



PGES

All-Party Parliamentary Group
for Energy Studies
Founded in 1980

PGES
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2022

PGES Energy Policy Priorities for Net Zero

Energy is fundamental to the way we live our lives at work, at home and at leisure. Recent global events and pressures have changed the way we think of energy, its availability has reduced and the understanding of what we need has increased.

Prices have risen threefold since our Priorities were written in 2020, so consumers are now more concerned about being able to pay their bills, as well as the effect that energy production has on the planet.

A clear plan must be set with ambition and deliverables, goals and milestones to show an overarching route towards meeting our carbon targets as well as how consumers can also impact their own bill.

1. Make a plan, commit to the plan, stick to the plan and bind successors to the plan

A plan for short, medium and long term must be developed and announced, with clear signals for industry to invest in projects that take longer than a single parliament. Use all-party collaboration to create legislation that encourages technical solutions, allows options to suit different locations and endures. Use a National Framework to encourage to empower effective local and regional bodies' energy plans.

2. Education and participation

Consumers and legislators need to understand what energy they need, want or use. Policy for demand reduction needs to be separated from fuel poverty.

3. The Energy Trilemma

The energy trilemma has returned, all three arms need attention: affordability, availability and environmental, using all means of decarbonisation to support carbon targets.

4. Market design whole system and operation

Markets and technology change much more quickly than policy. Reform the regulator's role (consider a different regulator). Policy harmony is required, instead of the current approach which suppresses important elements.

5. Social burden

The cost of decarbonising energy should be borne through bills, but the treatment of the Fuel Poor (for example Social Tariff and VAT relief) through general taxation. The high cost of energy means the focus to reduce bills should be on consumption, not price.

Retrospective and progressive Building Regulations needed to improve building stock. See separate sheet.

6. Future of gas

Timetabled decisions must be made regarding the future of gas and its potential as an energy vector to balance electricity supply/demand, the steps taken to phase out its use or carbon content.

7. Energy as a consumer activity

Energy is everyone's problem, not somebody else's. So the national level approach is vital, reinforcing local initiatives. These need different approaches, not one size fits all. Set targets to avoid picking winners. Behavioural change and system end goals need focus.

8. Investment

Make "no regrets" investments now as finance is available, but needs consistent policy to unlock it.

To avoid sleepwalking into disaster, PGES recommends action now, as 2030 is only eight years away. Do not let pursuit of the perfect stand in the way of the good.

Officers

Alan Brown MP; Julie Elliott MP; Vicky Ford MP; Jim Shannon MP; Taiwo Owatemi MP
The Rt Hon Lord Hunt of Kings Heath OBE; Lord O'Neill of Clackmannan;
Lord Oxburgh; Lord Ravensdale; Lord Redesdale





PGES Energy Policy Priorities

1. **Make a plan, commit to the plan, stick to the plan and bind successors to the plan**
2. **Education and participation – for legislators and consumers**
3. **The return of the Energy Trilemma**
4. **Market design whole system and operation - allow market pace changes**
5. **Social burden – a rational approach**
6. **Future of gas – give confidence**
7. **Energy as a consumer activity – this one's for all of us!**
8. **Investments need certainty – give confidence, it reduces the cost**

PGES Energy Policy Actions

Short term measures (immediate)

Immediate action is required to help reduce wasted energy, at all stages, whether in production, distribution or consumption. Weather based energy production should not be curtailed, instead it should be converted to into a usable commodity or stored. Consumption reduction should be rewarded at times when system demand is high.

In the current supply crisis, should closures of CCGT and Coal power stations be delayed?

Give VAT relief on domestic energy for Fuel Poor.

Remove the cost burden for pre-paid meters. Additional measures to help the fuel poor will be required (they are unlikely to be able to reduce their demand).

No regrets investments – now - eg

- 20% hydrogen blend in existing gas main. (this creates a hydrogen market and reduces CO₂ by 6%)

- Planning and infrastructure for increased offshore wind connections

- Reinforcing the electricity network

- No wind energy should be wasted. Create storage for surplus wind energy, whether electrical (eg battery and other) chemical (eg creating hydrogen) or physical (eg pump storage).

Offer advice to consumers on how to reduce demand (two distinct sets, fuel poor AND able to pay).

Move emphasis AWAY from switching supplier, but to seek their advice on becoming less wasteful.

Building Regulations proposals

Change Building Regulations to:

- Mandate application of Building Regulations at change of occupancy or use

- Mandate smart meters in every new home

- Mandate that heating/cooling in every room be controlled by time and temperature

- Mandate solar generation on every new build (or extended) roof

- Mandate installation of pipework and stored hot water in every new home to enable heat pump installation (ground source pipework, thermal store) – (with exemption for tower blocks)

- Modify EPC to remove penalty from heat pump assessment (BREDEM needs full overhaul)

Commercial & Industrial sector is an easy win, ongoing building performance checks needed. Mandate regular performance based EPC assessments of commercial buildings.



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Medium term

2030 is only eight years away. The quickest projects will be those that are held up in planning or using exiting technology. Suggestions include, existing wind and solar applications, CCGT power station, SMR nuclear.

Other than SMR, only existing nuclear projects can affect medium term energy (5 year) – Hinckley Point C.

Gas connections to new homes are to be discontinued from 2025. Pure Hydrogen *may be* introduced into the gas mains from 2026. This guarantees that all new homes from 2025 onwards will *not* be able to be connected to hydrogen mains supply.

The addition of 20% Hydrogen in the gas mains now, would stimulate production and installation of hydrogen ready appliances. This would build a stock of installed boilers fit for conversion to Hydrogen, instead of needing replacement.

Long term

The only bad decision is no decision. The only thing worse than no decision is a revoked decision.

The gestation period for almost any significant energy project is at best 5 years for a small project, 8 years or longer for large. Establishing a long-term strategy with deadlines and responsibilities will secure industry investment, commitment and activity.

Development of hydrogen market, appliances and distribution are all dependent on clear signals from Government. Establishing a long-term strategy with deadlines and responsibilities will secure industry investment, commitment and activity.

Any nuclear supply ambition falls beyond 2030. Planning is the greatest hold up. Establishing a long-term strategy with deadlines and responsibilities will secure industry investment, commitment and activity.