



Department
of Energy &
Climate Change

DECC REVIEW

POWER THE COUNTRY, PROTECT THE PLANET

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Commons third reading

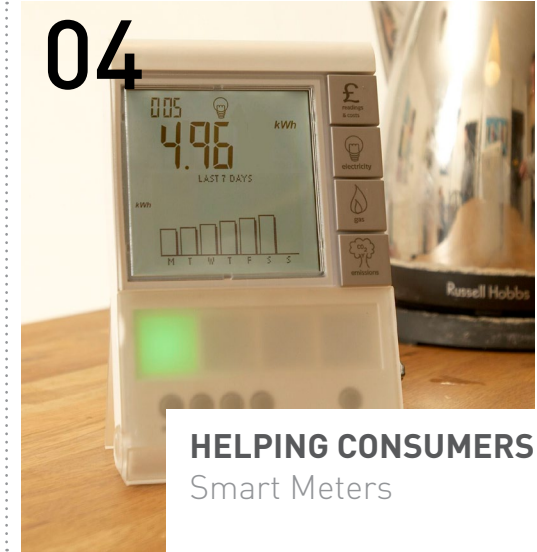
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Energy Bill completes third reading

This week the [Energy Bill](#) has completed its Third Reading in the House of Commons with overwhelming support and now moves to the House of Lords.

Reacting to the 396 versus 8 against vote on the Third Reading, Secretary of State Edward Davey, said:

“The positive vote for the Energy Bill is one of the biggest majorities this Government has seen.

“A clear message has been sent to investors that we are providing the security they need to work with us to revolutionise the energy sector and produce cleaner energy, keep the lights on and people’s bills down.”

The Energy Bill enables a massive decarbonisation of the power sector by 2030, with the emissions intensity of the power sector rapidly reduced, and a new generation of clean power plants to be built, ensuring the UK can cut its greenhouse gas emissions by 50% by 2025.

All the elements of the Bill, which include the introduction of a Capacity Market, long-term Contracts for Difference, and an Emissions Performance Standard to prevent use of unabated coal, have been designed to keep the lights on, reduce

emissions and unlock private sector investment in a low-carbon energy mix of renewables, new nuclear, Carbon Capture and Storage and gas.

Following feedback from the Energy and Climate Change Select Committee, the Government has amended the Bill. The additional clause will enable a 2030 decarbonisation target for the power sector to be set in 2016, once advice has been provided by the Committee on Climate Change on the level of the 5th Carbon Budget (which covers 2030).

Commenting on the Energy Bill entering the House of Commons’ report stage and third reading, [CBI](#) Chief Policy Director, Katja Hall, said:

“The Energy Bill remains the best instrument for Government to give investors the certainty they need to plough billions of pounds into keeping UK lights on, through an affordable low-carbon economy.

“Debates about the effect of including a target in the Bill should not be allowed to prevent critical policy details being tied down. Vital investment decisions are hanging in the balance.”

Ahead of the vote this week, Angela Knight CBE, Chief Executive of [Energy UK](#), said:



“Creating more jobs, building newer and greener electricity generation and getting investment in this country’s economy, is what the Energy Bill is for. As Parliament debates it this week, we want to see a measured discussion that gives confidence to the investors that this country needs.

“The MPs also need to spend less time discussing the long term and more time focussing on this next few years of the transition as coal power stations close and the new gas, nuclear and wind farms that are needed get built.”

- Energy Bill to decarbonise the economy, with powers to set a 2030 target for the power sector
- £110 billion of private sector investment will be unlocked by 2020
- 250,000 energy sector jobs will be supported around the UK
- Consumers will benefit from fairer tariffs and improved rights

Follow the progress of the Energy Bill [here](#).



Turning non-switchers into savvy switchers

Keep warm and switch: simpler energy tariffs

Changing your energy deal can save you money but currently **only 16%** of people switch because:



Confusing tariffs

There are too many confusing tariffs including large numbers of poor value old tariffs – you may not even know what tariff you are on.

