



Assured Energy Outlook

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Government proposes route to market for small-scale renewables

The government came forward with a new scheme to incentivise deployment of small-scale renewables, called the Smart Export Guarantee (SEG), on 8 January. The announcement followed the government closing the predecessor Feed-in Tariff scheme to new applications from April 2019.

The SEG is intended to guarantee new small-scale renewable electricity providers – such as small businesses or households – payment from suppliers for the electricity they export to the grid. Larger electricity suppliers (with at least 250,000 domestic electricity supply customers) would have to offer small-scale generators a price per kWh for electricity exported back to the grid.

The exported power would have to be metered, with suppliers obliged to provide at least one export tariff to small-scale generators. Suppliers would also determine the tariff per kWh for remuneration and the length of the contract. Responses to a government consultation on the SEG are invited by 5 March.

The announcement was welcomed by the renewable energy industry. Solar Trade Association Chief Executive Chris Hewitt gave the proposals “a cautious welcome”, adding: “We are very pleased the government is unequivocal; small generators will be compensated for the power they contribute to the system, but the issue remains providing remuneration at a fair market rate.”

The Renewable Energy Association added: “this signal of support for the sector from government will help our members continue to provide smarter, cleaner and cheaper electricity in the decade to come.”

Distribution network operators commit to flexibility

All six of Great Britain’s distribution network operators (DNOs) have committed to developing flexibility systems to enable consumers to take advantage of cheaper electricity or earn revenue for changing consumption behaviour.

In the 13 December announcement, made by the Energy Network Association, the six DNOs firms committed to: open up new electricity network infrastructure requirements to include smart flexibility; test the market to compare flexibility solutions for new significant projects; and work with the regulator Ofgem and other stakeholders to develop a new price control framework to ensure that flexibility services are incentivised over building new infrastructure, where appropriate, in order to minimise costs.

Government criticised for lack of a plan B over Capacity Market

MPs have criticised the government for not providing a plan B in the event of the European Commission deciding against reinstating the UK’s flagship energy security scheme – the Capacity Market (CM).

Chair of the influential BEIS Committee, Rachel Reeves, welcomed the government’s “clarity on their next steps”. However, she added that “the government’s approach rests on European Commission reapproval”. She urged for a plan B on the CM “so that businesses and investors can ensure the UK’s electricity system is prepared for next winter, whatever the Commission’s ruling”.

Hitachi officially suspends Wylfa nuclear project

After weeks of rumours, Japanese conglomerate Hitachi officially announced on 17 January the suspension of the 2,900MW Wylfa Newydd nuclear power station project in Wales.

The decision came after a failure to find investors and long negotiations between Hitachi's UK nuclear subsidiary Horizon Nuclear Power and the UK government. The plant would have provided 6% of the UK's power needs when it became operational.

Business Secretary Greg Clark made a speech saying that the government had offered to take a one-third stake in the project, to provide all the debt financing required to complete the construction and to provide Contract for Difference (subsidy) with a strike price expected to be no more £75/ megawatt hour, but Hitachi still declined.

Clark also highlighted the falling cost of renewables as a further challenge to attracting nuclear investment but added: "the government continues to believe that nuclear has an important role to play."

Vital Energi regeneration projects to provide low-carbon energy for businesses

On 4 January, energy management solutions company Vital Energi announced that Battersea Power Station in London is to begin supplying energy again, 35 years after being taken out of service.

The power station is to supply electricity and heat for the Energy Centre project which has now been handed over to Vital Energi to finish its development in 2020. The Energy Centre is to supply heating, cooling and electricity to the 42-acre regeneration site, with the potential to supply energy to businesses and homes across the wider Nine Elms regeneration area.

Additionally, Vital Energi announced a major water source heat pump for the Queen's Quay regeneration project in Clydebank, Scotland. Two 2.5MW pumps will take heat from the river Clyde and use it to provide heating and hot water through 2.5km of district heating pipe for businesses, homes and public buildings.

Workplace electric vehicle chargepoint installation grant to continue

The Department for Transport (DfT) has confirmed that the £500 grant to install electric vehicle (EV) chargepoints at workplaces and homes is to continue. Jesse Norman, Roads Minister, said on 14 December: "the measures announced today will give more people the opportunity to make the move to electric." Additionally, it was announced that all government-funded chargepoints for EVs must use smart technology from July 2019.

The Energy Networks Association welcomed the announcement, saying: "Smart chargepoints are critical to managing the roll-out of electric vehicles [...] Without them there could be a proliferation of non-smart chargepoints that take capacity from the electricity networks, with no opportunity to manage the associated load." The Renewable Energy Association said that smart charging will be critical for creating a smarter and more flexible energy system. However, it added: "The key now is to come up with a definition for 'smart charging' [...] which maximises competition and innovation."

In other news

- UK electricity generation in 2018 fell to its lowest level since 1994, to 335TWh, according to a report published by *Carbon Brief* on 3 January. It said that the reasons for the fall are "not fully understood" but pointed to several contributory factors. These included improved product energy efficiency including lighting, consumers becoming more environmentally-conscious and economic restructuring.
- The North Connect interconnector between Norway and the town of Peterhead in Scotland has been granted planning permission by Aberdeenshire County Council. Permission to lay a 415-mile cable with a capacity of 1.4GW was granted in a planning meeting held on 17 January. New interconnectors lower energy costs and boost energy security.

Talk to us

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