



Assured Energy Outlook

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Committee on Climate Change: UK should set 2050 net zero greenhouse gas emissions target

The Committee on Climate Change (CCC), the independent advisory group, has recommended that the UK achieve net zero greenhouse gas (GHG) emissions by 2050 in a new report published on 2 May.

The report, entitled *Net Zero: The UK's contribution to stopping global warming*, urged the UK to legislate "as soon as possible" to reach net zero GHG emission by 2050 (a 100% reduction in GHG emissions on 1990 levels), without the use of international carbon credits. Also, the CCC has concluded that since Wales has less opportunity for carbon storage and relatively high agricultural emissions that are hard to reduce, it should aim for a 95% reduction by 2050. Scotland, however, "has greater potential" so should aim to achieve the target by 2045.

The CCC added that the UK has the foundations in place to make significant progress towards achieving an 80% reduction, highlighting that some policy development has begun on building energy efficiency, low carbon heating and electric vehicles. However, while it said the foundations are in place, the CCC also noted that "a net-zero GHG target is not credible unless policy is ramped up significantly".

It judged the 2040 target for phasing-out the sale of petrol and diesel cars and vans as too late. Additionally, carbon capture usage and storage, which the CCC concluded is crucial to the delivery of zero GHG emissions and strategically important to the UK economy, "is yet to get started" in the UK.

It is expected that a net zero GHG target can be met at an annual resource cost of up to 1-2% of GDP to 2050, the same cost as the previous expectation for an 80% reduction from 1990. The CCC stressed that the transition to net zero must be fair and perceived to be fair by workers and energy bill payers.

GB achieves its first coal-powered generation free week since 1882

National Grid Electricity System Operator (ESO) confirmed that GB achieved its first coal-free week since 1882. Announced on Twitter on 8 May, the last coal generator came off the system at 1.24pm on 1 May, meaning that, as of 12PM on 9 May, the UK had achieved 190 hours of continuous coal-free generation. The figure surpassed previous records of 90 hours 45 minutes, achieved in March over the Easter break, and 76 hours and 10 minutes which was reached in April 2018.

"Yet another new record for a coal-free power grid [...] emissions are coming down while low-carbon generation continues to go from strength to strength," said Head of Analysis at the Energy and Climate Intelligence Unit Dr Jonathan Marshall.

PwC survey finds that 71% of businesses have an energy strategy

A recent B2B survey by PwC and Energy UK has found that 71% of businesses now have an energy strategy, up from 65% in 2017, with 53% of business energy strategies including energy efficiency targets. Published on 29 April, the survey also reported that 46% of commercial and industrial businesses are investing in onsite technologies, with the largest plan for investment placed within renewable generation.

Across the SME segment, 42% of smart energy investment decisions continue to be driven by reducing energy costs, with increased attention placed in smart energy technology.

Labour publishes energy networks renationalisation plan

Labour Party documents have laid out the party's plans to renationalise GB's energy networks. The plan, called *Bringing Energy Home*, involves £62bn worth of companies, including the various GB branches of National Grid, the transmissions arms of SSE and Scottish Power and the various regional gas and power grids.

In return, Labour is prepared to offer infrastructure investors, banks and pension funds government bonds at a value decided by Parliament.

Labour believes that the legal precedent set by Northern Rock means it could offer a price below the market value of the company by deducting a range of costs from the final price.

The Energy Networks Association (ENA) responded, saying that such a move would result in less innovation. ENA Chief Executive David Smith said that the proposals would not only be "extremely costly to the British public" but under state ownership, networks were more expensive and less reliable. However, GMB the union welcomed the plans, describing them as "big and bold".

Regulator report suggests further intervention to protect microbusinesses

Energy regulator Ofgem published a report on 10 May setting out the results of its research on how microbusinesses engage with the energy market, and the implications for the Competition and Markets Authority's Price Transparency Remedy.

The report found that the process for engaging with the market is still perceived by microbusinesses to involve hassle, provide uncertain benefits and be time-consuming; with other issues including perceived tariff complexity, and a high-pressure sales environment.

The report suggested that the Price Transparency Remedy be subject to further testing, that guidance is improved, and that the level of information required from microbusinesses when comparing prices could be reduced. It also recommended that tariffs are simplified, and further interventions to make the market work better for the unengaged.

Citizens Advice: networks failed to pay out £5.1mn to small businesses and households

A new report from Citizens Advice revealed that energy networks have failed to pay out £5.1mn compensation for customer service failures over the last three years.

Published on 3 May, the data found that few domestic and small business customers claim the payments they are entitled to when energy network companies fail to meet their obligations. This is due to customers not realising they qualified for compensation, people forgetting to claim, or not applying within the three-month time limit. Energy network operators are required to meet 39 guaranteed standards of service set by Ofgem.

The report also noted that electricity network companies paid out just under £5.4mn in compensation, including voluntary payments. Gas networks also refunded more than £11mn in compulsory and voluntary compensation payments between 2015-18.

In other news

- Published on Thursday 9 May, BEIS's latest Public Attitudes Tracker found that the public's support for renewable energy has risen from 77% in December 2018 to 84% in March 2019. The survey also showed that support for solar (89%), offshore wind (83%), wave and tidal (82%), and onshore wind energy (79%) have reached their highest levels since the survey started.
- The government released its latest energy production and consumption statistics on 25 April, covering the period from December 2018 to February 2019. Electricity generation by Major Power Producers (MPPs) reduced by 6.2% overall, with coal-fired generation down 52%, and gas down by 1.1%. Total fuel use by MPPs for electricity generation also fell 7.8% from December 2018 to February 2019, compared to the previous year.

Talk to us

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