

Our Energy Challenge DTI – Energy Review Consultation

TV Energy Response

1. General Comments on the Energy Review Consultation

TV Energy (TVE) recognises the need to keep the issues surrounding our energy needs at the forefront of policy development across a number of government departments. However, we question the need for a full scale review of this nature in the light of the far reaching and long-term strategic review that was carried out in 2003. Indeed, we fully support the goals set out in the 2003 White Paper and see no reason to change them. Any strategic changes should be aimed at ensuring that the carbon reduction targets for 2050 are achieved. TVE believes that it would have been more appropriate to conduct detailed investigations into more specific energy related issues than a repeat of the previous strategic exercise.

In preparing this response we have confined our comments to those areas we feel that our expertise and experience qualifies us. Underpinning our comments is our view that sustainability should be the key criteria in the determination of any energy strategy for our country. This is expressed very concisely in the Sustainability Manifesto submitted by the REA.

2. Comments on points discussed in the document

Reassessment of the desirability of new nuclear build

The potential appeal of new nuclear as a means of delivering carbon reductions and meeting future energy needs is evident. However, we would urge that any review of the economics of nuclear pays copious attention to developing a robust assessment of:

- Cost of waste management and decommissioning;
- The impact on other options and energy systems as a whole;
- Security of supply of uranium ore;
- The compatibility of nuclear generation with the market structures in place in the UK; and
- Life cycle carbon costs.

Any such assessment should consider the poor history of previous cost assessments and should build in an appropriate uplift.

It is our view that the economics are unlikely to prove viable, however, if it transpired that a commercial case could be made for a programme of new nuclear build the level of safety and environmental risks, exacerbated by the geographic and demographic nature of the UK should make such a programme untenable. In addition, a presumption in favour of new nuclear would be inconsistent with the stated policy that government should not decide the fuel mix for generating electricity.

The global climate change challenge

TVE welcomes the continued importance attached to the issue of Climate Change by government. However, we feel that more attention needs to be given to the inequities of impact and cause between the richer and poorer countries of the world. It is becoming increasingly evident that the poorer countries of the world will suffer the most harmful impacts of climate change more quickly than the richer countries of the world, yet the richer countries have, over the course of their industrial development, contributed the vast majority of the greenhouse gasses that are now known to be the cause.

Recognition of this needs to be more widespread and government has an important role to play in disseminating this important message.

Transport emissions

As shown in Chart 8, while transport related emissions do not account for a majority of emissions they are set on a seemingly unremitting growth path. Breaking this pattern will require more than simply improving the fuel efficiency of the vehicle stock. The rapid deployment of alternative, non-polluting technologies will need to be accompanied by radical change to reduce the transport needs of our population that will yield further benefits by way of improved quality of life and reduced congestion.

The resolution of the difficulties in tackling aviation emissions needs to be brought to a speedy conclusion. This will require international collaboration and TVE hopes that this government will take a lead in this issue.

Residential emissions

TVE welcomes all initiatives aimed at reducing residential carbon emissions. We will comment on individual initiatives at the appropriate time. We support the views expressed in the consultation document, particularly the assessment of the barriers to energy efficiency take up. However, in the context of this review we would point out that the document does not highlight the need to capture the substantial reductions available among the fuel rich. We urge that the review pays special attention to this previously largely ignored element of the residential sector. In particular, we suggest that capturing these reductions is extremely difficult using incentive mechanisms, increased regulation may therefore be necessary.

Heat

Heat has long been ignored in the energy mix. It now needs urgent attention in order to enable potential carbon savings to be achieved. As stated in the document biomass presents the best medium term options for low carbon heat supply. However, support is essential for biomass heat supplies to become established. Support mechanisms should include both capital and revenue based systems. We do not subscribe to the view that a heat obligation similar to the Renewables Obligation would be too complicated to administer or participate in.

Networks

TVE agrees that a review should investigate how different patterns of generating capacity would affect our transmission and distribution networks over the medium and longer term. It is also important to understand the feedbacks involved. For example, if large scale generation continues to be favoured then the distribution networks will not attract sufficient investment for it to be possible to increase the contribution made by small scale distributed generation systems. Small scale systems connected at the distribution network can offer much higher efficiencies, use cleaner fuels and avoid transmission losses thereby increasing the sustainability of energy supply.

3. Answers to specific questions

Q.1 – What could the government do on the demand or supply side for energy to make sure that the UK’s long-term goal of reducing carbon emissions is met?

Meeting the long-term carbon reduction goal will require a comprehensive, consistent and radical interdepartmental approach that embraces all activities and makes the reduction of carbon emissions associated with them a priority. In particular government needs to:

- Provide help for the organisations charged with delivery, including local government, the provision of adequate levels of effectively targeted capital support; the removal of the institutional and regulatory constraints to local government acting in an innovationary manner to facilitate new approaches to energy delivery;
- Set an exemplary example in its own activities;
- Review the suite of regulatory and incentive based mechanisms to ensure that the level and mix is effective;
- Support and encourage the development of technologies that have been identified as good future prospects.

Q.2 – With the UK becoming a net energy importer and with big investments to be made over the next twenty years in generating capacity and networks, what further steps, if any should the government take to develop our market framework for delivering reliable energy supplies? In particular, we invite views on the implications of increased dependence on gas imports.

The market framework has undergone an intense period of radical reform in recent times. It is probably best to allow some time for these new systems to bed in properly before introducing any further major changes. However, changes could be made to encourage investment in decentralised energy systems and to enable small and micro generators to benefit from some of the incentives that are not currently available to them by virtue of the operation of the market.

Increased dependence on imports of gas is inevitable. It should be minimised, firstly, by reducing dependence on energy and, secondly, by making better use of indigenous renewable energy sources.

Q.3 – The Energy White Paper left open the option of nuclear new build. Are there particular considerations that should apply to nuclear as the government reexamines the issues bearing on new build, including long-term liabilities and waste management? If so, what are these, and how should the government address them?

TVE's views on the new nuclear options are discussed above.

Q.4 – Are there particular considerations that should apply to carbon abatement and other low-carbon technologies?

It is not clear what is meant by this question. If however, one of the technologies that is meant here is carbon storage, TVE feels that there is a danger that carbon storage could be viewed as a universal panacea – and, as such, a good excuse not to do anything else. The reality is, unfortunately, far less positive. No attempt at carbon storage has been successful so far. The science itself is largely unproved with major obstacles to overcome, not least the highly corrosive nature of CO₂. In addition, if the economics prove the technology viable it will only serve to further increase our dependence on the oil and gas sector.

Clearly all low-carbon technologies should be considered as potential contributors to meeting carbon reduction goals, subject to cost relative to other technologies, sustainability and compatibility with other energy related goals.

Q.5 – What further steps should be taken towards meeting the government's goals of ensuring that every home is adequately and affordably heated?

Government should target support to the organisations best able to deliver against fuel poverty targets. Integrated community systems should be encouraged as a means of

delivering affordable heat and sustainability. Attention needs to be paid to much of the existing housing stock that needs refurbishment. Refurbishment must ensure that improvements are made to the sustainability of the use of energy within buildings.

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