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Energy UK – interview with the outgoing CEO – Lawrence Slade

New European Commissioners

New BEIS Ministers

Extracts from the Queen's Speeches

ENERGY FOCUS



...and a happy new year!

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The journal of



PGES
All-Party Parliamentary Group
for Energy Studies



The All-Party Parliamentary Group for Energy Studies

Established in 1980, the Parliamentary Group for Energy Studies remains the only All-Party Parliamentary Group representing the entire energy industry. PGES aims to advise the Government of the day of the energy issues of the day. The Group's membership is comprised of over 100 parliamentarians, 100 associate bodies from the private, public and charity sectors and a range of individual members.

Published three times a year, Energy Focus records the Group's activities, tracks key energy and environmental developments through parliament, presents articles from leading industry contributors and provides insight into the views and interests of both parliamentarians and officials.

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Energy Focus

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"remember, Governments create nothing and have nothing to give but what they have first taken away" Winston Spencer Churchill, Birmingham 1903
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CHAIRMAN'S FOREWORD



What a time it is to be in Parliament – we really do live in interesting times!

Since our last edition of *Energy Focus*, we have had to contend with a very fluid parliamentary calendar. The last session of Parliament began with the Queen's Speech on 14 October 2019 and lasted three weeks and two days. We lost our September meeting to a prorogation that was then itself cancelled, our House of Lords Dinner to the revised EU departure deadline and our December meeting to period of purdah in the run up to the General Election.

We also said goodbye to Speaker John Bercow and elected Speaker Lindsay Hoyle, sat on a Saturday for the first time since 1982 and passed legislation for an early parliamentary general election, so Parliament was dissolved on 6th November.

In addition, we have had a State Visit from the President of the United States of America and a further NATO Summit in Watford to mark the Alliance's 70th Anniversary, with heads of state on many nations visiting the UK.

As with every General Election, there are some colleagues who chose to step down, as well as those who have been returned to office and those who have not. As the dust settles on the results, PGES will give a warm welcome to any new MPs with an interest in energy. We hope that this will be the APPG of choice as energy is such a vital topic and our record is strong. This Group was set up in 1980 with the objective of informing the Government of the day of the energy issues of the day and will continue to do this into the next decade.

I am glad to say that now the election is over (and I am back as an MP!) PGES will continue in its purpose. The Group will reconstitute formally in January with a very brief Extraordinary General Meeting to precede our first Speaker Meeting, which is followed by a fantastic set of meetings that we have lined up for the remainder of 2020.

Following the election result, we will have another Queen's Speech. It looks like the Withdrawal Agreement will be in place very soon and a degree of normality can return to parliament – this creates the opportunity for energy to receive a higher profile, especially in the lead up to CoP26 in Glasgow in November.

I hope we will have some new faces appearing at PGES, as well as those familiar friends of the Group. All new MPs are welcome to attend this well respected APPG, as, of course, are longer standing Members and Peers. The key to APPGs being effective is the interface between parliamentarians and experts from academia and industry, so we also look forward to good attendance from our new and regular attendees from the Associate Membership.

At the start of 2020 we have a strong programme of events, with Speaker Meetings in January from Laura Sandys of the Data Energy Taskforce, in February Sir John Armit of the National Infrastructure Commission and in March Jonathan Brearley the recently appointed Chief Executive of Ofgem. We also look forward to our Annual House of Lords Dinner which was postponed from October.

All in all, it's a really interesting time to be involved in PGES as it leads the way in energy.

Ian Liddell-Grainger MP

Chairman

All-Party Parliamentary Group for Energy Studies

ENERGY FOCUS INTERVIEW

**Interview with Lawrence Slade,
Outgoing Chief Executive of
Energy UK & Chief Executive
Designate of the Global Infrastructure
Investor Association**
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WHAT IS YOUR GREATEST ACHIEVEMENT IN THE ENERGY INDUSTRY?

Individual achievement isn't the way to describe it but I don't think the energy sector overall gets enough credit for just how much it has already changed in the last decade. On the generation front, myths have been constantly busted, technology has evolved faster than anyone expected and records have been broken. Arguably the sector has consistently delivered above expectations, with carbon levels falling dramatically over the decade and especially in the last few years.

