

## Consultant's Brief – The 'Carbon Bubble' and Scotland, March 2014

### Introduction

LINK is the forum for Scotland's voluntary sector environmental organisations - over 30 members collectively representing around half a million people. Key objectives of this network are to work together to secure a sustainable Scotland, to be a strong voice in support of sustainability and an efficient, effective and accountable network of citizen-led NGOs. More information about LINK's membership, operations and advocacy can be seen at [www.scotlink.org](http://www.scotlink.org) and [www.savescottishseas.org](http://www.savescottishseas.org)

LINK has established an Economics Task Force to explore the relationships between the environment and the economy. In this context LINK wishes to raise the profile of the global 'Carbon Bubble' issue, understand its implications for Scotland and make a strong case for this issue to be robustly addressed.

The 'carbon bubble' refers to an economic or financial bubble that arguably has been created because the valuation of [fossil fuels](#) based assets is calculated under the assumption that all fossil fuel reserves will be consumed, whereas there is growing scientific evidence that to avoid catastrophic climate change, a significant proportion of these reserves are 'un-burnable'.

### Commissioning group

With finance drawn from LINK's discretionary project fund, a commissioning group drawn from the Economics Task Force is seeking a contractor to prepare a report on the 'Carbon Bubble' and its relevance to Scotland, within the terms set out below. The commissioning group will oversee the contract.

### Purpose

This report should provoke economic and environmental debate in Scotland and underpin LINK's subsequent advocacy of genuinely sustainable development to decision-makers and key stakeholders. It will set out in broad terms, an early assessment of

- The level of exposure to risk in Scotland to a so-called 'carbon bubble', flowing from evidence (e.g. in recent UN Intergovernmental Panel on Climate Change - IPCC - reports) that a significant proportion of the world's known fossil fuels are 'un-burnable' if we are to avoid catastrophic climate change and the impact of those findings on the value and valuation of fossil fuel reserves;
- The level of government and business awareness of those risks and preparedness for addressing them.

Key elements are set out in the specification appended to this brief.

### Audience

The intended audiences for this report are: LINK member bodies; all civic organisations with an interest in sustainable development; a wide range of Scottish business, with a particular focus of those in the energy and financial service sectors; decision-makers in Scotland's government and parliament; the media; and the interested and informed public.

### Product

This will be a succinct overview of the situation – and the state of thinking on the issue within Scotland. This is not intended to be a lengthy, statistical report - rather a relatively brief outline of some unpalatable facts and alternatives, presented in plain and direct language. Additional instructions will be given to the successful contractor as to length, including any appendices, images and tables to be included. The final report will be designed and produced as a PDF document by LINK.

### Methodology

- 1) Inception meeting with representatives of the commissioning group.
- 2) Collection of key data and arguments (some of which will be discussed with the consultant in the inception meeting).

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- 3) This might involve written communications with key figures in business and public life (the extent of which should be discussed with the commissioning group).
- 4) Report writing, discussion of draft with the commissioning group and the LINK network, revision and finalisation.

### **Signing off the draft report**

The draft will be delivered to and considered by the commissioning group who may share this with the economics group and some other LINK members and who will provide comment to the contractor ahead of finalisation. The final draft will be presented to the commissioning group

### **Timescale** – details to be reviewed with the successful contractor:

|                                     |                      |
|-------------------------------------|----------------------|
| Tendering process starts            | early March 2014     |
| Deadline for tenders                | late March           |
| Consultant engaged by               | early April          |
| Inception meeting                   | mid April            |
| Draft report to LINK by             | late May/ early June |
| LINK commissioning group comment by | mid June             |
| Final report to LINK by             | later June 2014      |

### **Copyright**

Ownership of and copyright in the report shall be vested in LINK and the Consultants will be acknowledged as the authors. The report will be marked '© Scottish Environment LINK'. The Consultants will be requested not to disclose, or permit to be disclosed, any confidential information provided to him/her by LINK and its members, or resulting from studies, research or surveys prepared by him/her for LINK as a result of the contract. For the avoidance of any doubt this obligation on the part of the Consultants extends to disclosure to the media.

### **Publication**

LINK reserves the right to publish an edited version of the report, with the approval of the authors, and alternatively not to publish the report.

### **Indemnity**

The Consultant will indemnify and keep LINK indemnified from and against any and all loss, damage or liability (whether criminal or civil) and legal fees and costs incurred by LINK resulting from a breach of the agreement between LINK and him/her including any act, neglect or default on his/her part and breaches which result in a successful claim by any third party.

### **Payment**

All payments will be made on satisfactory completion of work contracted, and LINK reserves the right to determine satisfactory completion. The invoice should be sent to LINK, 2 Grosvenor House, Shore Road, Perth PH2 8BD, and marked for attention of Hugh Green, or emailed to Hugh at [hugh@scotlink.org](mailto:hugh@scotlink.org)

**Signed:**

**Name [for LINK]:**

**Position:**

**Date:**

**Signed:**

**Name [Contractor]:**

**Date:**

## Specified content of report for LINK on the 'Carbon Bubble' and Scotland

### Key content

The report should include the following elements – as a minimum.

#### 1. Introduction

The introduction will set in broad terms, and evaluate briefly, the situation, including:

- The concept of a 'carbon bubble' including key studies carried out to date to set a brief global context
- The level of exposure to risk in Scotland to a so called 'carbon bubble', flowing from evidence (e.g. in recent IPCC reports) that a significant proportion of the world's known fossil fuels are 'un-burnable' if we are to avoid catastrophic climate change and the impact of those findings on the value and valuation of fossil fuel reserves;
- The need for government and business awareness and level of preparedness for addressing them.

#### 2. Definitions

There will be a section offering definitions of the terms to be discussed and excluding issues which are related but not at issue for the purpose here.

#### 3. Extent and the Evidence

A section will assess the awareness in Scotland of the concept of the 'carbon bubble' - against the background of the sources of evidence, including:

- relevant economic studies available;
- gathered estimations of the level and types of exposure to risk in Scotland and possible impacts of a carbon bubble;
- gathered assessments of readiness to deal with the problem;
- Government statistical evidence and answers to questions; and
- other sources found as the paper develops.

The section will include a critique of Scottish preparedness – together with suggested areas of need in this area.

#### 4. International Framework

A section will set out the relationship between international action on climate change and its effect upon the global economy and the action of an individual country such as Scotland, in relation to the 'carbon bubble' and its implications.

#### 5. Scottish Awareness and Preparedness

This section is a key focus of the document and will set out, for each of the political and business sectors in Scotland an assessment of the current levels of awareness of the concept and its consequences for key sectors of the economy and will also assess the level of preparedness in Scotland to respond to the consequences. Desk research will provide some international comparisons.

#### 6. Summary of Report

The summary will draw together possibilities for improvement into a list of 'proposals for action'. The summary will also suggest a timetable.