



Corporate Watch

Rt Hon Michael Meacher MP
Minister of State (Environment)
DEFRA
Ashdown House
123 Victoria Street
London SW1E 6DE

Return address: **Degrees of Capture**
c/o PLATFORM
7 Horselydown Lane
London SE1 2LN
Tel: **020 8880 1767**
Email: **degrees@corporatwatch.org**

4th March 2003

Dear Mr Meacher,

Re: New report on climate change and the role of universities

We are writing to draw your attention to our new report, 'Degrees of Capture', which reveals some disturbing findings on climate change strategy and the higher education sector. The report examines the relationship between Britain's universities and the oil industry, and how this relationship impacts on the economics of the energy market.

The report finds that a huge amount of university research resources are devoted to developing the technologies and exploring new geological zones for the oil industry. The effect is to expand fossil fuel reserves, and to lower the cost of extracting oil and gas. Two thirds of this research is subsidised by the government – amounting to a subsidy for unsustainable energy of £40 million a year. Meanwhile, many degree courses are increasingly being skewed towards simply servicing the oil industry's training needs.

'Degrees of Capture' examines the impact of this situation on energy economics, and finds that the current emphasis on fossil fuel research actually undermines the development of renewable energies.

Research and development (R&D) into renewable energies is dwarfed by oil and gas R&D. If renewables are to penetrate the energy market by competition with existing energy sources, reduction of the costs of renewable energy sources themselves is not all that is required. It is their *relative* cost (relative to conventional energy sources) rather than their absolute cost that is relevant. Thus work by universities to improve the economics of oil and gas in fact worsens the economics of their alternatives.

Furthermore, it would also be in the interests of competition and innovation for small, nascent industries, such as renewable energy, to receive government support, rather than mature, profitable industries such as oil and gas. The fossil fuel industry has the resources to fund R&D by itself, while the renewable sector is dependent on initial investment to get established.

Last week's Energy White Paper (of which DEFRA is a co-sponsor) calls for a 60% reduction in the use of fossil fuels by 2050. 'Degrees of Capture' finds that oil and gas R&D is almost all focused on finding, and developing the technology to exploit, *new* resources, while training of students in industry-relevant disciplines equally looks to the future in its skills provision. As a first step toward reducing the use of fossil fuels, this pre-exploitation phase of fossil fuel development (which takes place in universities) must be cut

back. Our report further finds that only about 7% of oil-focused R&D deals with safety and environmental aspects of oil production.

We request that you review the role of energy research and development within government climate change strategy, and urge your colleagues in DfES and DTI to phase out all subsidies for fossil fuel R&D, with the exception of those which directly relate to mitigating the negative environmental and safety impacts of operations.

We know that climate change is an issue you take very seriously, and we look forward to hearing what action you and DEFRA will be taking to ensure that the actions of universities do not conflict with the government's climate change strategy.

Yours sincerely,

Greg Muttitt
PLATFORM

Andrew Simms
New Economics Foundation

Rebecca Spencer
Corporate Watch