

Consultus Energy Outlook

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Industry urges new government to accelerate climate action

Following the victory of the Conservative Party at the 2019 General Election, various energy industry groups have published statements on what they would like to see from the new administration. Prime Minister Boris Johnson expressed an ambition to deliver “colossal new investments in infrastructure and science, using incredible technological advantages,” and to make the UK “the cleanest, greenest on earth with the most far-reaching environmental programme.”

Energy UK Director of Policy Energy, Audrey Gallacher observed that while Brexit remains high on the political agenda, the trade body welcomes Johnson’s commitment to delivering net zero emissions by 2050 and delivering “clear policy direction, which will allow investment and innovation to follow.”

The Renewable Energy Agency (REA) also accepted the Conservative Party’s commitment to achieve the climate objectives set out in its manifesto, but urged the new government to be “more ambitious and commit to wholesale systems change across energy, in particular for transport and waste, required to unleash the full potential of renewable energy and clean technology.”

Confederation of British Industry (CBI) Director-General Carolyn Fairbairn said: “Employers share the Prime Minister’s optimism for the UK and are ready to play a leading role. They can bring the innovation, investment and jobs for a new era of inclusive growth. The biggest issues of our times can only be delivered through real partnership between government and business.”

Despite this, environmental campaigner Friends of the Earth criticised the Conservative Party’s “failure to address the climate and nature emergency” in its election pledges.

Budget set for 11 March and Treasury announces net zero review for Autumn

Chancellor of the Exchequer Sajid Javid announced on 7 January that the next Budget will take place on 11 March. The Budget will prioritise spending in the environment, public services and the cost of living; “seizing the opportunities” granted by a post-Brexit Britain. The briefing documents published alongside the Queen’s Speech in December said the Budget will “prioritise the environment” and deliver the green infrastructure needed to improve lives and achieve net zero, including by investing in carbon capture, offshore wind, nuclear energy and electric vehicle infrastructure.

Additionally, speaking in the Commons on 7 January, Treasury Minister Simon Clarke stated that a review into the country’s transition to a net zero economy and its subsequent funding will not be published until the autumn.

UKGBC: commercial offices should cut energy consumption by 60% by 2050

On 15 January, the UK Green Building Council (UKGBC) released new energy performance targets for commercial businesses intending to reach net zero carbon in operation.

To facilitate the UK’s transition to net zero by 2050, UKGBC recommends that the office sector should reduce its energy consumption by 60%. These targets were developed alongside the UKGBC’s 2019 report, *Net Zero Carbon Buildings: A Framework Definition*, which sets out a framework for buildings seeking to reduce their energy demand for construction and operation.

No mention of Energy White Paper in Queen's Speech

The Queen's Speech took place on 19 December, setting out the new government's priorities for the next five years. There was no mention of a new Energy White Paper – its release had already been delayed from summer 2019 and Energy Minister Kwasi Kwarteng informed Parliament in October it would be released in 2020. It would set out the government's policy framework for the energy sector.

In the Queen's Speech, the government did announce that it would be publishing its National Infrastructure Strategy alongside the first Budget, setting out "further details of the government's plan to invest £100bn to transform the UK's infrastructure". One of the two key aims of the Strategy, the government said, was to address the critical challenges posed by climate change and build on the UK's world-leading commitment to achieve net zero emissions by 2050. The speech also mentioned the new Environment Bill, which will establish new long-term domestic environmental governance based on: environmental principles; a comprehensive framework for legally-binding targets, a long term plan to deliver environmental improvements; and the new Office for Environmental Protection.

Suppliers publish small-scale renewable generation export tariff offers

The Smart Export Guarantee (SEG) came into effect on 1 January, enabling homes and businesses with small-scale renewable generation to sell energy to the grid. Various energy suppliers have published SEG tariff offers. Social Energy (SE) – a smaller supplier voluntarily taking part in the SEG – was ranked by the Solar Trade Association top of the 14 fixed rate tariffs, offering 5.6p/kWh to customers which use the SE Battery. Ranked joint-second were E.ON and Octopus Energy, with the latter's 12-month Outgoing Fixed tariff offering 5.5p/kWh. Octopus also offers the only variable SEG tariff listed in the table – Outgoing Agile – which is linked to the half-hourly wholesale price. Only Octopus Energy customers can get access to either of these tariffs. E.ON is also offering 5.5p/kWh on its 12-month Fix & Export Exclusive tariff.

Largest flexibility market to date launched by network company

Western Power Distribution (WPD) published its intention to procure 334MW of demand response services through multiple channels across its network – the largest amount from any UK network operator. Demand response, or flexibility, services enable energy users such as businesses to access cheaper electricity or sell electricity back to the grid.

Announced on 7 January, the 334MW is located across 42 zones in England and Wales, where requirements cover 175 primary substations across one fifth of its network. By market testing all remaining load-related reinforcement in Electricity Distribution 1 (ED1), the company will see if capacity can be provided through increased flexibility. Providers will be able to use multiple routes to market, including Piclo, Centrica's Local Energy Market in Cornwall, and WPD's Flexible Power.

In other news

- Analysis by Carbon Brief released on 7 January has revealed that the amount of electricity generated by low carbon sources in the UK stalled in 2019, with the output from low carbon sources barely increasing compared to the previous year. Low-carbon electricity output from wind, solar, nuclear, hydro and biomass rose by 1TWh (less than 1% in 2019). It represents the smallest annual increase in a decade, where annual growth averaged 9TWh.
- Statistics released by the renewable energy trade association, RenewableUK, reveal that the total new onshore wind capacity built last year has fallen to levels lower than previous years. Released on 14 January, findings highlight that 2019 saw only 629MW (23 projects) of new capacity installed in the UK, continuing trends seen in 2018 when 651MWs (91 projects) were installed. The company suggests that this trend is primarily driven by government policy which does not currently support the development of onshore wind farms.

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