

Policy Statement - Electricity generation

1. Preamble

- 1.1.** The Methodist Church is seriously concerned that climate change is already causing suffering to many people and threatens millions more with misery over the coming decades. It also threatens vulnerable eco-systems and many species with extinction.
- 1.2.** The Methodist Church's theological approach to climate change is set out in the report *Hope in God's Future: Christian Discipleship in the Context of Climate Change*. It recognises that:
- the suffering caused by climate change is disproportionately greater for the poor and vulnerable;
 - supporting our standard of living at the expense of the misery of others, both now and in the future, contravenes the commandment to love our neighbours as ourselves;
 - riches gained at the expense of irreparable damage to the environment do not constitute wise stewardship of God's creation.
- 1.3.** The Methodist Church accepts the authoritative scientific research produced by the Intergovernmental Panel on Climate Change (IPCC), which shows that greenhouse gas emissions resulting from human economic activity are the major cause of climate change.
- 1.4.** The Methodist Church supports the goal of reducing the UK's greenhouse gas emissions by at least 80% from 1990 levels by 2050. This is in the context of reducing global emissions by the 50% considered necessary to avoid the worst impacts of climate change. It recognises that to meet its share of this reduction, Church policy in many areas, including investment, will need to be reviewed.
- 1.5.** The Methodist Church is looking at means to reduce its own greenhouse gas emissions in line with the 80% reduction by 2050. The 2009 Methodist Conference specifically noted the need to assess the travel policies and energy use and efficiency of the Church. It also seeks to support its members in reducing their carbon footprints. The Church has not directed individual churches and circuits either to commit or omit broad areas of activity as a result of their greenhouse gas emissions.

2. Epworth Climate Change Policy

- 2.1.** The Epworth Climate Change Policy (November 2009) sets out the following objectives:
- To reflect the Methodist Church's teaching and positions on climate change within our portfolios.
 - To create and manage portfolios with a carbon footprint that is relatively low and measurably declining.
 - To consider, not only the absolute level of a company's emissions, but also the intensity of those emissions relative to the company's size. This should include the emissions of the supply chain as well as those involved in the use of the company's products.
 - To encourage all companies and particularly those with a high level of carbon intensity, to disclose their greenhouse gas emission levels accurately. This should include those of their supply chains, including transport.

- To encourage all companies to limit and reduce the greenhouse gas emissions and intensity resulting from their own processes, their supply chains and the use of their products.
- To encourage companies in sectors with high relative levels of greenhouse gas emissions to act and invest to reduce those emissions, and to monitor these efforts.
- To maximise the impact of engagement with companies in relation to climate change. This will include collaboration with other investors or investor groups mainly through a process of dialogue and may include shareholder resolutions and representations to government.
- To consider disinvestment as the appropriate response when companies are either unwilling to enter into dialogue or if it proves to be ineffective.
- To consider avoiding whole areas of economic activity as unacceptable if it appears that involvement with such activities and profiting from them is contrary to the teaching of the Methodist Church.

3. Key Issues

- 3.1.** The electricity generation industry is the largest single contributor to UK carbon emissions at present (27% in 2010 according to the Committee on Climate Change's figures).
- 3.2.** The absolute emissions levels and the emissions intensity of the UK electricity generation industry has been falling since the early 1990s.
- 3.3.** The Committee on Climate Change's carbon budgets anticipate that emissions intensity will need to fall from the 2011 level of 443gCO₂e/KWh to 50gCO₂e/KWh (an 89% fall) in order to meet the 80% target. The 2011 intensity of gas-fired electricity in the UK was 392gCO₂e/KWh, while that of coal was 912gCO₂e/KWh.
- 3.4.** Power plants have very long lives, with plants constructed in the next few years having lives that extend to 2050 and beyond. Investment plans in the electricity generation industry will determine its carbon intensity over many decades.
- 3.5.** New unabated coal-fired power stations would fail the emissions performance standards in the energy bill currently being debated. There have been no new coal-fired power stations built in the UK since the completion of Drax in 1986.
- 3.6.** The relative position in developing countries is different from that to developed countries, with lower emissions reductions being necessary.

4. Policy

- 4.1.** Epworth published a [Position Paper on Climate Change – Implications for the Electricity Generation Industry](#) in November 2013, and has adopted this Policy on Climate Change – Implications for the Electricity Generation Industry:
- 4.2.** To reflect the Methodist Church's teaching and positions on climate change within our investments in the electricity generation industry.
- 4.3.** To encourage all companies within the electricity generation industry to disclose accurately their overall levels of emissions and their emissions intensity.
- 4.4.** To encourage all companies within the electricity generation industry to limit and reduce the greenhouse gas emissions and intensity resulting from their own processes, their supply chains and the use of their products.
- 4.5.** To encourage all companies within the electricity generation industry to invest in new plant in such a way that it is consistent with the need to reduce greenhouse gas emissions in developed markets by 80% by 2050.
- 4.6.** To evaluate companies within the industry based on the quality of disclosure of their emissions and emissions intensity, the levels of their emissions and emissions intensity and the implications of their investment plans for future emissions reductions.

- 4.7. To recognise that investment plans that would entail the building of new unabated coal-fired power stations in developed markets would entail emissions that would make the meeting of emissions reduction targets very difficult, and that such investment plans would be inconsistent with the teaching of the Methodist Church.
- 4.8. To recognise the importance of avoiding increases in fuel poverty and inequality and include companies' responses to these and other possible unintended consequences in the evaluation.
- 4.9. To recognise that investment plans in emerging markets should be evaluated differently from those in developed markets, noting that the majority of emissions reductions need to occur in developed markets.

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