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Private and confidential

The Scottish Government
Climate change Bill Consultation
1 – G North, Victoria Quay
Edinburgh
EH6 6QQ

21 April 2008

Our reference
Your reference

Dear Sir/Madam,

Subject Scottish Climate Change Bill Consultation

Introduction

Rio Tinto Alcan (RTA) welcomes the opportunity to comment on proposals for a Scottish Climate Change Bill. It should be noted that our operations are centred in the Highlands of Scotland at Lochaber, Fort William and at Kinlochleven. Operations at Lochaber include hydro power generation for smelting and a primary aluminium smelter with an operational capacity of 43,500 te of primary aluminium. Kinlochleven is a small hydro power installation providing power to the above installation. The smelting and power operations are part of a combined Climate Change Agreement (CCA) with associated operations in Lynemouth in Northumberland. The agreement is with the UK government and has been in place since 2001. It is envisaged this agreement will continue until 2017 in accordance with the UK Climate Change Bill. A renegotiation of the CCA target is planned for 2008 but it is important to note that the operations at Lynemouth and in the Highlands of Scotland are viewed very much as an integrated smelting and power business.

The following responses to specific questions posed by the consultation on the Scottish Climate Change Bill are made with reference to the existing situation for our business units outlined above:

TARGETS

Q1. Should a Scottish target be based on carbon dioxide only or the basket of six greenhouse gases?

Q1 – We believe the basket of six greenhouse gases should be included in any Scottish target. The aluminium industry in Europe and the UK has reduced PFC emissions by over 80% compared to a 1990 baseline. The industry has invested to achieve these reductions and continue to make further incremental improvements as part of existing CCA targets.

Q2. Should the Bill contain provisions to alter which gases are included, for example if the reliability of data for a particular gas improves or if science changes in the future about which gases cause climate change?

Q3. The Scottish Government wishes to ensure that the Bill gives sufficient incentives to invest in energy efficiency and renewable electricity. Should the targets be based on source emissions; an end-user inventory; or on individual targets for energy efficiency and renewable electricity? Do you have any other suggestions?

Q3 – The bill should give incentives to invest in energy efficiency and renewable electricity. Rio Tinto Alcan (RTA) is making, and has already made, significant improvements and investments in this area. Targets should be based on process emissions, energy efficiency and renewable electricity.

Q4. Do you agree that the Bill should allow the means of measuring the target to be changed through secondary legislation to reflect international developments or unforeseen consequences of the Bill?

Q4 – The bill should allow the means for measuring targets to be changed through secondary legislation. This will allow more flexibility if targets can not be achieved.

Q5. Should the emissions reduction target take account of the abatement effort made by companies under emissions trading schemes? If so, how?

Q5 – The reduction target should take account of abatement efforts already made under existing trading schemes by recognising early action and by recognising existing schemes. As discussed above improvements and investments have already been made to achieve GHG reductions from our industry sector. The Climate Change Agreement (CCA) already incorporates links with the UK Emissions Trading Scheme (UKETS) and the existing CCA is subject to target adjustment based on the EUETS performance of our coal fired power station at Lynemouth.

Q6. Do you agree that international credits should be counted towards Scottish targets? Should there be limits on credits counted towards Scottish targets?

Q6 – International credits e.g. CDM should be counted towards Scottish targets. Limits on these credits should be in line with limits set in other schemes e.g. EUETS.

Q7. Should the Bill allow the level of the 2050 target to be changed through secondary legislation? If so, should this only be allowed on the basis of independent, expert advice, to reflect international developments or unforeseen consequences of the Bill? Should any changes to the target be limited to an increase in the target?

Q7 – The bill should allow the level of the 2050 to be changed through secondary legislation. This should only be allowed on the basis of independent expert advice to reflect international developments or unforeseen consequences of the bill. This is particularly important for industry sectors trading products in global markets and those which are subject to existing agreements. Changes to the target should not be limited to an increase in the target.

SUPPORTING FRAMEWORK

Q8. What factors should be taken into account when setting the level of budgets?

Q8 – A number of factors should be taken into account when setting the level of budgets:

Impacts on the economy and business competitiveness should be considered along with growth and investments in renewable energy.

Q9. How long should interim budget periods be?

Q9 – Interim budget periods should be sufficient to allow reductions through continuous improvement over time but not too short to accommodate annual variation in emissions due to process variability or stability. Alignment of budget periods with the UK Climate Change Bill and EUETS would be favourable for industries operating integrated businesses inside Scotland and outside of Scotland.

Q10. How many years in advance should emissions budget periods be set in order to provide sufficient time to develop infrastructure?

Q10 – Budget periods should be set up to 10 to 15 years in advance to allow business planning and certainty and to encourage investment.

Q11. What should be the limit (in terms of absolute quantity or as a percentage of the budget period) on the amount of emissions which the Government can borrow from a following budget period?

