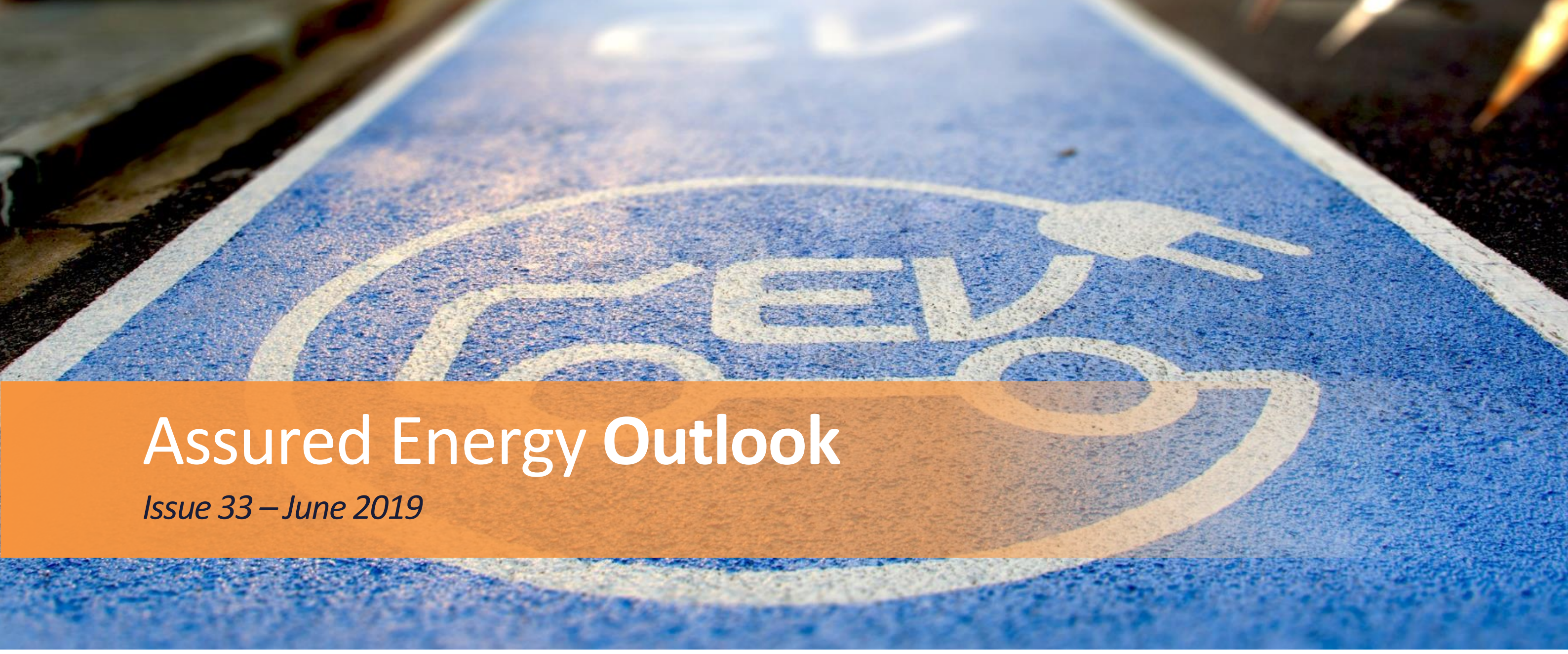

Assured Energy **Outlook**

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Government to set target for net zero by 2050

On 12 June, Prime Minister Theresa May announced that the government would lay legislation to implement a target for the UK to achieve net zero emissions by 2050. This will amend the *Climate Change Act 2008*. The Prime Minister also urged other economies to follow the UK's lead and set their own targets.

The Prime Minister confirmed that the legislation will see the UK remaining on track to become the first G7 country to legislate for net zero emissions.

Business Secretary Greg Clark also stated in a House of Commons Debate that whilst "there are many issues in this house on which we passionately disagree, there are moments when we can act together to take the long-term decisions that will shape the future of the world."

The decision was well-received across the industry, where Committee on Climate Change Lord Deben called it a first step, noting that the target must now be supported by "credible UK policies". Energy UK CEO Lawrence Slade added that "the energy sector is ready to lead further progress which will deliver benefits for the environment, the economy and customers."

However, Shadow Business Secretary Rebecca Long-Bailey said: "Since 2015, when the Conservative Government secured a majority, they have systematically dismantled the policy frameworks that were designed to tackle climate change. They have effectively banned onshore wind, reduced almost all support for solar power, scrapped the zero carbon homes standard, sold off the UK Green Investment Bank, removed support for tidal power, and relentlessly pushed fracking."

