

Implementation

Overview

We believe that the measures and proposals in this White Paper constitute a comprehensive, ambitious and integrated package which will make further progress towards our security of supply and our carbon reduction goals and bring about stronger international action.

11.1 The measures set out in this document aim to help maintain a stable domestic policy framework to give business and individuals the confidence to make decisions within that framework. However we need to be prepared to keep the impact of our policies under review to ensure they deliver the outcomes we are seeking. We will continue to do this and will, if necessary, further develop our policies to ensure we can achieve our goals over the long-term.

11.2 This chapter brings the White Paper's principal measures together and outlines how we intend to implement them. Some will require legislative change, and others will depend on the outcome of public consultations. The consultations being launched as a result of this White Paper are set out at Annex D. This also sets out a summary of the consultations announced in the Energy Review Report and since completed.

11.3 This chapter also outlines the key provisions in the draft Climate Change Bill published on 13 March 2007, which sets out a framework for moving the UK to a low carbon economy.

11.4 To give a comprehensive view of the progress made since the Energy Review Report, this chapter includes measures which have already been announced as well as those announced for the first time in this White Paper.

Principal measures in the Energy White Paper

International action

11.5 Maintaining security of energy supplies and avoiding dangerous climate change are the greatest challenges facing the international community. A successful global transition to a low carbon economy will require urgent and ambitious international action. The UK will take a lead in influencing the international community to respond to the challenge, working particularly closely with and through the European Union, to:

- promote open, competitive energy markets which provide fair access to energy supplies, foster investment and deliver secure supplies at competitive prices;
- put a value on carbon emissions to ensure that investment decisions fully reflect the costs of climate change;



- drive investment to accelerate the deployment of low carbon energy technologies; and
- promote policies to improve energy efficiency, to cut emissions and reduce our dependence on fossil fuels, consistent with economic growth.

Energy efficiency and saving energy

Energy metering and billing

11.6 We will ensure that real-time electricity display devices are available free of charge to consumers who request them between 2008–2010, and will ensure that all new and replacement electricity meters are fitted with a display. We will consult on these proposals in the context of our ambition to see a roll out of smart meters within 10 years.

11.7 We will consult on the implementation of a requirement for energy suppliers to roll out advanced and smart metering services to all but the smallest business users in Great Britain and those larger businesses not already subject to half hourly metering, advanced and smart metering services, within the next five years.

11.8 We will work with energy suppliers to ensure that household gas and electricity bills contain historic information on energy consumption.

Reduce emissions from buildings

11.9 We will make it a condition of Government funding that all new homes built by registered social landlords and other developers, and all new homes developed by English Partnerships will comply with Rating level 3 of the Code for Sustainable Homes. We will consult, by the end of this year, on whether all new homes should be required to have a rating against the Code.

11.10 We will roll out a requirement for all buildings that are sold to have an Energy Performance Certificate, to provide energy efficiency ratings.

11.11 We will announce our policy on the timetable for zero carbon housing later this year.

Raise product standards

11.12 We will publish, consult on and update annually our action plans setting out UK market analysis, standards, and indicative targets for more energy efficient products and services. Our consultation on the first of these, for consumer electronics, is published alongside this White Paper together with our programme for delivering further plans.

11.13 We will seek firm commitments from businesses in the supply chain to phase out the least efficient products and to help achieve our published targets, and will work to be the first European Member State to phase out the domestic use of the least efficient lightbulbs.

Improve incentives for energy suppliers to reduce emissions

11.14 We will double the energy efficiency target for the Carbon Emissions Reduction Target (CERT) (previously known as phase 3 of the Energy Efficiency Commitment) due to start in 2008, and hold a statutory consultation on the detail of the proposals in May 2007.

11.15 We will launch a Call for Evidence this summer to consider alternative designs for the post 2011 phase of the continuing obligation on energy suppliers.

Improve incentives for the business and public sectors to reduce emissions

11.16 We will introduce a cap and trade scheme, the Carbon Reduction Commitment (CRC), in the non-energy intensive business and public sectors whose metered electricity consumption is greater than 6,000MWh/yr. The CRC will target carbon dioxide emissions from both direct and indirect energy use. We will shortly issue a consultation on the detailed design of the scheme.

Public sector leadership

11.17 By spring 2008 we will publish guidelines setting out how energy savings can be made in public sector procurement, and work with manufacturers, retailers and service providers to help meet government targets.