Difficult to compare

It is hard to understand information about the tariff you are on and compare it to other tariffs.

Energy tariff reform will make it **easier for you** to shop around for the best deal and could save you up to **£158*** by:



Number reduced

Reducing the number of tariffs that suppliers can offer.

Poor value removed

Getting rid of poor value dead tariffs and making sure suppliers move you onto those tariffs that offer the cheapest deal for you.

The best deal

Making sure that suppliers tell you about the best deal you could get with them so you can decide whether to move to a better deal.

Easy to compare

Forcing suppliers to give you clear and consistent information about tariffs and the price you pay so that you can compare tariffs more easily.

*Ofgem Retail Market Review – Draft Impact Assessment for the updated domestic proposals, pg 35; <http://bit.ly/10IFGBX>

Secretary of State Edward Davey has announced Government measures this month to make sure the 84% of households who don't switch their energy supplier get the best deal.

Switching energy suppliers could save households as much as £158 a year but only 16% of households switched between March 2012 and March 2013.

The **new measures** are:

- Energy Companies must make clear to their customers what the cheapest deal is that suits their preferences (such as

getting a green tariff, or a fixed term tariff) and give them the opportunity to switch;

- £900,000 to set up a new Big Energy Saving Network with customer support organisations to co-ordinate and provide advice on switching, tariffs and government support to help the poorest get warmer homes and lower bills;
- Require energy suppliers to provide information to consumers in a format that would allow it to be read by an electronic device, such as a smart phone;

- Give powers to Ofgem to take action against poor practice by switching sites;
- Ensure customers on uncompetitive legacy tariffs will be automatically moved to their supplier's cheapest variable rate tariff, and those on fixed deals will be automatically moved to their supplier's cheapest variable rate tariff when their deal ends.

This builds on **Ofgem's reforms** to create a simpler, clearer and fairer market for energy consumers, and which Government is backing through the **Energy Bill**.

Ann Robinson, Director of Consumer Policy at uSwitch.com, welcomed the news:

"The Government has recognised that the best way to help consumers get a better energy deal is to make sure there is a healthy competitive market. Having made the diagnosis, it now plans to give the market a much-needed shot in the arm by removing some of the blockages that are preventing consumers from actively taking part".

On-shore wind

On 6 June, the Government announced changes that will allow communities to have a greater say over the siting of onshore wind farms, and reap increased benefits from hosting developments that do proceed.

The **package of measures** will include a five-fold increase in the value of community benefits paid for by developers, and proposals that will require communities to be consulted earlier in the application process.

New planning guidance from the Department of Communities and Local Government will make clear that the need for renewable energy does not automatically override environmental protections and the planning concerns of local communities. It will give greater weight to landscape and visual impact concerns.

As part of the measures, the Government will make pre-application consultation with local communities compulsory for the more significant onshore wind applications.

The Government expects the industry to revise its **Community Benefit Protocol** by the end of the year, to include an increase in the recommended community benefit package in England from £1,000/MW of installed capacity per year, to £5,000/MW/year for the lifetime of the windfarm.

Communities agreeing a medium-sized 20MW wind farm could therefore receive a package of benefits worth £100,000 per year, or up to £400 a year off each household's annual bill.



Delivering an industrial strategy for oil and gas



The UK oil and gas industry has been one of the largest industrial sectors throughout the past four decades and remains central to the UK's energy mix even as we make the transition to a low carbon economy.

Earlier this year three Secretaries of State, Edward Davey from DECC, Vince Cable from BIS and Michael Moore from the Scotland Office, came together to launch the [Government's Oil and Gas strategy](#) in Aberdeen to demonstrate their support and the huge potential for growth in this industry.

Developed in partnership with industry, consulting operators, contractors, Oil and Gas UK and other trade associations, the strategy offers investment confidence and security by setting out a clear path to exploit the UK's remaining resources and overcome an increasingly challenging production environment.