Q11 - Borrowing should be allowed from a following budget period up to a maximum of 10% of the annual allocation.

Q12. Should the Bill include an interim point target? If so, what year (or years) should it be for (2020, 2025, 2030, etc)? How should the level be chosen?

Q12 – The bill should include interim point targets. Target periods should be aligned with national (UK) and international (EU) targets and objectives.

REPORTING SCRUTINY AND FRAMEWORK

Q13. Should the Scottish Ministers be required to report on any other issues relating to climate change in addition to the requirement already set out. If so, what and how often?

Q13 – No comment

Q14. Is a process of Parliamentary scrutiny the appropriate way of holding the Scottish Government to account if targets or budgets are not met?

Q14 – Government has to be accountable for meeting targets and budgets. Parliamentary scrutiny seems an appropriate way of achieving this.

Q15. What should be the primary source of advice to the Scottish Government for setting emissions targets or budgets and why? Options include: the proposed UK Committee on Climate change, a new Scottish Committee on Climate Change, an existing public body in Scotland, or the Scottish Government itself.

Q15 – The UK Committee on Climate change should be the primary source for advice.

Q16. If it were to be an existing Scottish public body, which public body is most suited to carrying out this task and why?

Q16 – SEPA?

Q17. Which organisation should be tasked with monitoring the progress of the Scottish Government on reducing emissions and why? Options include: the proposed UK Committee on Climate Change, a new Scottish Committee on Climate Change, an existing public body in Scotland, or the Scottish Government itself.

Q17 - UK Committee on Climate change

Q18. If it were to be an existing Scottish public body, which public body is most suited to carrying out this task and why?

Q18 – No comment

Q19. Should additional independent mechanisms for scrutinising the effectiveness of the Scottish Government’s policies in reducing emissions be created by the Bill (in addition to any scrutiny already provided by the Scottish Parliament)?

Q20. If so, which organisation is best placed to carry out this function and why? Options include a new Scottish Committee on Climate Change or an existing public body in Scotland.

Q21. If it were to be an existing Scottish public body, which public body is most suited to carrying out this task and why?

Q19, 20 & 21 – The International Panel on Climate Change (IPCC) could provide help and advice.

Q22. Are there any other functions related to climate change, existing or new, which should be carried out at arm’s length from the Scottish Government and why?

Q22 – International bodies carrying out research & development on greenhouse gas reduction and energy efficiency or the work of international institutes may be useful.

SUPPORTING MEASURES

Q23. Should the Bill contain enabling powers to introduce a duty on certain parts of the public sector (i.e., local authorities and large public bodies) to take specified actions on climate change or other specified environmental issues? Why?

Q23 – The Carbon reduction Commitment (CRC) as proposed by the UK Climate Change Bill is an option for public sectors

Q24. What should such a duty (or duties) include?

Q24 as above

Q25. Should the Bill contain enabling powers to introduce statutory guidance for certain public sector bodies (i.e., local authorities and large public bodies) on specified climate change or other environmental measures? Why? Are there gaps in any existing guidance?

Q26. What should this guidance include?

Q25,26 The Scottish bill needs to be aligned with the requirements of the UK Climate change Bill.

Q27. Should the Bill contain enabling powers to create a requirement for certain public sector bodies (i.e., local authorities and large public bodies) to make regular reports on specific measures they are taking to tackle climate change (whether mitigation or adaptation) or other environmental issues? Why? What should be included in such reports?

Q27 Yes – see above.

Q28. As a potential non-legislative measure, should current Best Value guidance be amended to take specific account of climate change mitigation and adaptation? If so, how should Best Value guidance be amended?

Q28 – Yes by using best practice examples or BAT examples from the various sectors.

Q29. Are there any amendments to existing legislation or any enabling powers needed to allow for variable charging (for example by local authorities) to incentivise action or eliminate perverse incentives?

No comment

Q30. Are there any provisions to help Scotland adapt to the impacts of climate change which should be included in the Scottish Climate Change Bill.

Q30 – The bill needs to be aligned with the UK Climate Change Bill and with existing schemes for greenhouse gas reduction and energy efficiency.

Q31. Should provisions within the Environment Assessment (Scotland) Act 2005, be amended in order to provide clearer links with emissions reduction? If so, how should this be done?

Q31 - Current provisions seem adequate.

Q32. What are the equalities implications of the measures in the proposals for the Scottish Climate Change Bill?

Q32 - We do not have additional comments to those already provided.

Q33. Is there any existing legislation within the competence of the Scottish Parliament (devolved) which needs to be amended so that appropriate action on climate change can be taken by sectors in society?

Q33 -Integrated Pollution Prevention and Control (IPPC) legislation and regulations may need to be amended to incorporate the requirements of the Scottish Climate Change Bill.

Should further dialogue on this subject be necessary please do not hesitate to contact the undersigned or the Plant Manager at Lochaber smelter, Michael Routledge at the above address.



John Clarkson
UK Environmental Manager