Fuel poverty

11.18 To help identify vulnerable households who would benefit from information on tariff advice and energy efficiency measures, we will share benefits data between key partners responsible for tackling fuel poverty in clearly specified and controlled circumstances (if necessary, legislating to achieve this). We will work with energy supply companies to investigate the scope for voluntary initiatives on social tariffs, and will consider whether to take the opportunity for legislation to enable the Secretary of State to require companies to take action in this area.

Heat and Distributed Energy

11.19 We are taking further measures to assist the more widespread deployment of distributed electricity and heat generation. These are:

- a more flexible market and licensing arrangements, to be in place by end-2008;
- greater clarity on the terms offered by suppliers for microgenerators' exports of electricity to the grid;
- improved information and advice on distributed energy; and
- action to ensure more efficient and speedy connections for distributed generators.

11.20 We will develop further options to reduce the carbon impact of heat.



Oil, Gas and Coal

11.21 We will work with industry to maximise the economic recovery of the UK's oil and gas reserves, including assessment of the potential for establishing infrastructure West of Shetland, and by maintaining a stable and appropriate fiscal regime to attract investment.

11.22 We will introduce, in autumn 2007, a new security of supply information and analysis service helping to provide the information about supply and demand trends that market participants need to take decisions, including on new investments.

11.23 We propose to legislate to modernise the regulatory framework so that we have a fit for purpose licensing regime for offshore gas storage and unloading of Liquefied Natural Gas (LNG).

11.24 We will improve emergency planning arrangements to increase the UK's resilience in the extremely unlikely event of a gas emergency. We have already consulted on gas priority user arrangements and will be publishing a report on our consultation, including proposed changes, this summer.

Electricity Generation

Renewables

Strengthen the delivery of the Renewables Obligation (RO)

11.25 This White Paper confirms our intention to strengthen the RO, increasing the Obligation to up to 20% as and when increasing amounts of renewables are deployed.

11.26 We will introduce a banded RO, increasing support for technologies which are further from being competitive in the market, such as offshore wind, biomass CHP, wave and tidal stream, and decreasing levels of support to those technologies which need less, such as co-firing and landfill gas.

Improve the planning and consenting process for on and offshore renewables

11.27 The planning section later in this chapter sets out our proposals for improving the planning arrangements for all energy infrastructure, including onshore renewables. In addition to these, the Government is working on strategic assessments to underpin future development rounds for offshore wind.

Improve renewables grid connection on and offshore

11.28 We will work with NGET, Ofgem and industry to improve the management of the grid queue to help bring forward connection opportunities for the most viable renewables projects. In addition, Ofgem and the DTI supported by NGET, the other transmission licensees and industry, will review the technical, commercial and regulatory framework for the delivery of new transmission infrastructure and the management of the grid to ensure they remain fit for purpose as the proportion of renewables generation on the system grows. This will include, amongst other things, consideration of the

ways in which access to the network can best be shared between different forms of generation, and clarification of transmission access rights.

11.29 By the end of 2008, we intend to complete the development of an enduring regulatory framework for the grid connection of offshore renewable generation, which will enable timely and cost efficient connections to the onshore grid.

Move towards commercial scale carbon, capture and storage (CCS)

11.30 In the Budget 2007, we announced that we will launch a competition to develop commercial scale demonstration of CCS in the UK, which will be operational early in the next decade. When operational, this will make the UK a world leader in this globally important technology.

11.31 The UK CCS Regulatory Task Force has made good progress in preparing the regulatory environment for the whole CCS chain. We will be consulting on the conclusions of this work and on the options in the UK for regulation of the full chain of CCS technologies later this year.

11.32 We will pursue full recognition of CCS in Phase II of the EU ETS.

Nuclear power

11.33 Alongside this White Paper, we are publishing a consultation document which brings together the evidence and information we have considered in reaching our preliminary view that it is in the public interest to allow the private sector the option of investing in new nuclear power stations. This consultation takes account of the ruling of the High Court in February 2007 and the Government's commitment in 2003 to the fullest public consultation and the publication of a further White Paper setting out confirmed proposals for new nuclear power stations.

11.34 Alongside the nuclear consultation, there is a linked technical consultation on the details of running a Justification process and a Strategic Siting Assessment.

11.35 As part of the Managing Radioactive Waste Safely (MRWS) Programme, the Government expects to launch a consultation in June 2007 to consider the proposed implementation framework for the geological disposal of the UK's higher activity radioactive waste, including the approach to site selection.

11.36 Respondents to the nuclear consultation may wish to consider the information brought forward in these consultations.

Research and Development, Demonstration and Deployment and Skills

11.37 We will create a step-change in UK R&D funding through the new public/private sector Energy Technologies Institute (ETI). The combined Government/private sector funding contribution gives the ETI a budget of a minimum of around £600 million over a lifetime of a minimum of 10 years.



