

## **Renewable Energy Strategy – response to consultation questions**

### **Chapter 1**

**Q1: How might we design policies to meet the 2020 renewable energy target that give enough certainty to business but allow flexibility to change the level of ambition for a sector or the level of financial incentive as new information emerges?**

If the Government believes its own statements on the pre-eminent importance of tackling the climate change to all our futures there will need to be sticks as well as carrots to help industry, commerce and private individuals to begin to make the massive changes in behaviour that will be required.

From our experience of the Renewables Obligation we believe that there needs to be clear signals set and stuck to without government regularly returning to amend the regulations.

**Q2: To what extent should we be open to the idea of meeting some of our renewable energy target through deployment in other countries?**

Deployment overseas should be enabled but if the UK is to maintain a role as a leader in tackling climate change by far the greatest effort must be made in the UK to utilise the resources in all renewable technologies and at all scales of generation. Deployment overseas could be seen as reaping the benefits whilst exporting the problem - there have been questions over just how well the UK is doing to meet its Kyoto commitment with commentators pointing out that the country has taken the carbon benefit of the closure of much of the country's former heavy industry without recording the carbon deficit in importing these products from the "low-cost" manufacturing markets.

### **Chapter 2**

**Q3: In the light of the EU renewable energy target, where should we focus further action on energy efficiency and what, if any, additional policies or measures would deliver the most cost-effective savings?**

We believe that for industry and commerce the financial costs of fuel and carbon reduction should drive energy efficiency. The drivers do not appear to be so clear cut in the domestic area.

### **Chapter 3**

**Q4: Are our assessments of the potential of different renewable electricity technologies correct?**

It is difficult to argue against the assessments. However, this loads the effort on meeting the 2020 target on to electricity generation. Perhaps this is because it is the sector that has greatest prospect of reaching its share of the target forcing changes in behaviour by the general public through increased electricity prices. This could have greatest impact on the fuel poor the very sector that is least capable of making changes.

A greater focus on energy efficiency and the elimination of waste, including efforts to reduce the wastage of heat from thermal electricity generation could have a dramatic effect. All new thermal power plants should be CHP.

The BHA accepts that much of the new renewable generation will come from wind but the contribution from other technologies should not be down played or overlooked; for example hydropower (including barrages) could contribute an additional 10GW and with the Severn barrage, 15GW going a long way towards the estimated requirement of 35-40GW.

**Q5: What more could the Government or other parties do to enable the planning system to facilitate renewable deployment?**

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**Q6: What more could the Government or other parties do to ensure community support for new renewable generation?**

A clear, consistent pronouncements on policy across government departments would help.

**Q7: What more could the Government or other parties do to reduce the constraints on renewable wind power development arising from:**

- a. marine navigation;
- b. environmental legislation;
- c. aviation and radar;
- d. any other aspects of regulation?

The BHA does not have a view on this question

**Q8: Taking into account decisions already taken on the offshore transmission regime and the measures set out in the Transmission Access Review, what more could the Government or other parties do to reduce the constraints on renewable development arising from grid issues?**

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**Q9: What more could the Government or other parties do to reduce supply chain constraints on new renewables deployment?**

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**Q10: Do you agree with our analysis on the importance of retaining the Renewables Obligation as our prime support mechanism for centralised renewable electricity?**

Yes. However, the BHA is concerned that the increasing complexity of the Renewables Obligation is

**Q11: What changes (if any) should we make to the Renewables Obligation in the light of the EU 2020 renewable energy target?**

The life of the Renewables Obligation needs to be extended beyond 2027.

**Q12: What (if any) changes are needed to the current electricity market regime to ensure that the proposed increase in renewables generation does not undermine security of electricity supplies, and how can greater flexibility and responsiveness be encouraged in the demand side?**

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#### **Chapter 4**

**Q13: Assuming financial support measures are in place, what more could the Government do to realise the full potential of renewable Combined Heat and Power?**

**Q14: Are our assessments of the potential of renewable heat deployment correct?**

**Q15: Have we captured the key features of a Renewable Heat Incentive and a Renewable Heat Obligation as they would apply to the heat sector correctly? Would both of these schemes be workable and are there alternative ways of structuring the schemes to ensure they can operate effectively?**

**Q16: Do you agree with our assessment that a Renewable Heat Incentive would work better in the heat market?**

**Q17: What more could the Government or other parties do to encourage renewable heat deployment with regard to:**

- a. awareness raising;

- b. air quality;
- c. building regulations;
- d. planning;
- e. anything else?

