



Election 2010

The Budget 2010

In the Government's last budget before the election, the Chancellor committed significantly to renewable energy generation, in particular the biomass sector. Landfill tax changes, a review of the biomass funding support scheme and the establishment of a Green Investment Bank all further the development of the Waste to Energy sector in Britain.

Landfill tax	<ul style="list-style-type: none"> To be key policy driver to encourage greater diversion of waste from landfill Increase of £8/per tonne in the standard rate of landfill tax from 1st April 2014 Will not fall below £80/per tonne tax in the future Aim to divert 600,000 tonnes of waste from landfill Landfill Communities Fund to be increased to £74m
Biomass review	<ul style="list-style-type: none"> Consultation promised to discuss 'grandfathering' in the RO, guaranteeing a minimum rate from biomass energy generation Aim to double biomass generated electricity by 2020 Introduce sustainability criteria
Green Investment Bank	<ul style="list-style-type: none"> Invest in low-carbon infrastructure £1bn to be raised from asset sales and £1bn from private investment

Policy Overview

Policy	Labour	Lib Dems	Conservatives
Nuclear energy	YES	NO	YES
Feed-in tariffs	YES	YES	YES
Renewables Obligation	YES	YES	NO
Smart-metering	YES	YES	YES
Ofgem reform	NO	YES	YES

Labour, the Conservatives and the Liberal Democrats have all outlined their plans for the energy sector in the UK. Although the parties share many common goals, there are several points which they do not agree on. These are detailed in **Figure 1**.

Figure 1: Policy differences

Increased renewable energy generation and emissions reductions are at the heart of all three of the Parties energy strategies as leaders realise the vast potential environmental, economic and social benefits of developing clean energy. **Figure 2** sets out the key aims:

Figure 2: Party policy overview

Party	Policies
Labour	<ul style="list-style-type: none"> Reduce UK carbon emissions by 20% by 2020 Create thousands of new green jobs by supporting the renewable energy industry Aim to make all new homes zero-carbon from 2016 Give 7m households an 'eco-upgrade' by 2020
Conservatives	<ul style="list-style-type: none"> Upgrading the national grid so demand and supply is better managed Require every energy company to offer social tariffs Offer every household a 'green deal' of up to £6,500 to improve energy efficiency
Liberal Democrats	<ul style="list-style-type: none"> Generate 20% of energy and 40% of electricity from renewable sources by 2020 and 100% by 2050 Toughen EU emissions reduction targets (30% reduction by 2020) Ensure guaranteed fair energy prices for consumers Reform Ofgem and create an absolute cap on total carbon emissions from household energy supplies

Labour Party Policy

As well as creating a dedicated department for energy and climate change (DECC) in 2008, the Labour government has also introduced a number of key renewable energy and carbon reduction commitments. The Government considers renewable energy as a key tool to facilitate job creation and economic revitalisation.



Policy	Year	Details
Energy Act	2008	<ul style="list-style-type: none"> Tackling climate change Ensuring a clean and affordable energy supply Reduce emissions by 60% by 2030 Keep reliable energy supplies Promote competitive markets Protect environment and tax payer as energy markets change
Climate Change Act	2008	<ul style="list-style-type: none"> Set ambitious, legally-binding targets Strengthen the institution framework Introduce clear and regular accountability to the UK Parliament and de-volved legislatures
Climate Change Act Impact Assessment	2009	<ul style="list-style-type: none"> Improve carbon management for transition to low-carbon economy UK to demonstrate international leadership 80% emissions reductions by 2050 Establish a carbon budgeting system Create a Committee on Climate Change Put limits on internal credits Companies Act 2008 updated: companies to report their emissions by 2012
UK Transition Plan	2009	<ul style="list-style-type: none"> Reduce carbon emissions by 34% by 2020 (on the 1990 baseline) Create 1.2 million green jobs Give 7 million homes green makeovers and have 1.5m homes producing clean energy by 2020 40% electricity to be derived from renewable sources Import half the amount of gas
Planning and Energy Act	2008	<ul style="list-style-type: none"> Strengthen RO to increase diversity of electricity mix and increase reliability of supplies FITs available for projects up to 5MW Introduce smart metering Renewable Heat Incentive (financial support programme for renewable heat generated anywhere)
Renewable Energy Strategy:	2009	<ul style="list-style-type: none"> 30% electricity to be generated from renewable sources by 2020 (up from 5.5% today) 12% of heat from renewable sources by 2020 10% of transport fuelled by renewable sources by 2020
Low Carbon Industrial Strategy	2009	<ul style="list-style-type: none"> Support British business in the transition to a low-carbon economy Work with industry to source low carbon fuels (i.e. wood waste from the construction industry)



Overview

The Conservatives warn in their energy strategy that Britain's electricity sector is facing a crisis and that the country will become increasingly reliant on imports as 1/3 of our electricity generation capacity is set to close before 2020. Up to £200bn of new investment in energy infrastructure is needed to minimise the risk of power cuts and price increases for consumers.