It also highlights that the UK oil and gas production plays a vital role in energy security and to the economy, employing over 400,000 people.

The strategy set out a number of actions and programmes, which are now underway:

- Maintaining a fiscal regime that encourages investment and innovation in the UK Continental Shelf.
- Developing the UK supply chain further so that UK supply chain firms can build on the £27 billion of revenues which they already generate in the UK.
- Working to fill the skills gap. This is seen as one of the biggest challenges facing the oil and gas industry, especially for Small and Medium Enterprises (SMEs).
- Encouraging more technological advancement through research and development, which will enable industry to better understand complex reservoirs, reduce drilling costs, improve efficiency and enhance production.

Malcolm Webb, [Oil & Gas UK's](#) chief executive, said: "This year we are seeing record investment in developing the UK's oil and gas and it is likely that the fuels will still meet 70% of our energy needs into the 2040s. The launch of the government's strategy for the sector is an important step towards sustaining the current wave of investment and brings deserved recognition to the capabilities of our world class supply chain."

The strategy fosters strong and meaningful collaboration between the government and industry and will help to focus efforts on addressing particular areas such as skills, technology and exports. It will further strengthen the oilfield services sector across the country, boost investor confidence, safeguard jobs and help to maximise recovery of Britain's oil and gas reserves."

Reducing electricity demand

The Government has brought forward amendments to the Energy Bill so that permanent [reductions in electricity demand](#) can be delivered through a new [Capacity Market](#). This will help secure the UK's energy supply by giving energy capacity providers financial incentives to provide reliable capacity at times of peak demand.

With one fifth of UK power stations due to close by 2020, £110 billion of new investment is needed to replace them and upgrade the national grid. However, where large scale energy saving projects can save electricity that can avoid supporting power stations, energy efficiency projects may offer a cheaper as well as a greener approach.

On 21 May the Government [published measures](#) which are set to create a ground breaking new market in energy which will allow large scale energy saving projects, such as large multi-site replacement of lighting, heating, ventilation and air conditioning systems in industry, to compete with power stations for new investment.

Energy and Climate Change Minister Greg Barker said: "Our new proposals on reducing electricity demand will usher in a radical new market where energy efficiency projects, for the first time, can compete against building new power stations. Hardworking families can be reassured that while we have a massive infrastructure programme ahead of us, we won't be building new energy plants unnecessarily where cheaper alternatives are available."



Smart Meters A smarter way of using electricity

On 10th May, DECC published an update to the smart meter programme plan announcing changes to the timescales for delivering smart meters.

Smart meters are key to what the Government is doing to help consumers cut their bills and better manage their energy use. Smart meters will provide consumers with real time information on their energy use and bring an end to estimated billing, helping them to budget better.

Not only are [Smart gas and electricity meters](#) expected to deliver savings for consumers, they will also help make switching between energy suppliers to get the best deal, much quicker and easier.

The Government committed to review the timetable for the roll-out of smart meters during the first half of 2013, taking account of learning from energy suppliers and from companies bidding to provide the smart meters infrastructure. The consistent message was that more time was needed if the mass roll-out was to get off to the best possible start and ensure a quality experience for consumers. It is expected that suppliers will be ready to start their mass roll-out of smart meters by Autumn 2015.

Completing the national rollout will be an enormous logistical and technical challenge for the industry, involving visits to around 30 million homes and small businesses and installing over 50 million meters. So, reflecting the extended period

to build and test the smart metering systems, the Government decided to move the completion date for the mass roll-out from end 2019 to end 2020.

There is nothing to stop energy suppliers from installing smart meters now – indeed many already are and suppliers have indicated that they plan to install at least 2 million smart meters across Great Britain over the next two years. DECC supports moves by suppliers to offer smart meters as early as possible and have set out policies in the Government response to the consultation on the [Foundation Smart Market](#) designed to give energy suppliers confidence to install Smart Meters ahead of Autumn 2015.

