



SUSTAINABLE ENERGY ELECTION WATCH 2015: SESSION 2

London, Institution of Mechanical Engineers

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BACKGROUND

2015 is a critical year for the Sustainable Energy Industry. The Party Conferences revealed strong party political differences on energy and the role of intervention in the sector. The “trilemma” of “going green” versus affordability or energy security is still up for debate.

Following a successful event in March 2014, the Sustainable Energy Association returns to the debate and asks whether we are any clearer about what 2015 has in store for the energy sector - and what industry still wants to hear from Government.



THE DEMAND SIDE

According to the Government's own data, most demand-side measures are cheaper options for the country than most large-scale, infrastructure-based supply-side options. And yet the demand-side struggles to have its voice heard, or for policy to follow this economic logic.

As we approach the next General Election, the Sustainable Energy Association seeks a fundamental change to this, calling for integrated energy efficiency and low carbon and renewable energy production in buildings to become a significantly higher priority in all areas of Government that touch on energy policy. In doing so, the UK will become more industrially competitive, and all consumers will enjoy more affordable bills, as well as moving the country more cost effectively to a decarbonised energy system.

EVENT OVERVIEW

- 14:00 – 14:10** **Introductory Remarks from Chair**
Dave Sowden, Chief Executive of the Sustainable Energy Association
- 14:10 – 14:30** **Sustainable Energy Policy and Politics – What do we know about Energy Policy 2015 so far?**
- 14:30 – 14.50** **Can Industry have confidence in Energy Policy from 2015?**
Martin Fahey, Sustainable Solutions Manager, Mitsubishi Electric
Living Environmental Systems
Bill Rumble, Chief Commercial Officer, Mark Group
- 14:50 – 15:00** **Keynote**
The Lord Teverson, Lib Dem Spokesman for Energy and Climate Change in the House of Lords
- 15:00 – 15:30** **Coffee and Networking Break**
- 15:30 – 16:50** **Roundtable Discussion**
View-points from the panel and questions from the floor (Chair facilitated)
- 16:50 – 17:00** **Closing Remarks from Dave Sowden**

INTRODUCTORY REMARKS

Dave Sowden, Chief Executive of the Sustainable Energy Association, opens the session with a reflection on the progress made in the last five years of the Coalition Government. **At the beginning of Parliament he noted the high levels of enthusiasm for sustainable energy policy with policy intent in the right direction and the inclusion of key individuals in ministerial positions.**