Electricity supplies

Aging power plants won't meet peak demand. Delays on nuclear power, CCS demonstration projects and renewable energy investment mean that these sources are unlikely to fill the energy gap. It is essential that large-scale investment is allocated to these alternative energy sources to speed up deployment and avert the looming energy crisis.

Gas is an attractive bridge fuel as it has the lowest level of pollutants and carbon emissions. Gas plants are cheaper to build and more efficient to run than nuclear plants and provide the most practical and affordable fuel for heating. Although there has been a recent new extraction LNG breakthrough, the UK will still be largely dependent on imports in the future. Britain has the lowest levels of gas storage in Europe and is unable to extract gas quick enough to meet immediate daily demand. The Conservatives have pledged to enter in to long-term contracts with gas exporters to help to secure long-term supply.

Alternative energy promotion

A Conservative government would aim to establish a secure price for carbon, streamline the planning process and accelerate the deployment of CCS and nuclear power stations. The Party's key changes include:

Replace RO with FITs wherever possible (RO too expensive and overly bureaucratic)

Concentrate on using renewable energy from heat AND electricity

Develop a smart grid and an 'energy internet' to support it (all households to have smart meters by 2016)

Energy efficiency green deal: able to claim £6,500 worth of energy efficiency improvements at no up-front costs

The Party hopes to reduce the country's dependence on fossil fuels, reduce customer's energy bills and abate carbon emissions through the use of decentralised, clean energy supplies. The promotion of renewable energy would also be a key aim.

The Party would also introduce a Green Investment Bank. This idea has been included in the government's budget where the Chancellor has allotted £2bn to establish the bank and help to facilitate renewable energy projects. The Green Investment Bank would mobilise investment in clean energy generation and work in conjunction with the Treasury to produce green ISAs, green bonds, leverage private sector investment and consolidate other sources of public investment.

Objectives

The Conservative Party plans to promote small scale decentralised electricity generation, with a particular focus on biomass, energy from waste and CHP technologies. The Party would also give powers to local authorities to install CHP district heating facilities

The Conservative Party aims to introduce a more market-based approach to renewable energy development, not one which is government directed. It states that subsidies should not be a permanent fixture on consumer's electricity bills.

Institutional reform

The Party would introduce a number of changes to the current institutional set up. These include making Ministers responsible for policy making, presenting a New Annual Energy Statement to Parliament and reforming Ofgem to focus on executing policy and not developing it. Ofgem's competition and consumer protection powers would be transferred to the Office of Fair Trading and it would absorb other public bodies, such as the Carbon Trust.



Liberal Democrats Energy Policy

'Policy...where economics and environment come together'

Vince Cable: March 2010

The Liberal Democrat's energy policy details plans to increase energy efficiency, renewable energy and carbon reduction targets as well as supporting plans for a European super-grid. The Party is calling for stricter renewable energy targets than both Labour and the Conservatives.

Liberal Democrat energy policies are centred around four areas; which include energy efficiency, renewable energy, government reform and international action. The key issues from these sections are:

Renewable energy

- Increase funding for the research and development of low-carbon technologies
- Pool international research
- Connect the UK to a European smart 'super-grid'

International action

- Increase the amount allocated to developing countries from industrialised nations in the Copenhagen Accord from \$100bn/yr to \$160bn/yr between 2013-2017 to assist with mitigation in developing nations
- Ensure that greenhouse gas emissions peak no later than 2015
- Set targets for developed countries to reduce their emissions by 40% before 2020 (from a 1990 baseline)

Government reform

- Invest in a lasting infrastructure to create new jobs
- Councils to stimulate green investment to create employment opportunities. Measures to include using renewable energy electricity in council and residential buildings
- Work to create low-carbon communities
- Ensure carbon reporting on all investments

Energy efficiency

- Creating the 'warm homes' package
- Ensuring fair energy prices
- Introduce smart metering

The Liberal Democrats consider the recession as an opportunity to initiate significant spending on green energy, kick starting the industry in UK which will provide thousands of jobs and provide energy security. The Party wants to see energy companies simplify their tariffs as well as providing a 'social tariff' to reduce the number of people living in fuel poverty.

The Liberal Democrats support micro-generation and will provide 'green loans' to support its roll-out across the country. The Party has pledged to drive a massive push for large-scale renewable energy investment from both the government and the private sector and also to support the research and development of new technologies.