Energy and Climate Change Minister Baroness Verma said:

“The Coalition is committed to making smart meters available to everyone as soon as possible. I welcome the progress that some energy suppliers have already made in installing smart meters in homes and businesses across Great Britain and want to see that continue.

“But I want to ensure that consumers have a good experience of smart metering from day one. That’s why we are allowing additional time for the energy suppliers to complete the roll-out, so industry has the time to get it right for consumers.”

Read the [Secretary of State’s statement](#).

Renewable heating

Payments for social landlords

This month DECC launched a £6million competition aimed at getting renewable heating kit into the homes of social tenants across Great Britain.

It is part of an extended [Renewable Heat Premium Payment \(RHPP\) scheme](#) to help registered providers of social housing to install heat pumps, solar thermal panels and biomass boilers.

The first ‘fast-track’ competition is aimed at social landlords that have projects already in the pipeline.

A second ‘reach-out’ competition is targeting social landlords who had previously thought the Renewable Heat Premium Payment competition was not for them, or require more support and encouragement to apply.

As part of this ‘Reach-Out’ competition, over the coming months DECC wants to meet with Social Landlords to support them with their applications. There will be seven events across the country, if you would like to attend an event near you [register your interest now](#).

[Read more about the RHPP Social Landlord Competitions.](#)

Money off vouchers for domestic renewable heat

To further support the growing market for domestic renewable heat, DECC has announced an increase to the money off vouchers available under the Renewable Heat Premium Payment scheme. They have been increased from £1250 to £2,300 for ground source heat pumps, from £950 to £2,000 for biomass boilers, from £850 to £1,300 for air source heat pumps and from £300 to £600 for solar thermal systems.

The increase will come in to effect for voucher applications made on the [Energy Saving Trust website](#) from 20 May 2013 until 31st March 2014.

[Read more about the increase in voucher levels.](#)

Helen Williams, Assistant Director at National Housing Federation, said:

“This competition will help build on the great work already done by housing associations to promote renewable heat, particularly in off-grid areas to help reduce bills and tackle fuel poverty.”



UK urges 50% ambition for EU emissions reductions



On 28 May, Secretary of State for Energy and Climate Change Edward Davey challenged Europe to set their emissions reduction target to 50% by 2030 as part of an ambitious global deal to tackle climate change in 2015.

The decarbonisation of the EU economy is fundamental to tackling climate change, whilst ensuring that all sources of power generation play an important role in this ambition.

Edward Davey said:

“The UK is a global leader in tackling climate change and we need to maintain the momentum towards a binding global climate agreement 2015. This 2030 target is ambitious, but it is achievable and necessary if we are to limit climate change to manageable proportions.

“We will need significant levels of renewable energy and other low carbon technologies to meet such an ambitious 2030 EU emissions target. The UK is committed to increasing renewables in our own domestic energy mix.

“The tripling of support available to low carbon electricity through the £7.6bn Levy Control Framework provides an immediate boost. And the radical reforms to the Electricity Market set out in the Energy Bill will incentivise renewables to 2020 beyond, building the low-carbon economy we need to compete in the green global race.

“But we want to maintain flexibility for Member States in how they meet this ambitious emissions target. There are a variety of options to decarbonise any country’s economy. In the UK, our approach is technology neutral and

our reforms will rely on the market and competition to determine the low carbon electricity mix. We will therefore oppose a Renewable Energy target at an EU level as inflexible and unnecessary.”

Earlier this year, the European Commission adopted a [Green Paper – A 2030 framework for climate and energy policies](#). The Government will be responding to the Commission consultation to set out how we believe the 2030 framework should look in order to give businesses the certainty they need to invest in low carbon to enable cost effective emissions reduction and to ensure the EU remains the world leader in low carbon technologies. Read more about the UK Government’s position on the EU 2030 framework [here](#).