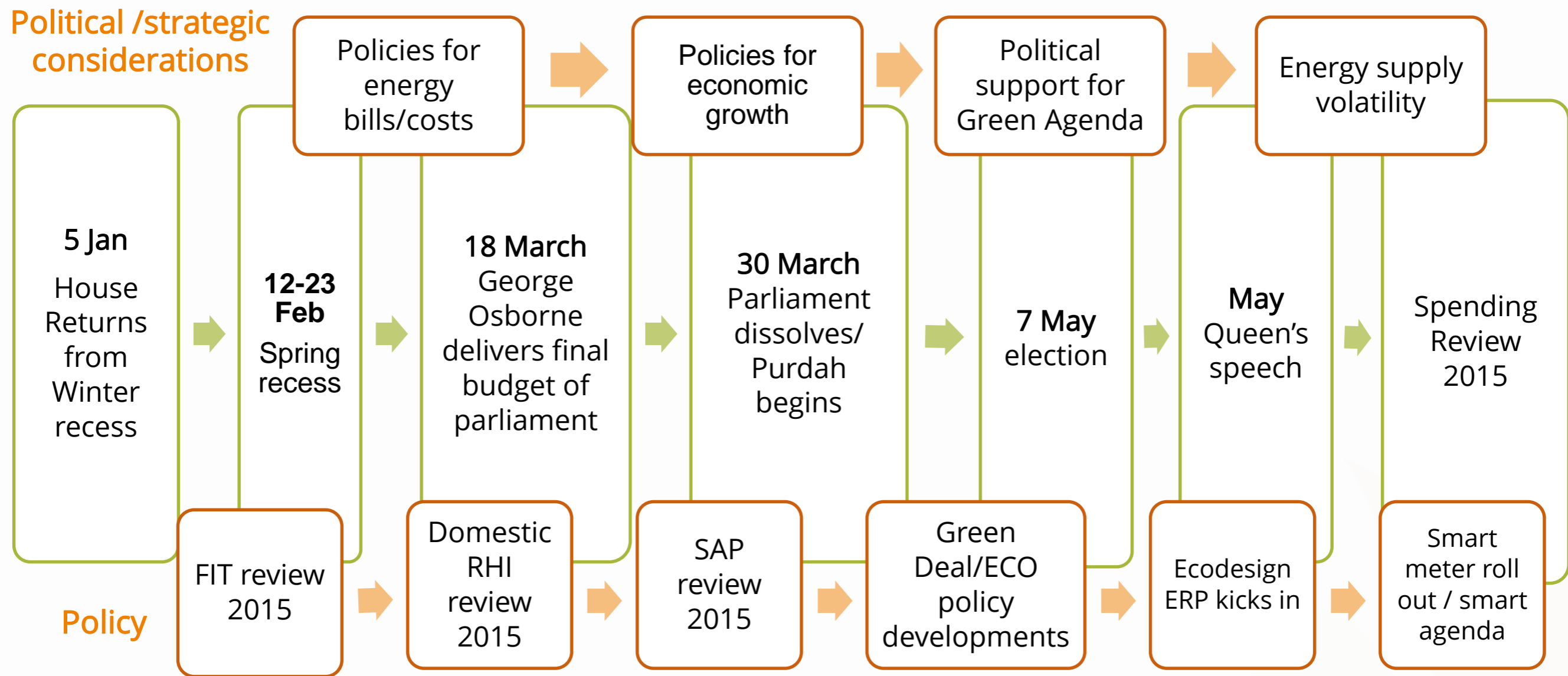
The introduction of measures such as the Green Deal and Energy Certificate Obligations (ECO) were **successful in bringing attention to the idea of able to pay measures paying for themselves** and had generally been supported by most stakeholders.

However the enthusiasm towards new measures was soon halted with **uncertainties and government bureaucracy** resulting in limited success for schemes such as the Renewable Heat Incentive and Feed in Tariff.



“ The Coalition Government has presented a mixed picture whilst attempting to take policies a step in the right direction.”

Election Year Timeline



About Energy Policy 2015 so far

Energy Bills - There has been prevailing concern over energy and bills and costs and this has been a major recent focus for politicians, however the SEA encourages a move of focus from the price onto the volume as this is equally important. The SEA has been making a case for the demand side of energy in buildings, publishing the [SEA Manifesto](#) which shows how a good strategy could **save the economy around £12billion per year**, providing a long term benefit.

Demand Side - The case for the demand side of energy in buildings has been made to all political parties and an unbreakable political consensus is needed on this. Apart from **economic benefits** a focus on the demand side also **insulates the UK from external threats**. The Comprehensive Spending Review (CSR) will also be crucial for a whole spectrum of demand side issues.

Prospective Parliamentary Candidates (PPC's) - The SEA is working to build relationships with new members of parliament at the earliest opportunity, as these will be **key in the next government** and there is expected to be a high uptake of new MPs.

Upcoming Reviews - Need to be aware of the upcoming reviews this year with potential important implications from them - **FIT review, RHI review, SAP review** and also the delivery of the ECO programme and the smart meter roll out and agenda.

Election Outcome - Election is too close to call and therefore there is **high uncertainty in the sector for new policy** and additional spending but maintained pressure will help gain a political consensus and better outcome for the sector in the new government.



Anna Livesey @LiveseyAnna · Feb 10

@SEA_social latest polls discussed #energyelection Con 34%, Lab 31%, Lib Dem 9%, UKIP 14%, Green 6% lordashcroftpolls.com/2015/02/ashcro...

