

Energy Bill

The Energy Bill is now in the Committee stage in the House of Lords. If passed in its current form, it will have a big impact on household fuel bills and on the development of renewable energy technology in the UK.

These decisions will also have a major impact on our carbon emissions, at a time when recent reports from the International Energy Agency, the World Bank, UNEP and PwC have warned that the world needs a significant and urgent shift in investment patterns towards energy efficiency and renewable energy technologies if we are to keep global warming below the 2°C limit that all countries have agreed is a safe threshold.

Currently energy production faces a crisis. The UK has made a commitment to phasing out old coal-fired power generating systems, and the oldest nuclear power stations, over the next 5-10 years, and needs to fill the gap in energy production. We also urgently need to de-carbonise our electricity supply by 2030. This could be an opportunity to invest in renewables, and there are different ways of raising the money to do this. A flourishing renewables industry would also create thousands of new jobs. But the government has not committed to de-carbonising UK energy production. Instead it has merely made a commitment to a 34% reduction in CO₂ emissions by 2020, and is still committed to using gas-fired power stations. Even worse, it has ended the moratorium on fracking, an energy-intensive process which releases more greenhouse gases into the atmosphere. The price of oil, gas and coal rises continually so as well as being bad for the environment and as these fuels are uneconomic. The new EPS – Emissions Performance Standard – for new and operating power stations has been set so high by the government it is virtually pointless.

The European Emissions Trading scheme and the Carbon Floor Pricing System in theory make it possible for the government to raise money from big, energy-intensive industries to pay for investment in renewable energy. But many companies are in fact exempted from this payment, and instead, the revenue will have to be raised from household bills. Unsurprisingly, people are not happy with this, and so oppose the bill on economic grounds rather than because it goes nowhere to meet the decarbonisation targets required if we are to avert the most catastrophic effects of climate change. Many people are now under the impression that we are being forced to subsidise renewable energy, and are not aware that in fact this bill will contribute to more gas production and hence raised carbon emissions.

Astonishingly, the government has classified both carbon capture and storage, and nuclear energy as 'renewable' – despite the fact that nuclear energy relies on non-renewable uranium, the mining of which destroys communities and their environments and releases greenhouse gases. Since one company, EDF,

has all the current contracts for new nuclear in the UK, in effect householders will be subsidising this multi-national that could instead be taxed.

There are some basic measures that could be taken to reduce the UK carbon footprint, that do not depend on electricity generation. Many UK households are still notoriously badly insulated, and among the most energy inefficient in Europe. Our homes leak out costly energy, which wastes money and contributes to climate change.

Meanwhile, at least 7,800 people die in the UK because their homes are too cold – that's more than four times the number who die in road accidents. Currently 1 in 4 UK households are in fuel poverty – this means that they need to spend more than 10% of their total income on keeping their homes warm – and by 2016, 1 in 3 households could be in fuel poverty.

Money raised from carbon taxes on big companies – approximately £4 billion/year - could be used to insulate homes and install energy-efficient boilers which would reduce the need for new energy production while lifting 9 out of 10 households out of fuel poverty over the next fifteen years.

The Energy Bill also replaces the previous Renewables Obligation and Feed-in Tariffs (which will be phased out by 2014) with something called Contracts for Difference, long term contracts that provide stable revenues by setting a fixed price or 'strike price'. The Contracts for Difference are much more complex than the previous Feed-in Tariffs, and will require suppliers to post huge amounts of collateral, making it impossible for small scale renewable energy providers to enter the market. Yet again, big companies are given favours and incentives, and will still profit from the Renewables Obligation, while small companies are left struggling to continue, or totally squeezed out of the market.

The government is making much of the Green Deal, a key component of the Energy Bill.

Under the Green Deal householders and businesses will be able to take out loans to improve the energy efficiency of their properties, with the loan repayments made from the savings on their energy bills, so no actual cash payments are required. But it is questionable how much this will really contribute to energy efficiency. It is not attractive to people who are fuel-poor, and will struggle to repay the loan out of their bills. And there is no incentive to someone who is not prepared to invest in energy efficiency to do so, since they will never make any profit. In Germany, the government has realised this and people are given an incentive to invest in energy efficiency. The Lichtblik (Ray of Hope) experiments encourage towns and cities to take responsibility for grid management, encouraging energy efficiency and careful management of demand, taking power away from the big power stations.

In short, the Energy Bill in its present form will not help cut UK carbon emissions, supports the Big 6 at the expense of small companies supplying renewable energy, is encouraging a new dash for gas including costly and

polluting shale gas extraction(fracking), and will do nothing to make the kinds of changes needed to slow down global warming. With the prospect of the Arctic melting so fast that there will be no summer ice, and the impact that will have on the whole of the rest of the world, we cannot afford to let the government pass the Bill without significant changes, including a commitment to de-carbonising our electricity supply by 2030, supporting small scale and community renewable energy production, and using big companies' profits to improve household energy efficiency rather than pushing rising costs on to consumers. We need to radically change the way energy is supplied and used in this country – we could still do it, if enough of us support it.

A number of groups have got together to form a campaign to push for changes in the Energy Bill, and there is something for everyone to contribute, including a petition to sign, and ideas for local campaigns.

See: energybillrevolution.org, and energywecanallafford.org.

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