**Q18: How far should the Government go in focusing on areas off the gas grid as offering the most potential for renewable heat technologies?**

As a single technology trade association, the BHA is not in a position to comment in detail on the issues raised in this Chapter. However, we believe that it is axiomatic that all energy resources are utilised efficiently and heat should not be wasted. Clearly, the investment needed to establish district heating networks to take real advantage from “waste” heat will be massive.

### **Chapter 5**

**Q19: Do you agree with our analysis of the mechanisms for support of small-scale renewable electricity?**

**Q20: Given the analysis on the benefits, costs and potential, in what way and to what extent should we direct support to microgeneration electricity?**

**Q21: If you agree that better information will aid the development of distributed energy, where should attention be focused?**

**Q22: Do you agree with the Government’s current position that it should not introduce statutory targets for microgeneration at this stage in its development?**

**Q23: What more could the Government do to incentivise retrofit of distributed energy technologies?**

Raising awareness of the potential to generate and distribute electricity locally could have a big impact in raising the efficient use of electricity and should be promoted. However, there is a danger that the principal mechanism for supporting renewable electricity generation, the Renewables Obligation, will become too complex and burdensome for those operators of microgeneration schemes without time or specialist knowledge. Financial support through the Low Carbon Building Programme has had the perverse effect of providing a disincentive to micro hydropower generation because accepting the grant excludes the scheme from receiving ROCs. A feed in tariff could provide the incentive to develop some micro hydro schemes. A requirement on transmission and distribution companies to off take electricity generated by micro schemes would help to ensure that appropriate procedures and the infrastructure are put in place.

### **Chapter 6**

**Q24: How can we best incentivise renewable and low-carbon transport in a sustainable and cost-effective way?**

**Q25: What potential is there for the introduction of vehicles powered through the electricity grid in the UK? What impact would the widespread introduction of these kinds of vehicles have on:**

- a. energy demand and carbon emissions;
- b. providing distributed storage capacity;
- c. smoothing levels of electricity demand on the grid?

**What factors would affect the scale and timing of these impacts?**

**Q26: Over what timescales do you think electric vehicles could plausibly contribute to our renewable energy and carbon reduction targets and what could the Government most effectively do to accelerate the introduction of such vehicles in the UK?**

Our interests are in the field of electricity generation. The BHA is not in a position to comment on the issues raised in this Chapter.

### **Chapter 7**

**Q27: How can we best ensure that our use of biomass is sustainable?**

**Q28: How do you see the market for biomass developing to 2020? What are the implications for:**

**a. imports;**

**b. longer-term prices and costs?**

**Q29: Should the Government take further regulatory measures to discourage biomass waste, including food waste, from going to landfill? If so, which types? What, if any, other measures should be taken to encourage its use to generate bioenergy?**

**Q30: What more could the Government or other parties do to help to ensure the provision of sufficient Waste Incineration Directive-compliant combustion capacity to burn available waste wood alongside other biomass, and what else might constrain the development of this capacity?**

**Q31: What further actions will improve supply chain efficiency, consumer confidence and sustainable growth of the biomass supply chain?**

The BHA has no experience in biomass generation and cannot comment on the issues raised in this Chapter.

### **Chapter 8**

**Q35: How can we adapt the Renewables Obligation to ensure that it effectively supports emerging as well as existing renewable technologies? Are there more effective ways of achieving this?**

**Q36: Is there evidence that specific emerging renewable and associated technologies are not receiving an appropriate form of support?**

**Q37: Are there barriers to the development of renewable and associated technologies that are not addressed by current or proposed support mechanisms?**

It is difficult to see how the RO can be used to support emerging technologies. It was not originally devised as a mechanism to bring on new technology and, since its inception the RO has been regularly revised. The government is introducing a major revision with the introduction of banding, the BHA does not think it would be appropriate to introduce another fundamental change before the new RO is seen to be operating effectively. A mechanism or grant scheme is needed to bridge the gap for new technologies from the research and development stage to commercial viability when they could readily take advantage of the RO.

