

Fossil fuels and the future: five reasons why the Methodist Church needs to go further, move faster and be more radical

Operation Noah (ON) welcomes the work being undertaken by the Methodist Church on the issue of investments in companies that extract and burn fossil fuels. We also welcome the briefing to Methodist Conference 2014, 'Fossil Fuels and the Future', by the Joint Advisory Committee on the Ethics of Investment (JACEI) and the accompanying report.

We are delighted that this year six Memorials on investment in fossil fuels have been submitted to Conference, four of which call on the Church to consider divestment. But we believe that the response proposed by the Church to calls to divest is too tentative, too slow, and out of step with the threat now posed by global warming.

We are calling on the Methodist Church to join the growing number of Churches around the world, including the Quakers in the UK, which are electing to divest from fossil fuels, and for the Church to begin by divesting from coal and tar sands as an immediate first step.

In this briefing we set out five reasons why we believe the current response is inadequate and why the Methodist Church needs to act decisively and quickly to demonstrate leadership on this issue.

1 - The policy of investor engagement on fossil fuels is failing

The policy of the Methodist Church, and other denominations, of actively engaging with companies in which it invests in order to change those companies for the better, has achieved many positive things. But engagement has never managed to change the fundamental basis of a business. It's a limitation that is widely recognised and is one of the reasons why Churches, including Methodists, choose not to invest in the tobacco industry.

To make progress in the face of global warming we need fossil fuel companies to switch their business models away from fossil fuels and into the provision of clean energy, and energy conservation. There is, however, no evidence that a policy of engagement can bring about this change. Indeed, a policy of long-term engagement with Churches enables fossil fuel companies to appear progressive while developing new and greater reserves of fossil fuels, including the two most polluting, coal and tar sands.

ON believes that the time for engagement with fossil fuel companies is over. It is only through divestment that companies will get the message that they need to change their business strategies.

2 - An 80% reduction in emissions by 2050 is insufficient; it's cumulative emissions that count

The Methodist Church supports the goal of reducing the UK's greenhouse gas pollution by 80% by 2050 (from 1990 levels), as set out in the Central Finance Board (CFB) Climate Change Policy.

There are many ways of achieving an 80% reduction in pollution by 2050. We could put in place the measures to cut pollution from fossil fuels now (the Committee on Climate Change suggests that the pollution from individual plant will need to fall by 89% by 2030 to meet the 2050 target). Or we could delay action for years to come in the hope we can do it later.

The difference between these two approaches is critical because the 2050 target is only part of the story. Global warming is driven by the concentration of carbon dioxide and other 'greenhouse' gases in the atmosphere, that is the total quantity of these gases released into the air. Cutting emissions now will result in much lower cumulative levels of greenhouse gas pollution than waiting another five or ten years to act.

The problem is that governments and fossil fuel companies are choosing to ignore cumulative emissions and are using the 2050 target as an excuse to delay action and develop new reserves of fossil fuels to be extracted and burned over coming decades.

Cutting the concentration of greenhouse gas pollution in the atmosphere, the driver for global warming, means taking action now not waiting for years to come.

3 - Avoiding 'stranded assets' requires climate change commitments and policies to fail

It is now clear, from research by Carbon Tracker¹ and others, that to keep the average rise in global temperature to 2 degrees Celsius there is a limit to the amount of carbon pollution which can be released into the atmosphere: a global 'carbon budget'. And to keep within this budget the majority of existing reserves of fossil fuels must remain in the ground, permanently.

As the value of shares in fossil fuel companies is based on the presumption that 100% of known reserves will be extracted and burned there is therefore a risk of investments in these companies devaluing or becoming 'stranded' if governments uphold international commitments made in Copenhagen in 2009, to limit the average rise in surface temperature to 2 degrees Celsius.

JACEI's report draws attention to the risk of 'stranded assets' but believes it to be small and many years away. But existing reserves of fossil fuels are already three to five times greater than the 2 degree Celsius carbon budget. So an investment strategy which assumes that 'stranded assets' will not pose a risk to investors is based on an assumption that the target of limiting the average rise in global temperatures to 2°C will be abandoned.

While the Methodist Church is working to ensure that international commitments on limiting global warming are upheld, its investment practice means it needs those same commitments to fail in order to stave off the risk of 'stranded assets'.

¹ <http://www.carbontracker.org/site/carbonbubble>

4 - It's an issue of social justice: the poor suffer most from global warming while contributing least to its causes

In the UK and around the world it is those in poverty and on low incomes for whom the direct impacts and consequences of global warming are greatest. They are least able to deal with the aftermath, as witnessed by the flooding in the UK earlier this year, and relative to those on higher incomes they contribute least to its causes.

'Fossil Fuels and the Future' draws attention to the fact that 1.3 billion people don't have access to electricity, and consequently there will be a continued need for fossil fuels over the coming decades. Operation Noah believes that meeting this need for energy from fossil fuels will increase the burden on the poor through the direct impacts of global warming which has the potential to undo decades of work on alleviating poverty and improving health.

Every forty minutes enough solar energy reaches the surface of the planet to power all the people on earth for one year. We need to find a way of harnessing this free resource for the benefit of all in a way that doesn't wreck the climate.

We can only develop the technology to do this if we invest in it. It's time to switch investment from technologies that are causing the problem to those that form part of the solution.

5 - We have the greatest opportunity in a generation to shift the focus from causing global warming to solving it

As Churches, universities, public institutions and individuals around the world elect to take their money out of fossil fuel companies we have the greatest opportunity in a generation to shift attention, effort, expertise and investment from the causes of global warming to the solutions.

Many of the largest fossil fuel companies have undertaken the detailed planning on how we can move to a truly low carbon economy and society. There is little doubt that these companies understand the consequences for the climate, the natural world and human beings of continuing 'business as usual', and expanding our use of fossil fuels. But they have made it clear that they will only change tack if required by governments to do so, while simultaneously lobbying governments around the world to move as slowly as possible, delay the regulation of pollution and prolong and extend our dependence on fossil fuels. What they cannot ignore is the financial clout of investors.

That is why we are asking the Methodist Church to apply the same vision and foresight to its investment practice as it has to its policies on climate change and to join the growing number of Churches in the UK and elsewhere disinvesting to become fossil free.

Bright Now - Operation Noah's disinvestment campaign

You can find out more about Bright Now, Operation Noah's campaign to make Church investments fossil free here: www.brightnow.org.uk