

The Renewable Energy Manifesto

as proposed by the UK's renewable energy trade associations

An action plan to deliver 25% of the UK's energy from renewables by 2025

- Creation of a Cabinet level post with specific responsibility for delivery of the UK's climate change programme
- Extension of renewable electricity targets
- Introduction of new policies that promote renewable energy in sectors other than electricity generation
- Additional revenue support for power generation technologies that are near to commercialisation under the Renewables Obligation
- New tax incentives
- Measures to support micropower technologies
- A proactive planning framework for the implementation of renewable energy projects
- A strategic plan for grid development and reinforcement

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Between our respective trade associations we represent over 600 companies engaged in the renewable energy sector in the UK. We cover the whole range of renewable development, from utility-scale power generation to domestic energy installation. Our members produce low or zero-carbon electricity, heat and transport fuels, which enhance the UK's energy security. The power, heat and transport sectors are currently responsible for the vast majority of the UK's greenhouse gas emissions. Our members generate roughly 4% of the nation's electricity, a proportion which is set to grow. However, the urgency of the climate crisis requires more action across a wider front, and we have come together to set out a series of political actions for the next government and beyond which would deliver such action.



The Role of Renewables

Climate change

The most obvious contribution that renewable energy can make is to reduce Britain's greenhouse gas emissions. The existing 10% by 2010 electricity target is already a key plank of the UK's climate change programme. In order to reach our overall objective of reducing CO₂ emissions by 60% by 2050, then renewable energy will have to play a dramatically increased role in the UK's energy mix. To achieve this, the renewable agenda must be expanded beyond electricity into the heat and transport sectors. Since action is now urgent, the renewable resources that are commercially available today must be harnessed to meet our short-term targets, while our efforts to research, develop and commercialise the emerging renewable technologies that will be crucial beyond 2010 must be stepped up enormously.

Energy security

In combination with the essential reduction of energy demand through increased end-use efficiency, renewables will contribute to the UK's energy security as they are indigenous and sustainable sources of energy. They also have the additional benefits of stable prices, compared to fossil fuels, and replacement of imported energy. There are also no long-term legacy costs. In 2003, renewables accounted for over 3 million tonnes of oil equivalent out of the UK's total energy use of 158 mtoe. Most of this renewable energy was in the form of electricity: the fuels used for heating and transport are almost exclusively fossil, so expanding renewables in these sectors will result in significant reductions in energy imports.

Jobs and competitiveness

Harnessing our indigenous renewable resources will also create new industries, which can employ a new high-tech workforce for Britain and provide much-needed rural diversification and employment. Already the UK renewables industry employs 8,000 people; this is set to increase dramatically, with estimates that 25,000 jobs will be created in the power sector alone by 2020. As the G8 and other industrialised countries also grow their renewable energy markets, export opportunities for UK firms at the leading edge of commercialising new renewable technologies will expand dramatically. For instance, the Carbon Trust has estimated the potential world market for wave and tidal power alone to be worth a total of about £225 billion in the period up to 2050. However, companies can only develop the export potential if their home markets are healthy and nurture their growth.

In order for the UK to capture these carbon, energy security and industrial benefits, political leadership and action is paramount. Evidence from overseas indicates that where governments have led and established pro-active policies for renewables, these multiple benefits are now being reaped. For example, Denmark and Germany currently employ over 40,000 workers in the wind sector alone. Britain is on the edge of a renewables revolution. Much progress has been made in the renewable electricity sector over the past four years, particularly in the expansion of wind power. However, for Britain to fully capitalise on its vast renewable potential, further action is needed.

Britain can be a world leader in renewable energy; to achieve this position, Government must establish clear long-term targets across all sectors, backed up by the necessary financial signals to bring forward carbon-free energy while penalising carbon emissions. Investment is



required in low-carbon infrastructure and know-how; business will not make that investment unless the right long-term signals are given, and Government proves it is serious about the need to embrace all renewables. This further reinforces the need for cross-party consensus on the need to prioritise, as a matter of urgency, the measures outlined below.

We call upon all political parties to back this programme of action and to commit to introducing these policies if elected.

- **Creation of a Cabinet level post with specific responsibility for delivery of the UK's climate change programme**

This ministerial position should be at the head of a new department of energy and environment, which would streamline the delivery of the UK's renewable programme as well as bringing together climate responsibilities that are currently spread across several departments.