[Read Secretary of State Edward Davey’s blog on why Europe must stay ambitious on climate change.](#)

Balance of Competences Review: Environment and Climate Change

The [Balance of Competences Review](#), launched by the Government last summer, is an opportunity for everyone to have their say on what the EU means for the UK. During the next two years the Review will look at everything the EU does and examine the balance of power between the EU and the UK.

DECC and DEFRA are leading the reports on Environment and Climate Change and Energy. To ensure this is an informed and objective analysis, businesses, experts and interest groups in the UK and Europe are being invited to contribute evidence. This is your chance to have a real input on the EU issues that matter to you.

The call for evidence for the Environment and Climate Change Report was launched on 20 May, DECC welcomes your views by 12 August on Environment and Climate Change. The call for evidence for the Energy Report will follow later this year.

[Contact us](#) for more information or [visit the consultation page](#) to read the call for evidence documents and complete the online survey.



Ministerial activity and regional highlights

Global Investment Conference SoS visits Aberdeen



On 9th May the UK Prime Minister, Chancellor, Secretary of State for Energy and Climate Change Edward Davey and the Mayor of London highlighted the investment opportunities available in the UK at the [Global Investor Conference](#) in London.

[UK Trade and Investment](#) brought together 300 global business leaders, including international decision-makers, sovereign wealth funds and leading corporate investors such as Aviva Investors, Terra Firma, Prudential Plc and Hermes.

Global economic leaders shared what UK government can do to boost business investment and global economic growth

showcasing the UK as a world leading investment destination.

The Secretary of State highlighted the investment opportunities available in UK's energy infrastructure. The UK needs a huge level of investment – £110 billion in electricity infrastructure alone by 2020. To secure this investment DECC is targeting new sources such as sovereign wealth, infrastructure and pension funds who want low risk, stable returns.

[Click here](#) for further information about the conference and to read the [Secretary of State's speech in full](#) or [watch the speech on YouTube](#).

On 22 May, the Secretary of State for Energy and Climate Change Edward Davey visited Aberdeenshire.

His first stop was the All Energy Conference where he highlighted the UK's uniquely attractive, stable, transparent and supportive environment for investment in low carbon generation, and announced recent figures showing over £29 billion of private sector investment in renewables supporting almost 30,000 jobs. He visited a number of conference exhibitors including Aberdeen City Council who launched their [Hydrogen Strategy](#), and [Scottish Renewables](#).

Edward Davey also visited [GDF SUEZ](#) to announce the signing and award of a £100m offshore fabrication contract to UK-based [BiFab](#). It is the final major contract awarded as part of the £1.4 billion [Cygnus offshore gas project](#), the largest gas development to be approved in the Southern North Sea for over 25 years which will produce enough gas to supply over 1.5 million homes.

Over the next 2 years Cygnus will create in excess of 1000 direct UK construction jobs and a further 3000 indirect jobs. BiFab, based in Fife, plan to bring on a new group of apprentices following award of this contract.

The final stop was the Meikle Carewe wind farm where Edward Davey took part in the launch of the launch of renewable energy developer [RES's](#) first Local Electricity Discount scheme. The Meikle Carewe Community Benefit Package will ensure that the local community directly benefits from hosting the windfarm.

This is the first operational scheme that will give residents a discount off their household energy bill no matter what supplier they choose. In addition there will be a more traditional community benefit fund of £2,000 per installed megawatt (MW) of capacity per year for the local community. That is £20,400 every year for 25 years - or £510,000 over the lifetime of the wind farm. [Click here](#) to find out more.



British Energy Challenge at Hay festival



On 30 May DECC brought the [British Energy Challenge](#) to an audience of 700 at the world-renowned literary festival at Hay-on-Wye.

The British Energy Challenge is a series of roadshows designed to engage the public with energy issues.

Three celebrity panellists - Comedian and environmental author Mark Watson, RSPB President Kate Humble and Professor for the Public Understanding of Science, Marcus Du Sautoy - began the challenge of hitting the [2050 target of an 80% cut in carbon emissions](#) by discussing the energy supply and demand issue they cared most strongly about.