### **Chapter 9**

**Q38: What more could the Government or other parties do to ensure that the UK secures the maximum business and employment benefits from the EU renewable energy target?**

The UK market for renewable energy has brought some employment through imported technologies but the UK market alone is unlikely to be sufficiently large to develop sustainable manufacturing and other services. will help to bring in imports The government could look again at is export services where focusing of export support on specific markets is having a negative impact on the promotion of the UK's existing renewable energy export potential. For hydropower, one renewables technology that has an extensive range of capabilities with export potential and a

long history of working in overseas markets, the concentration of the export services on specific target markets has squeezed out support for hydropower. The UK expertise extends much further than renewable energy alone, and further than the EU renewables targets. The City is pre-eminent in energy and carbon trading and post-Kyoto there should be a wide range of opportunities

### **Chapter 10**

**Q39: Do you agree with our analysis of the likely impacts of the proposed increase in renewable deployment on:**

- a. carbon dioxide emissions;**
- b. the local environment;**
- c. security of supply;**
- d. energy prices;**
- e. fuel poverty;**
- f. the energy market;**
- g. the economy;**
- h. any other wider issues that we should be considering?**

The BHA agrees that the deployment of 15% of renewable energy could have the impacts suggested. We note that many respected commentators on climate change believe that the reductions on carbon emissions aimed for are too modest.

### **Chapter 11**

**Q40: What more could the Government or other parties do to ensure the UK meets the EU renewable energy target?**

**Q41: Do you agree with our overall approach to developing a UK Renewable Energy Strategy?**

It is unclear to the BHA how the Renewable Energy Strategy fits within the overall energy strategy - what prioritisation is there? This is particularly important in the electricity sector, which will bear the brunt of meeting EU 2020 targets. Is new nuclear capacity of pre-eminent importance? How should coal generation capacity be replaced? Will it be renewables or cleaner coal technologies? How important is the utilisation of heat from generation? How do the Government's energy strategies fit with other drivers such as the environment where policies on water, for example, will impact on energy generation, and not just hydropower.

### **Annex 2: Feed-in tariffs for small-scale electricity generation**

**QA1: Do you agree with our assessment of the basic starting principles that feed-in tariffs for small-scale electricity generation should adhere to? Are there other principles you think we should consider?**

**QA2: What are your views on the option we have described? Factors we would like you to consider in your response include:**

**if there are problems with the option described or improvements you could suggest;**

**if you can envisage a more effective way of implementing feed-in tariffs for small-scale electricity generation.**

**QA3: Are there any other bodies or organisations that would be impacted by feed-in tariffs for small-scale electricity generation that we have not considered?**

**QA4: Who do you think should have access to feed-in tariffs for small-scale electricity generation? Factors that we would like you to consider in your response include:**

**different generation technologies;**

size of generation station (i.e. to distinguish from eligibility of large-scale generation for support under the Renewables Obligation);  
whether generation is primarily for own use, supply locally or for export;  
whether generation is on or off-grid;  
whether or not energy efficiency measures should be required.

QA5: Do you think it is reasonable to put in safeguards to limit the potential cost of feed-in tariffs for small-scale electricity generation, and if so how could those safeguards be set, and what would the access criteria be? Possible factors and criteria we would like you to consider include:  
a limit on overall number of new installations in a given period;  
a limit on new installed capacity in a given period;  
whether priority should be given to particular groups; for example, people in fuel poverty.

QA6: How would we set the feed-in tariffs for small-scale electricity generation? Factors that we would like you to consider in your response include:

the basis for setting the number of tariffs and their level;  
initial costs, electricity production rates and differing carbon saving potential of generation equipment;  
how long installations should receive the relevant tariff;  
how, when and on what basis we would vary the tariffs for new installations;  
how different tariffs would impact on multiple installations at one location, e.g. a building with wind turbines and solar panels.

QA7: What arrangements should apply to:

currently existing small-scale renewable electricity installations;  
installations which enter into operation before feed-in tariffs come into effect?

QA8: Do you think that financial markets will move to assist potential small-scale electricity generators with financing of the initial capital cost of renewable installations, or should we seek to introduce policies that will guarantee frontloaded support?

QA9: How should the costs of feed-in tariffs for small-scale electricity generation be met? Factors we would like you to consider in your response include:

who the payment should be administered by;  
how payments should be monitored and regulated;  
how the overall costs of feed-in tariffs should be disbursed and among which organisations;  
how administrative costs should be funded;  
how frequently payments should be made to generators and how frequently costs should be disbursed;  
who should meet charges by the DNO for use of their system for exported electricity.