

Report on Energy UK Webinar – 19/05/2020

Powering the nation: How clean energy can drive economic recovery and growth?

Speakers:

- **Chris Stark** – CEO, Committee on Climate Change
- **Juliet Davenport** – Founder and CEO, Good Energy
- **Kaa Holmes** – Communications Director, EDF
- **Janine Freeman** – Director of Strategy, PwC UK
- **Sam Hollister** – Director of Economics and Corporate Services, Energy UK
- **Séverine Turgis (Chair)** – Brexit and Economic Policy Manager, Energy UK (Chair)

(Listen again: [Energy UK YouTube channel](#))

Introduction

Energy UK convened an expert panel to discuss the post-coronavirus economic recovery and the opportunities for the UK energy industry to support economic growth and jobs by putting Net Zero at the centre of a clean energy recovery. Alongside the webinar [a short paper](#) from Energy UK was published addressing many of the issues and outlining what needs to be done to make a clean energy recovery a reality.

Panellists' remarks

Séverine Turgis, the panel chair, began by explaining the role that Energy UK has played in supporting the energy sector and highlighting the critical work it does in powering the nation as it always has done and especially through the COVID19 pandemic. This includes raising the views, issues and concerns of our membership and the wider energy sector with government and the devolved administrations around the development of guidance around essential workers and safer working guidance - both in premises and outdoors - as well as engaging on other government interventions, including financial support, and those that are likely to follow.

She added that this is all the more important in the context of the fight to tackle climate change, meet our Net Zero targets and to build a cleaner, more resilient and low carbon economy and society which works for all. Concluding her opening remarks, she said that the net-zero test for Government policy which Energy UK called for many months ago is even more valid and essential than ever before.

Séverine began the panel discussion by asking **Chris Stark** and the rest of the panel **what do they feel are the challenges and opportunities?**

Chris began by reflecting on the impacts of the lockdown which include lower energy use and emissions in the UK - although there has been a small spike in domestic energy use as more people are at home for much longer. Whilst global emissions are down by 5-10%, he was clear that ultimately very little has changed in the long term.

On the lockdown in the UK, he felt the longer this continues the less likely we will go back to normal as it was prior to the pandemic as it's anticipated that we will have to endure high interest rates, high unemployment, change in the structure and shape of our industries, especially oil and gas, and a huge shift in behaviour. This includes more remote working and therefore less commuting and an impact on transport.

On Net Zero, he stressed this must be a guiding principle for government policy and they must continue to be locked in to this commitment. Decisions around carbon pricing and climate investment decisions must be based on this and there is a chance to reset the strategy for Net Zero even in difficult financial circumstances.

Chris outlined five priorities as the CCC did in their recent letter to the Prime Minister:

1. Re-skilling and retraining of workers
2. Housing retrofit/energy efficiency improvements – new and older properties – using local planning and employment
3. Strengthening our energy network – CCUS and hydrogen networks – must start now
4. Green infrastructure and green spaces
5. Make it easy for people to change the way they work – better broadband and infrastructure/encourage and support cycling and walking

He added that the CCC will continue to make its case with the Government and that its next progress report is due to be published in June.

Janine Freeman outlined the forthcoming analysis that PWC and Energy UK are working together on to capture the benefits of focusing government investment in clean energy and a low carbon economy. This will be published in July.

Janine felt that positives can result from this crisis to rebuild our economy with a unique opportunity to do things differently. There has been a huge shift in sentiment and things seen to be impossible, including political, if not, essential. For example, she pointed to the sheer scale of government investment, which will be urgently needed create new jobs in essential infrastructure.

Having witnessed huge public enjoyment of cleaner air, it's plausible to maintain a stronger work from home presence with less travelling. There is an urgent need to continue work on cleaner transport and electric vehicles and transport that doesn't pollute. It's also vital to build back, but build back better and to do that with social equity as a key pillar. More energy efficient homes, better incentives and choices around Electric Vehicles and cleaner public transport must be a priority. Low carbon energy technology to get to Net Zero will create hundreds of thousands of new jobs but she stressed the importance of delivery by local/UK supply chains to retain investment and create platform for an enduring multiplier effect.

She added that a focus on reducing carbon emissions of imported goods from around the world is also essential as the UK has become the G7's biggest importer of CO2 emissions per capita - so this staggering statistic offsets the country's impressive record of reduction in emissions from energy. She felt we can continue to tackle both of these crises together and concluded by saying that it's essential to support local supply chains, which encourage private investment as well as put the country to work, and build a fairer and cleaner type of prosperity.

Kaa Holmes stressed the urgency of new low carbon investment and jobs creation to meet net-zero ambitions. The pandemic has given greater urgency on these objectives. EDF's generation assets continue to supply low carbon energy across the UK and they have introduced safety measures across the fleet, including at Hinkley Point C construction site and on their wind farms, creating jobs and local supply chains across the UK.

He stressed that's its essential we protect low carbon jobs that already exist and create more by targeting investment and that to reach Net Zero, the future must be electric including for heating and transport.