Business microgeneration scheme launched by government

The government announced on 9 June that the planned Smart Export Guarantee (SEG) to replace the Feed-in Tariff export tariff would launch the next day.

The government said the SEG will ensure that small-scale electricity generators, such as businesses installing solar, wind or other forms of renewable generation with a capacity up to 5MW will be paid for each unit of electricity they sell to the grid. The scheme will also place a legal obligation on energy suppliers with over 150,000 customers to introduce export tariffs by 1 January 2020.

Chief Executive of the Renewable Energy Association Nina Skorupska urged the government to provide "a fair minimum price" for solar power export.

Higher VAT on energy-saving materials would "inflict significant damage" on businesses

HMRC has been urged by the Microgeneration Certification Scheme to reverse its plan to raise VAT on several energy-saving materials (ESM).

If approved, the proposals would lead to the cost of an installation being charged at the full 20% VAT rate in circumstances where the cost of the materials exceeds 60% of the total cost of the installation. The MCS confirmed it was a signatory of the Solar Trade Association's 13 May letter to Energy and Clean Growth Minister Claire Perry, which not only stated it would inflict "significant damage" but undermine the government's ability to meet its decarbonisation targets.

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Government confirms inclusion of certain renewables in Capacity Market

The government published the outcome of the *Capacity Market (CM): Further Technical Amendments* consultation, deciding, based on the responses received, to allow the participation of certain renewable technologies (solar and wind) in the CM. The CM is the scheme which guarantees GB's security of energy supply. Prior to this, renewables were seen as too expensive and unreliable to include in the scheme.

The consultation outcome was published on 30 May, with the government also deciding to replace the planned T-4 auction (to procure supply four years in the future) with a T-3 auction (three years in the future) for delivery in 2022 to 2023.

Receiving 42 responses from an array of stakeholders, including CM providers, generators, interconnectors, suppliers, local authorities, NGOs and trade associations and more, the majority of respondents were supportive of the proposals.

Centrica launches EV offer to help business fleet transitions

Centrica Business Solutions revealed its plans on 27 May to launch an EV Enablement package of solutions to help business fleets go electric.

Designed to enable businesses to meet the growing power demands of new charging points through "generating, storing and managing power on site," the products will combine its existing charging infrastructure with "solar, battery and storage" to ensure fleets are managed effectively at reduced cost. The EV market could require up to 18GW of additional power by 2050 in the UK alone, an equivalent to an extra 30% on top of today's peak demand.

Jorge Pikunic, Global Managing Director for Centrica Business Solutions said: "The adoption of electric vehicles is no longer a question for tomorrow. For businesses, the transition to EV is a big opportunity to become cleaner, more sustainable and more efficient. He continued: "We believe distributed energy technologies will be key to supporting the cost-effective roll out of EVs, reducing the need for costly grid upgrades."

BNEF report expects 40mn commercial EVs by 2040

BloombergNEF (BNEF) released its updated forecast on how electrification and shared mobility will impact road transport from now to 2040. Electric vehicle (EV) figures are increasing, with annual passenger EV sales set to rise to 28mn in 2030 and 56mn by 2040, with total passenger vehicle fleets reaching 1.68bn. By 2040, the report anticipates 57% of all passenger vehicle sales to be electric, as well as over 30% of the global passenger fleet.

The report also notes that 500mn passenger EVs will be on the road by 2040, as well as 40mn commercial EVs. Commercial van and truck sales are also set to accelerate throughout the 2020s, with price parity between EVs and internal combustion vehicles (ICE) set to be achieved by the mid-2020s in most segments.

In other news

- The government published a report on 23 May showing that the second carbon budget (2013-17) was achieved by 14% - over the period the net UK carbon account was 2,398,125,993 tCO_2e, which is 383,874,007 tCO_2e (14%) below the cap of 2,782,000,000 tCO_2E. On average, this means emissions as measured by the net carbon account were 40% lower than 1990 base year emissions over the second carbon budget period. The carbon budgets set limits in law on the UK's maximum carbon emissions over five-year periods.
- BP published its *68th Statistical Review of World Energy* on 11 June, revealing that global primary energy consumption grew at a rate of 2.9% in 2018, almost double the 10-year average of 1.5% per year. The growth was driven by natural gas, which contributed more than 40% of the increase. China, the US and India together accounted for more than two-thirds of the global increase in energy demand. Renewable power grew by 14.5%. Carbon dioxide emissions grew 2%, which was the fastest growth rate for seven years.

Talk to us

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