From the supply viewpoint, while there have been serious headwinds at times, we have seen the establishment of a number of sustainable market players - in addition to those present at the start of the decade. While switching is of course not the sole measure of competition, it certainly appears that 2019 will be a record year. In addition, the evidence is clear that as we become more digital, the level of innovation and service differentiation available to customers is increasing. The often criticised smart metering programme is another example of a project that is enabling change for millions of households. Yes it has been tough, and is taking longer to achieve than we all would have hoped, but ultimately it must progress if we are to see the full benefits of a digital system realised for consumers. It has been a privilege to

spend the last decade in a sector that is transforming itself and delivering real change across the board.

What was your most challenging moment?

As much as the disruption of the retail market can be seen as a success it has also exposed market failings. The fact that it has been so easy to enter the market and gain market share with tariffs that are later shown to be unsustainable, with the cost of failure passed to other consumers, is a situation that simply should not have happened.

With any market disruption there will - and should be - winners and losers and latterly this has been laid bare in the retail sector. While the level of competition and innovation are positives, I believe real challenges have been exposed. One big example being that the structure of the electricity bill itself is one of the most regressive forms of taxation, while the very policy devices designed to moderate this are so poorly targeted in their own right as to be ineffective.

This has of course been put into sharp focus, along with a myriad of other issues by the price cap. For the country to achieve decarbonisation, we must have a vibrant retail sector that works for all customers, not just those savvy enough to take advantage of the current levels of

market innovation. With more than 7 million vulnerable customers to serve, we must ensure that we find a way to equitably serve these customers, ensuring that all can benefit from a zero carbon market.

How well is the energy industry set for Brexit?

As one of the few sectors to be physically connected to Europe, we are very clear on what the issues are and what needs to be done. The toughest fact is simply the level of uncertainty that continued inaction brings - especially around critical issues such as carbon pricing now and into the future. One would hope that any future trading agreement would secure some form of continued co-operation on energy and climate policy – preferably in the internal energy market of course, but only time will tell there.

I believe there is a strong and logical case, for continued close cooperation between the UK and our European neighbours, which will become more and more stark over the next decade as we build more offshore wind sites in the North Sea, offering great interconnection, balancing and arbitrage benefits.

How well is the energy industry set for Net Zero?

I think industry itself is fairly well set with a determination that we can and will deliver our part. I've no doubt that it will be bumpy at times - no change on this scale is ever really smooth - and there will be successes and failures, but ultimately we can do it and create a much better environment for future generations. Of course the challenge of proving that you can decarbonise a leading economy goes beyond any one sector.

What do you see as the biggest challenges facing the energy industry in the next few/five/ten years?

The sheer scale of change. We are right in the middle of a classic market disruption - systems, companies and technologies that we have relied on for years are being challenged faster than anyone expected. Plus of course we need to act now to meet the net-zero challenge.

The biggest task though will be to make sure that society moves forward to meet the challenge as one, and that we don't leave any groups or regions behind as we move to a zero carbon society. I don't believe anyone truly understands the impact that this transition will ultimately have on our lives.

It is a tremendously exciting time for the sector but one where we all must keep our minds open and be prepared to be flexible as the change will be constant for many years to come.

I worry that at a time where we need a united house politically speaking, we are more divided than ever. So we must hope that the consensus that enabled the Climate Change Act back in 2008, appears again to get us on track to meet the 2050 net-zero target.

Who is your successor?

I am very pleased that our current Director of Policy Audrey Gallacher has been made Interim Chief Executive. I know she will do a superb job.

What advice will you be offering your successor?

Engage regularly with stakeholders right across the energy sector and other key areas. Achieving net-zero in a fair and just manner will require transformation across the whole economy. Energy is obviously going to be at the heart of that and has a responsibility to lead it. Finally - always challenge the status quo. The last decade has shown there are a multitude of ways to do things and the 2020s will be no different.

[Lawrence has been involved in the energy industry since the late 1990's working in many countries to build an understanding of the geopolitics of energy and both its importance to everyday life and economies. Lawrence ran the Society of Petroleum Engineers, then the Energy Retail Association.](#)

[Lawrence was Energy UK's first chief operating officer when it was formed in 2012. We wish him well.](#)