Kate championed the reduction of energy consumption in homes, describing how small changes to our habits can add up to a real saving. Mark favoured wind farms, the audience echoed his opinion that turbines are not eye-sores but things of beauty, Marcus believed that the long term energy solution is the development of nuclear fusion.

Climate change author Mark Lynas, along with DECC's Tom Counsell and Richard Smith from [National Grid](#), guided the audience through the complexity of the energy challenge using the [2050 Pathways Calculator](#). After much debate, ranging from what the temperature of our homes should be to the growth of bio-crops and its impact on wildlife, an emissions target was

eventually achieved, that keeps us on our 2050 target. See their pathway [here](#).

The event was a successful partnership between DECC, National Grid and the Hay Festival, opening a broader communication landscape to access new audiences. Celebrity panellists have helped to raise public engagement and spread energy literacy.

The next event is in Sheffield on 20th June. If you would like to attend or exhibit at the British Energy Challenge events in the autumn, please email britishenergychallenge@decc.gsi.gov.uk.

A full listing of future events can be found at our [blog](#).

Record levels of investment in renewables

The UK is enjoying record levels of investment in renewables, according to new research at DECC. Since 2010 over £29 billion has been invested in renewables with the potential to support around 30,000 jobs across the UK.

The figures produced by DECC show that between January 2010 and April 2013 the renewables industry announced:

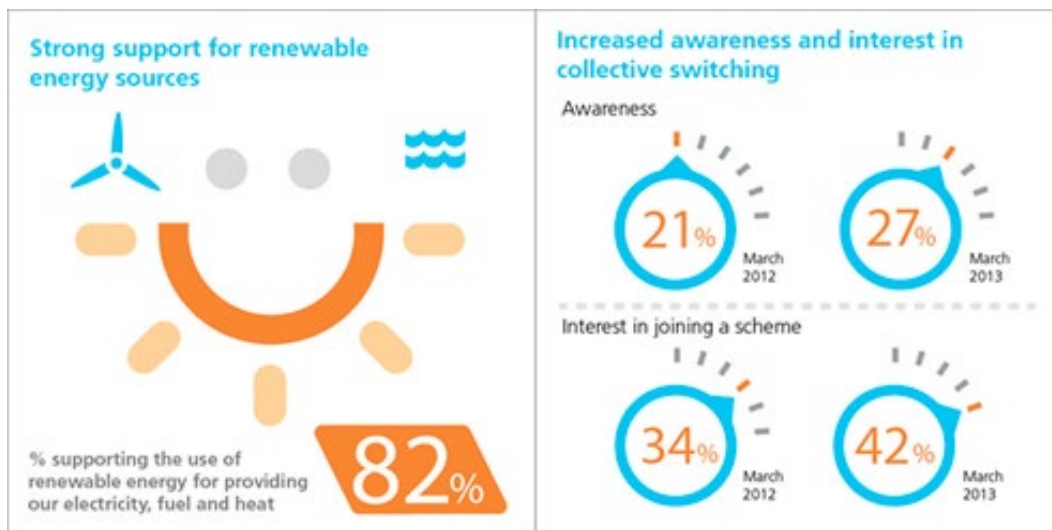
- 18,613 jobs and £14.5 billion investment in England,
- 9,143 jobs and £13.1 billion investment in Scotland,
- 1,952 jobs and £1.4 billion investment in Wales,
- 239 jobs and £304 million investment in Northern Ireland.

New projects include Air Products' £300 million investment in the Tees Valley energy from waste plant, E.ON's £736 million Humber Gateway wind farm and the £365 million being invested by Vattenfall in the Pen Y Cymoedd onshore wind farm.

Secretary of State Edward Davey said: "The UK offers a uniquely attractive, stable, transparent and supportive environment for investment in low carbon generation. Between now and 2020, the support we give to low carbon electricity will increase year-on-year to £7.6 billion – a tripling of the support for renewable energy."