He added that low carbon power needs to quadruple and investment is needed. Renewables, including solar and wind, as well as energy storage will be main focus but also need firm and 'always on' power from nuclear and it is important to take all of learning from Hinkley Point C and build that over at Sizewell C at lower cost including the supply chain. The economic downturn could fall on some specific groups and particularly the young - Energy infrastructure offers high quality jobs and EDF have created hundreds of apprenticeships.

Kaa was clear our focus must not only be on generation and power. Customers are so important and must support them to continue to make green choices. While nobody wants a repeat of the 2020 experience in 2021, the same or close carbon footprint would be desirable. Smart metering and energy efficiency must contribute to that and it needs to be easier for customers to make green choices and be reassured in terms of safety and letting engineers in to their properties to carry out these essential upgrades.

Juliet Davenport explained the chance to create a better stronger and more resilient society. Good Energy have championed a consumer-centric approach. Customers must be included and we need to look at the proposition framework. They want change and are worried about climate change. There is a need to look at how hard wired the old systems are embedded in our infrastructure and markets and the solution is not just about carbon pricing.

There are four sectors to focus on:

1. Innovation and R&D – more investment in network systems/consumer options with a holistic approach
2. Use existing network better - what does load factors data tell us on how we could do things better
3. Market places - carbon needs to be factored in everything (the Capacity Market and Balancing Settlement)
4. Protect consumer more around green promises - today and tomorrow – is the product green now and will it continue to be?

Renewables have moved from 2% to 60% since she started in energy and there is a need to get rid of old-fashioned approaches and prejudices. The focus must be on a consumer-approach and not a big power station approach.

Sam Hollister from Energy UK highlighted the priority of decarbonising heating, accelerating energy efficiency and smart metering. To do that requires getting access back to properties and building confidence with consumers to do these things. Energy efficiency is an opportunity and must apply to new build and as a retrofit to existing properties. As Energy UK had highlighted in its Future of Energy report, there is a need for clear regulations for new homes. With heat pumps for example, there should be guidance on going into customers' homes and how to finance and grow the heat pump market.

Q&A

What could work in the next 6 months?

Chris Stark pointed out that the high multipliers needed could be hampered by enduring social distancing measures. Whilst the recession is unusual so will be the recovery. That's

why there's a need to focus - as a priority – on energy construction infrastructure to reinforce electricity network. Can get going on the civil engineering quickly but must plan urgently for next stage of retrofitting of homes to be more energy efficient. There is also need to plan well for the switch to EVs and develop the charging network fit for the future. Government needs to look at infrastructure plan through net-zero lens and the high multipliers, reduce emissions and all while observing enduring social distancing measures.

Janine Freeman stressed need to look at projects already underway and at the policy challenges and roadblocks - and how can these be removed. Housing energy efficiency is a big priority as is new nuclear build, which needs to move forward to create new jobs and protect the existing ones. She added that EV charging capability needs incentives and that the transition to EVs is not shifting fast enough. The motor industry also needs to offer a wider range of EVs while there needs to be a network strategy for charging that solves the challenge of interoperability. Janine also referred to the success of solar projects and the prospect of 'shovel ready' tidal projects. Likewise energy storage has a role to play but more investment is needed, she added.

How should carbon be priced in heat and transport?

Juliet Davenport responded that in terms of decarbonising heat, transport and electricity, these will become interchangeable markets and it's essential to work out how we introduce carbon pricing to do that. On heat, there's a need to keep pushing boundaries. Carbon pricing is an economic approach but also need to look at whole of infrastructure capability and other possibilities. What can be done with the existing system, our technological and resource potential to keep costs down?

Chris Stark felt carbon pricing is going to be difficult and noted that HM Treasury is looking at this as part of their review of net-zero costs. Dubious about what can be achieved by carbon pricing and tax system needs to be reformed to adjust to the various revenue challenges. For example, transport taxing needs to reflect change in EVs and the new world. On heat, there need to better penalties and incentives to use clean electricity over fossil fuels. Small changes in tax can change sentiment and give right signal and support long term planning.

How can we take customers on the decarbonisation journey? What should we prioritise?

Kaa Holmes answered saying some measures that can help customers reduce bills, like energy efficiency and smart metering, could be impacted and slowed by home visit challenges because of social distancing measures. There will be need to minimise the time engineers need to spend in the home and offer reassurance to customers that all will be safe. Need to ensure the generation mix needed for affordable energy and can't slip back on infrastructure projects. Must have right technology choices and projects to bring most affordable mix.

Sam Hollister explained that economic impact from COVID-19 could create new vulnerable customer types and reminded that previously the 'just about managing' group have funded decarbonisation and other programmes. These groups could be in much more debt and financial difficulty in the coming months and years but the current funding mechanisms via customer bills are regressive. He referenced the National Infrastructure Commission report which highlighted that the country can have a lower carbon power sector, save costs but also have a better comfort of living. The combination of decarbonising heat and deploying energy efficiency measures can limit overall cost. There is urgent need to improve country's housing stock. The challenge is paying for this and getting engineers into homes but clear benefits are creation of jobs, improved air quality and protection of environment.