



Assured Energy Outlook

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UK and EU business leaders warn that without post-Brexit agreement, energy costs could rise

An alliance of top-level UK and EU businesses has highlighted the importance of continued energy co-operation regardless of the Brexit outcome in an open letter to Prime Minister Theresa May and President of the European Commission Jean-Claude Juncker.

Signatories of the letter included the heads of Unilever, EDF, the CBI, Energy UK and Renewable UK.

In the letter, published on 4 September, the businesses proposed continued cooperation between the UK and EU in tackling climate action, highlighting the importance of a comprehensive Climate and Energy Chapter in any Brexit agreement.

In the letter, the group said: “The success of the Paris Agreement will ultimately rest on Parties’ delivery against agreed targets. Dynamic and forward-looking cooperation between the EU and the UK on climate change and energy policies, standards and clean energy infrastructure would keep costs down and increase the pace of the low carbon transition.”

The letter called for specific actions to make sure that businesses will not face higher bills. These included keeping no tariffs on energy trading, as well as ensuring that high environmental standards are kept. It also underlined the importance of ensuring that diplomatic cooperation on climate change issues continues and that the two parties continue to co-invest in clean energy infrastructure.

Other ideas that the letter proposed were for both parties to prioritise the delivery of non-tariff barriers to trade in low-carbon goods and services, and the agreement that the UK will continue participating in the EU’s carbon market until at least 2030.

Government changes could force SMEs to provide renewable power to grid for free

The Solar Trade Association (STA), in an open letter to Energy and Clean Growth Minister Claire Perry, called for confirmation that the export tariff under the small-scale Feed-in Tariff (FIT) renewable support scheme will continue.

This export tariff pays for every kilowatt-hour of surplus electricity a renewables installation exports to the grid. The letter was published on 30 August and signed by over 200 signatories including energy suppliers, solar companies, academics and NGOs.

A Renewable Energy Association survey found that 40% of UK solar installers are considering leaving the industry if the export tariff ends.

Non-domestic energy efficiency projects commissioned at highest levels since 2016

The latest volume of *UK Energy Efficiency Trends* has showcased the changes in the industry in Q2 2018. Released on 10 September, the report found that over 70% of non-domestic customers commissioned energy efficiency projects in Q2 2018, ending a five-quarter decline in commissions since the end of 2016.

The report also found that Building Energy Management Systems (BEMS) were commissioned by more than 60% of customers, threatening the number-one energy efficiency technology – lighting (70%). The report theorised that BEMS could overtake lighting in the next few months. Another trend was that consumer spending on energy efficiency projects increased in Q2 2018, with projects costing more than £500,000 accounting for 42% of all projects commissioned in that quarter.

EU carbon prices hit 10-year high and could peak further over the next five years

Prices for EU carbon allowances (EUA) in the EU Emissions Trading System (ETS) have quadrupled over the past 15 months.

Carbon prices are levied on fossil-fuel electricity generators, with higher ETS prices ultimately reflected in higher bills. In May 2017, the price was €5 (£4.45) per tonne but by this month, the price had risen to over €20 (£17.81) per tonne.

The price has risen because a new policy has withdrawn 1.7bn tonnes of surplus allowances from the market. This mechanism will withdraw 24% of the surplus each year from 2019 to 2023 and then 12% from then on.

Looking further forward, research from financial think tank Carbon Tracker has found that EU carbon prices could reach €35-€40 (£31.14 to £35.59) per tonne in the 2019 to 2023 period. Carbon Tracker predicts that this will accelerate the closure of coal-fired power plants across Europe.

Two new world record-breaking UK windfarms open

The opening of the world's largest offshore windfarm on 6 September and of the offshore windfarm with the world's largest turbines on the 7 September showcased the health of the industry.

The Walney Extension project, owned by Danish developer Ørsted and located off the Cumbrian coast, is the world's largest windfarm, with a 659MW capacity. It uses less than the half the number of turbines than the previous world largest, the London Array.

Additionally, on 7 September, the European Offshore Wind Deployment Centre (EOWDC) was opened off the coast of Aberdeenshire. First Minister of Scotland Nicola Sturgeon was at the opening ceremony of the new windfarm, which is expected to generate 312GWh every year. The EOWDC, built by energy company Vattenfall, includes two record-breaking 8.8MW turbines – the largest in operation – and nine 8.4MW turbines.

PM announces new low-carbon measures at UK's first Zero Emissions Vehicles summit

UK Prime Minister Theresa May announced new measures at the Zero Emissions Vehicles summit held in Birmingham from 11 to 12 September. She set out new proposals to help the government to achieve its *Road to Zero* strategy. The government aims for all new cars and vans in the UK to be zero-emission by 2050.

One proposal was a £106mn funding injection for research and development in green vehicles, new batteries and low carbon. Mrs May spoke of her "ambitious mission" for the UK to become a leader in low emission technology by putting the country at the forefront of electric vehicle development.

Mrs May said: "These measures will drive the design, use, uptake and infrastructure necessary for cleaner, greener vehicles – and in doing so, it will help us drastically reduce a major contributor to our global warming emissions, as we seek to meet the Paris Climate Change Agreement."

In other news

- A new report, published 29 August, concluded that even if all the companies, cities, states and regions that have taken steps to achieve their Paris Agreement commitments complete them in full, global temperatures will still rise by 2°C. The joint report from Data-Driven Yale, New Climate Institute, PBL Netherlands Environmental Assessment Agency and CDP concluded that annual global greenhouse emissions will only be between 1.5 and 2.2 gigatonnes of carbon dioxide equivalent less than 2017 levels by 2030.
- UK offices are spending thousands of pounds every year through wasted electricity. According to power module supplier CMD, 100 computers left on for two hours every day will amount to an annual cost of almost £700. Additionally, 100 lightbulbs left on for two hours a day can cost over £470/ year. The Energy Saving Trust estimates that the UK wastes £170mn annually in total from lights left on.

Talk to us

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