Public interest switches on Humber harnesses wind power



DECC's [Public Attitudes Tracker survey](#) monitors public attitudes to the Department's business priorities. A representative sample of around 2,000 households in the UK is surveyed four times a year.

The main findings of the latest survey, carried out in March 2013, showed that public concern about energy bills has reached its highest level since the survey began, with six in ten UK adults (59%) concerned about rising bills. But whilst eight in ten people (80%) say they think about energy saving, levels of energy wasting remain high, with two thirds (67%) admitting to, at least occasionally, boiling the kettle with more water than they intend to use, leaving lights on when they are not in the room (52%), and leaving the heating on when they go out for a few hours (52%).

The survey revealed that more than a quarter (27%) of people are now aware of [collective switching schemes](#), up from 21% from the last survey, and four in ten (42%) said they would be interested in joining such a scheme, up from 34%.

There was continued strong public support for renewable sources of energy, with eight in ten (82%) overall in favour. Support for individual renewable technologies show 85% supporting solar, around three-quarters supporting wave and tidal (77%) and off-shore wind (76%) and around two-thirds supporting on-shore wind (68%) and biomass energy (64%).

Take a look at the [public attitudes survey](#).

The UK is a world leader in offshore wind. We have as much offshore wind capacity as the rest of the world combined. This is set to grow further as industry projections see 18GW capacity installed by 2020, providing up to 20 per cent of the UK's electricity annually.

The Humber region in the North East is leading the way in offshore wind. Government has recently awarded the [Humber Local Enterprise Partnership](#) the largest [Enterprise Zone](#) allocation in the country to undertake activities to drive economic growth and attract large top tier manufacturing companies in the renewable energy sector.

The Enterprise Zone around the Humber gives the opportunity for manufacturers to cluster to make cost reductions on a major scale – the only place in the UK this can really happen.

Centrica, RES and Siemens have already established operations and maintenance bases in the Humber, to serve offshore wind farms. They will shortly be followed by Dong Energy and E.ON.

This is complemented by the Humber's existing deep water ports which provide the fastest, and therefore cheapest, access to all three of the UK's largest planned offshore wind farms.

The Humber is attracting wind turbine manufacturers and their supply chain and aims to deliver thousands of skilled jobs to the region. Investment is already underway at [Green Port Hull](#) and [Able Marine Energy Park](#), sites within the Enterprise Zone.

For further information visit www.thehumber.com



Forthcoming events

Climate UK, a network of twelve climate change partnerships across the UK, in partnership with DECC, is hosting four regional events for local authority decision makers on the costs, benefits, impacts and opportunities of renewable energy.

The events will be of interest to local authority officers involved in planning, economic development, community engagement and sustainability as well as to Local Enterprise Partnerships and Local Nature Partnerships.

Chelmsford	25th June
Preston	27th June
Birmingham	2nd July
York	4th July

Visit Climate UK's website for **more information** or **email to book a place**.

Green Economy Awards 2013

The Green Economy Awards 2013 will celebrate the pioneers of Britain's brave new green economy. The awards will recognise excellence in environmental responsibility, reconfiguration of business models around sustainability principles, and the unsung heroes of the environmental services industry.

To raise the profile of energy efficiency in business, DECC is sponsoring 3 new awards at the Green Economy Awards 2013. The awards are:

- SME energy efficiency innovation
- Building energy efficiency improvement
- Catalysing major energy efficiency improvement

The deadline for entrants is June 21 and the awards are free to enter. For more details and information on how to enter visit: www.greeneconomyawards.co.uk.

For further information on this and other events, [contact us](#).

Consultations

Managing Radioactive Waste Safely: Call for Evidence on the Siting Process for a Geological Disposal Facility

Starts: 13 May 2013

Closes: 10 June 2013

Call for evidence: role of UK refining and fuel import sectors

Starts: 20 May 2013

Closes: 15 July 2013

Environment and climate change: balance of competences review

Starts: 20 May 2013

Closes: 12 August 2013

Click here for more information on **DECC consultations**

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