

## Copenhagen and water

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The consequences of the failure to agree a meaningful climate treaty in Copenhagen will be felt far and wide. The Accord includes no legally binding commitments or timetable for action.

Climate change has to be tackled urgently. The impacts are already being felt in the UK and around the world. The window for action to reduce emissions sufficiently to head off the worst future impacts is closing. What we needed was a great leap forward, what we got was a shuffle of the feet.

Some progress was made however, including a goal to limit climate change to two degrees above pre-industrial levels and an additional funding commitment for developing nations. Over 100 nations have since come forward with voluntary targets and mechanisms for reducing emissions. People and businesses with an eye to the future will be hoping that the remainder of 2010 brings a new momentum and a legally binding, global treaty.

Aside from the moral, social and environmental imperatives associated with protecting the planet, the economic justification for action is increasingly clear and the repercussions from the summit could be severe. Businesses seek certainty in order to plan appropriately for and invest confidently in the future. Copenhagen was an opportunity for nations to come together and take a view on the scale of likely climate change impacts that we and future generations are willing to accept, and the emission reductions needed to achieve this. But the lack of ambitious or binding targets means that people and businesses all over the world will find it hard, despite best intentions, to plan for and invest in reducing greenhouse gases and adapting to the consequences of climate change.

Immediately following the talks, the carbon price in Europe fell by around ten per cent. This reflected a lack of conviction that the EU would raise its target for emission reductions from twenty to thirty per cent against 1990 levels by 2020. (The higher target is conditional on other developed countries committing to making comparable reductions under a global agreement).

Despite the setback, climate change will remain a key and increasingly important driver for business. All companies need to plan for the future and will need to take account of the impacts of climate change on supply chains, markets, customers, staff, assets, operations and availability of finance.

The water industry is at the forefront of many of these impacts and, in a world where assets can last for a hundred years or more, water companies need to plan for the long term. They will continue to integrate climate change across business and investment planning to ensure that the provision of water and wastewater services is not adversely affected. Further research into the effects of climate change, including on behaviour and people, will be needed.

Continued action will also be needed to manage greenhouse gas emissions from business. As more and more countries develop plans for reducing emissions, national carbon markets will emerge and connect. The UK government expects the water industry to play a full role in meeting national greenhouse gas reduction targets and to maximise the potential for renewable energy use and generation. All businesses will increasingly need to invest in renewable energy, energy efficiency

measures and other mitigation measures. And the clean technology sector will expand – in water this presents further opportunities for renewable energy and for lower carbon water and wastewater management techniques.

So climate change action is not a 'nice to have'. It is a 'must have'. Of course, there is a great deal of uncertainty around the scale, nature and timing of key impacts. Sadly, the effect of Copenhagen will be to exacerbate the uncertainty around future emissions and the kind of adaptive actions needed. But businesses that want to prosper and gain a competitive edge will need to work with this uncertainty, rather than use it as an excuse for inaction.

Our government can help. The carbon price may remain low without ambitious national targets. The EU and UK must maintain their commitment to legally binding targets, and work with other nations to reduce the risk of carbon leakage, where emissions are outsourced to other parts of the world. For their part, businesses will respond by more accurately and transparently measuring and reporting emissions, including from the supply chain.

The government can also push ahead with initiatives that make good economic sense anyway, regardless of (but reinforced by) climate change, such as controlling pollution at source and reducing emissions from buildings through stricter standards for water efficiency. Such measures will help tackle both mitigation and adaptation, and show how the UK continues to lead the way on climate change.

It is not too late. Copenhagen has at least given us a base to build on and there is no shortage of ambition. World leaders are already talking up the prospects of further commitments over the next few months and agreeing an ambitious and binding treaty during 2010. We all have a duty to ensure that no more time is lost.

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