@LordAshcroft

Policy Update: Party Conference



Tory

- Focus on Energy Security- fracking,
- International Climate Change mentioned
- No new energy policies
- Next phase of help to buy (Starter Homes) will be ZCH/Part L exempt
- UKIP pushing Party to right wing back benchers



Lib Dem

- Defending record at DECC
- Greens pushing party to environmental issues
- Link Energy performance to Council Tax bandings
- £100m extra GDHIF



Labour

- Fuel Poor targeted scheme
- Street by Street
- 0% loans
- Free Assessments
- GIB borrowing
- ECO/GDHIF spend
- EIB strategy
- PRS Band C

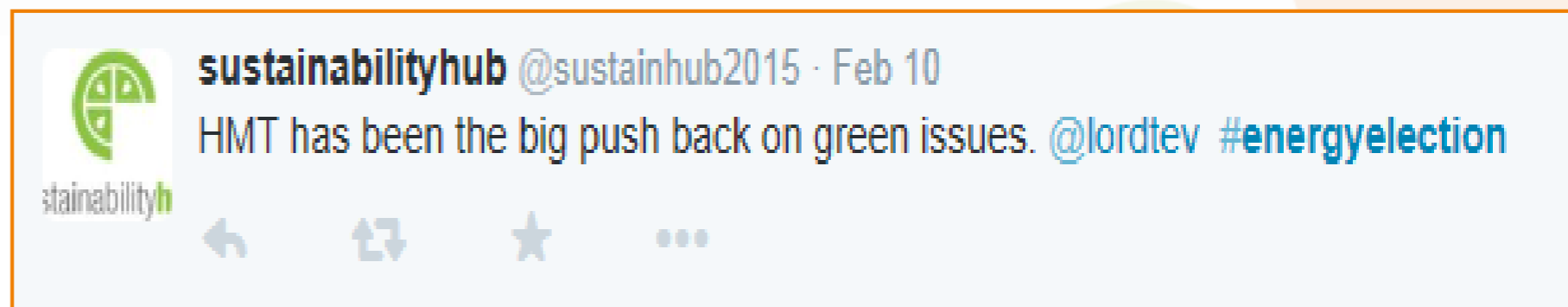
LORD TEVERSON

Lord Teverson, Liberal Democrat politician, currently serving as LibDem Spokesman for Energy and Climate Change in the House of Lords gives an insight into the coalition's energy policy and what to expect in the near future.

Energy policy is complex as such it has linkages with other areas of policy - **Fuel Poverty** is an important issue which plays into these linkages, such as the connection between warm homes and health.

Coalition Governments can be successful - the 2010 - 2015 administration has proven this with a track record of being able to work together and produce a **stable government**.

Main issues the Coalition Government has faced when implementing energy and climate change policy is **push back from the treasury**. The coalition agreement provided **22 pledges** on energy and climate change, all but two have been delivered. Treasury is still clearly in deficit reduction mode and this can have serious implications for spending on future energy policy.



LORD TEVERSON

KEY POINTS CONTINUED:

The Conservatives have undergone a successful 'detoxification' on green issues - Although the conservative intake in 2010 did not prioritise green issues this has been readdressed with a trend in a more libertarian outlook being observed.

Expenditure Implications -The Renewable Heat Incentive is one policy that comes straight out of tax and therefore any further squeeze eg. around NHS and schools means securing RHI expenditure may be an issue.

Future Government Scenarios

- If the **Conservatives** gained a majority they could move further to the right and focus on a business agenda.
- If **Labour** came into power - they could be trusted to stick to a similar energy programme as before in previous governments.
- If the **Liberal Democrats** were in a coalition government again they would push housing stock and infrastructure forward. A demand side focus and a demand-side response would almost certainly appear in any coalition government.

A VIEW FROM INDUSTRY



MARTIN FAHEY

Martin Fahey, Sustainable Solutions Manager, from Mitsubishi Electric Living Environmental Systems joined the panel in a discussion on future energy policy and the upcoming election.

Stated that the current department for energy and climate change has done very well under the coalition's stewardship, but the **'future is highly uncertain'** despite attending the party conferences, it's still no clearer who will come into power. Martin hopes that, if a new coalition could be formed, the best parts of the various party policies would be united in DECC.

What single policy change would have the biggest impact on energy measures in buildings?

Renewable' technologies could make a big impact, but they need a clearly defined role and place to 'inhabit' over a longer period. For instance policies are needed that look ahead further than 5 years in the future, particularly the RHI needs another round.

What is the biggest risk facing Mitsubishi Electric Living Environmental Systems ?

The **lack of a strong market signal** continues to be a big risk surrounding investments in and outside of the UK especially within research and development facilities. The company would have to think 'long and hard' about it's future investments and if it would be more beneficial to expand overseas.

