many things but without doubt the most challenging were the issues of energy markets, diversity and security of energy supply, fuel poverty and environmental sustainability.

None of these issues has become less complex with time. They all bubble away just below the surface of political debate, not least because our use of energy has significant environmental consequences. I do not shy away from controversy – as you may have noticed – and the environmental dimension to energy policy is beginning to dominate, and even move votes.

Why else would the Government's energy policy white paper be taking so long to complete? If there was one environmental template on which to formulate policy and one set of long-term certainties to guide it, the Government's task would be straightforward. But this is not the case. Far from it.

That is why I believe that the Business Council has such an important valuable role to play.

Government needs industry partners if policy dilemmas are to be resolved. Real, practical policy outcomes need to be rigorously analysed. Public goods need to live comfortably with business affordability. There has to be agreement on the market conditions in which businesses that respond to the strategic threat of climate change are rewarded.

Time is not on our side and effective policy delivery is essential. That is why Brian Count's vision of bringing together the CEOs of the major companies is just what is needed now. Underpinned by the wide respect I know David Green and his team have in Westminster and Whitehall, it adds up to serious engagement with delivery and is an initiative I know Ministers very much welcome.

None of us know what will finally be in the Government's energy white paper. However, I think it is fair to say that the issues that concern the Business Council are likely to be at its heart.

New Labour was elected on an ambitious programme – to promote cleaner, more efficient use and production in energy, including a new and strong drive to develop renewable energy sources such as solar and wind energy, and combined heat and power.

We also said we will lead the fight against global warming, through our target of a 20 per cent reduction in carbon dioxide emissions by the year 2010.

The white paper should reveal the progress being made in the realisation of this target. The UK energy sector emissions went up 13% in the year up to December 2001 as coal imports rose. It is possible, therefore, that the overall advance since 1997 will be disappointing. If so, the Government will have to examine closely the adjustments in policy needed to keep on track.

The Business Council is keen to see outcomes that build on current measures and move on to create effective market based mechanisms for the valuation of carbon in order to create incentives for companies to reduce their carbon emissions. The new EU emissions trading regime, due to come in 2005, is central to this perspective.

The Council is also keen, as I am, to ensure that the debate moves on from a polarised view on nuclear vs renewables, so that the focus becomes on where the UK wants to be – significant emissions reductions – with the right market incentives in place to enable business to invest in technologies that will achieve this.

I know the DTI have welcomed the dialogue that was recently opened up with them about how the UK's manufacturing capabilities in relation to both energy efficiency and CHP can be strengthened following the white paper. I am also sure that the debate about implementation will be as important as the white paper itself.

We are entering a huge period of change. Voters' expectations of what they want are growing. Environmental policy has moved from the margins to the mainstream. We need to focus on how we meet all our aspirations alongside the need for sustainable development and social justice.

I look forward to playing my part with the Business Council in helping to achieve this.

ENDS