- **Extension of renewable electricity targets**

The current targets for renewable electricity should be extended on an annual basis so that we secure at least 25% of our power from renewables by 2025, in line with the recent recommendation made to G8 nations by the International Climate Change Task Force.

- **Introduction of new policies that promote renewable energy in sectors other than electricity generation**

This will require the setting of targets for renewable heat and transport fuels, which should be ramped up so that 25% of all Britain's energy needs are met by renewables in 2025. If non-electricity renewables cannot be boosted to provide 25% of the demand in their sectors by 2025, the target for power should be raised so that the overall energy goal is met. Policies that can implement the heat and transport goals are already available: the Renewable Transport Fuels Obligation was enabled by the Energy Act 2004, and a Renewable Heat Obligation Bill is currently before Parliament.

- **Additional revenue support for power generation technologies that are near to commercialisation under the Renewables Obligation**

Some extra help will be crucial if biomass, offshore wind, microgeneration and other resources are to play their role in meeting the 10% by 2010 target. Such support could take the form of an output-related 'top-up' payment, different for each technology and reflecting the level of extra help required. A precedent has been set by the recently-announced plan for the early-stage wave and tidal stream technologies, which will benefit from a £100/megawatt hour premium on top of income available under the Renewables

Obligation. Other technologies will require less help, reflecting their relative commercial maturity.

- **New tax incentives**

Tax breaks and the reform of some tax levels to promote investment in renewables and remove anomalies that militate against renewable energy technologies are required. In the immediate term, the recent proposal to increase rates for renewable power generators should be reversed. Beyond this, Enhanced Capital Allowances should be given to all renewable energy investments, excluding onshore wind and landfill gas, and stamp duty rebates applied for domestic customers that install microgeneration within a defined period after moving home. Anomalies in the VAT system can also be usefully eliminated, such as the imposition of 17.5% VAT on renewable energy equipment while domestic energy is taxed at only 5%. Duty levels on biofuels also need to be further lowered to provide sufficient incentive for investors to put money into biofuel production facilities.

- **Measures to support micropower technologies**

A package of measures to support the long term development of micropower technologies should be introduced. While we welcome the development of a Microgeneration Strategy, it is important that this contains meaningful, new policies for the sector, and is not simply a restatement of existing policies. In particular, the strategy should contain measurable targets for the sector. Policy should also be extended to small-scale renewables other than those producing electricity. Measures should be aimed not just at households but also at small businesses and other non-domestic buildings. The Government has made a good start in this area with the successful Clear Skies grant scheme, which should be retained and extended. The prospective new Part L of Building Regulations also represents a small yet promising step forward, as do VAT reductions for ground source heat pumps and micro-CHP units. The 'green building' programme that is intended to replace existing solar power programmes must be implemented quickly in order to reduce uncertainty for companies in this area and to stimulate building developers' transition to the incorporation of renewable energy technologies. To support policy in the area of small-scale renewables, standards, competence and accreditation systems must be developed in order to sustain customer confidence in these new sectors. If microgenerators are to be properly supported, then two-way metering must be mandated as a necessary preparatory step.

- **A proactive planning framework for the implementation of renewable energy projects**

With the recent implementation of PPS22 in England and TAN8 in Wales, the UK finally has a system that recognises that renewable energy is a national priority. The extent to which the new guidance improves the planning prospects for renewable development should be carefully monitored, with a view to strengthening it, if necessary, and ensuring it is proportionate to the scale of development.

- **A strategic plan for grid development and reinforcement**

The electricity grid will need to be adapted to accommodate increasing levels of capacity from renewables. This will require that the cost of extending the grid to the areas where these resources are located is not placed entirely on generators.

A statement by the renewable energy trade associations of the UK:

British Biogen	www.britishbiogen.co.uk
British Hydropower Association	www.british-hydro.org
British Pellet Club	www.british-pellet-club.org.uk
British Photovoltaic Association	www.pv-uk.org.uk
British Wind Energy Association	www.bwea.com
Combined Heat and Power Association	www.chpa.co.uk
Ground Source Heat Pump Club	www.gshp.org.uk
The Micropower Council	www.micropower.co.uk
Renewable Power Association	www.r-p-a.org.uk
Scottish Renewables Forum	www.scottishrenewables.com
Solar Trade Association	www.solartradeassociation.org.uk

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