How much influence will Paris 2015 have on next Government?

Unsure to the extent of this, however it **should be viewed in a positive light**, stressing that any influences that could force the hands of politicians, particularly the conservatives is a good thing.

BILL RUMBLE

Bill Rumble the Chief Commercial Officer from Mark Group added his industry insight into the discussion.

Stated it had been a **'very tough year for sustainable energy'**, with a lot of frustration after losing so much capability in a short space of time. Bill also highlighted issues with the implementation of policies such as the bureaucracy and cost associated with ECO as well as the lack of confidence consumers have in the Green Deal.

What single policy change would have the biggest impact on energy measures in buildings?

Policies are needed which are going to **restore and build on confidence in energy policy** and markets for industry involved and also for consumers. Policies that build confidence in the long term will have the biggest impact and addressing the issue of energy bills is also needed. Confidence in the long term will depend on the composition of government.

What is the biggest risk facing business?

The biggest risk to business is the **period of uncertainty**, that will come as we enter the election. The longer it takes to adopt an 'energy in buildings strategy' the more risk of knee jerk reactions by industry, the sooner the government is stable the sooner energy policy can continue to develop.

How much influence will Paris 2015 have on next Government?

The more awareness and support there is the better and if Paris 2015 raises this then it can only have a **positive influence**.

ROUNDTABLE

Including speakers & event attendees



KEY DISCUSSION QUESTIONS

Evolution or Revolution on existing energy policy?

- Need for **more consultations** to identify what is working and what isn't and the best way to tackle the politics involved.
- Important to **distinguish when its necessary to scrap** what's existing and start again or when you keep trying to make existing policies work.
- **Importance of fuel poverty** and eradicating this - some more extreme policies may need to revolutionise and fully eradicate - should be made a long term parliamentary commitment.

What single policy change would have the biggest impact on energy measures in buildings?

- **Infrastructure** improvements.
- Low carbon finance with more interdepartmental working e.g. **lowering borrowing** for low carbon investments with **zero interest loans**.
- **Upgrading of existing stock** at key times e.g. change in ownership, boiler change.
- **Upgrading of public sector stock** – the issue here is where to focus the upgrades.

KEY DISCUSSION POINTS

- A key issue is getting joined up **thinking and implementing** – between departments to underpin delivering of climate budgets.
- Currently we are not good at promoting energy efficiency in the demand side space, there is more we can do to make the case. We can bring this to life with **tangible examples**.
- A fundamental issue is the need for **detailed Government responses** and how well they can deliver policy aims.
- Need evidence of what is working from **Local Authorities** to form coherent policy - we must gather knowledge of information.
- What is the government's capacity to deal with **price issues** ?
- Oil price declines have had an impact because all previous policies have been **calibrated at a 2% increase** in gas prices per year.
- If the SNP are involved in a coalition of any kind – which **English only issues** will they vote on ?

CONCLUDING POINTS

- Future has high levels of **uncertainty** for the direction of energy policy.
- **PPCs** and the make up of a **new government** are fundamental to what we can achieve throughout the rest of this year and what we can achieve under the term of the new government.
- **The SEA will continue to campaign** for recognition and long-term policy objectives for energy efficiency in, and energy generation from, buildings. To combat fuel poverty, create warm homes and reduce carbon emissions.



Join us for our next event

SEA Summer Reception



The event will take place in the Macmillan Room, Portcullis House on the 14th July 2015 and is completely free to attend. The reception is an ideal networking opportunity for key stakeholders from Government, Industry, NGOs and Trade Associations involved in the sustainable energy industry.

Registration is accepted on a first come first served basis and please note that places will be limited.

Please register your attendance as soon as possible by emailing Pat Webster at patricia.webster@sustainableenergyassociation.com



The Sustainable Energy Association is a member based industry body offering innovative policy solutions that link up building-level technologies and the wider energy system to achieve a low carbon, secure energy future for the UK, benefits for UK consumers, and commercial growth for businesses working in the sector. Our membership is comprised of a wide range of organisations that we engage to develop our policy positions, establishing member-led working groups and a governing body of members to discuss and authorise policy positions that have real commercial impact.



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