Additional private sector partners are being identified to match the Government's commitment of up to £550m over the next decade. We are asking the Sector Skills Councils to report on the skill gaps in the energy sector and the action being taken to address them.

Transport

11.38 We will work with the European Commission and other international partners on road transport emissions, and ensure the European Union gives serious consideration to including surface transport in the EU Emissions Trading Scheme (EU ETS). We will also pursue the inclusion of aviation in emissions trading schemes in Europe and internationally.

11.39 We will continue to work with the European Commission, other Member States and all interested parties in the development of the case for demanding mandatory new car fuel efficiency targets.

11.40 We will deliver annual savings of around 1 million tonnes of carbon by 2010 through the Renewable Transport Fuel Obligation, and consider future levels of the obligation in the light of responses to the current consultation on the draft Order and the future design of the obligation³⁵⁴.

11.41 We will support the development of new low carbon technologies. The new Low Carbon Transport Innovation Strategy³⁵⁵ (LCTIS) sets out a wide range of actions the Government is taking to encourage innovation and technology development in lower carbon transport technologies. The Strategy will be delivered in partnership with the Technology Strategy Board and the Energy Technologies Institute.

Planning

11.42 We are delivering on the planning proposals set out in the Energy Review Report to provide clarity on the Government's policy on the strategic need for energy infrastructure; to create more efficient procedures for planning inquiries; and provide shorter and more predictable timescales.

11.43 The Government is also consulting on proposals to reform the planning system for nationally significant infrastructure projects, including energy, as set out in the planning White Paper, *Planning for a Sustainable Future*, published on 21 May 2007³⁵⁶. Following this consultation and subject to Parliamentary approval, the Government will establish a new development consents regime for such projects. This new regime would focus on:

- ensuring that there is a clear policy framework for nationally significant infrastructure;
- helping promoters improve the way that they prepare and consult on applications;
- streamlining the procedures for infrastructure projects of national significance by rationalising the different consent regimes, and improving

354 <http://www.dft.gov.uk/consultations/open/drafttrfo?view=Standard>

355 The strategy can be found at <http://www.dft.gov.uk/pgr/scienceresearch/technology/>

356 The Planning White Paper can be found at: <http://www.communities.gov.uk/planningwhitepaper>

- the inquiry procedures for all of them;
- clarifying the decision making process, and achieving a clear separation of policy and decision making by creating an independent commission to take the decisions on nationally significant infrastructure cases within the framework of the relevant national policy statement; and
- improving public participation across the entire process.

Devolved Administrations, the English Regions and Local Authorities

11.44 Some matters which relate to energy policy in Scotland, Wales and Northern Ireland and are the responsibility of the Devolved Administrations, and therefore decisions on those matters are made in the light of each administration's particular circumstances. It is expected that the Devolved Administrations will want to consider in due course how to take forward their responsibilities that are relevant to energy policy.

11.45 Regional Development Agencies (RDAs) in England will continue to set regional energy priorities and take forward initiatives to support national energy policy.

11.46 Local Authorities in England will have a strengthened role to play in tackling climate change through measures in the new Local Government Performance Framework; and will be able to use the new self-assessment tools to evaluate their own performance and provide guidance for improvement on tackling climate change.

11.47 The Greater London Authority will formulate both mitigation and adaptation policies to address climate change in London, under requirements in the new GLA Bill, and develop a climate change mitigation and energy strategy.

Energy legislation

11.48 Some measures announced in this White Paper will require legislation, although in some cases this will depend on the outcome of public consultations. We propose to take forward work in this area as soon as is feasible.

Climate change legislation

11.49 On 13 March 2007 the Government published draft legislative provisions on climate change for consultation and pre-legislative scrutiny³⁵⁷. This legislation would create the institutional and legal framework for carbon reductions and make specific, quantified commitments that will complement the policy objectives in this White Paper. Its main focus is on how we can make the transition to being a low carbon economy. In summary the draft Bill:

- creates a new legal framework for the UK achieving, through domestic and



international action, at least a 60% reduction in carbon dioxide emissions by 2050, and a 26-32% reduction by 2020, against a 1990 baseline. The Government will be required to set five-year carbon budgets, placing binding limits on aggregate carbon dioxide emissions. There is provision in the draft Bill for the targets to be amended in light of significant developments in climate science or in international law or policy.

- the carbon budgets will cap emissions over five-year periods, with three budgets set ahead to help businesses plan and invest with increased confidence;
- creates a new independent body, the Committee on Climate Change, to advise on the setting of carbon budgets and to report on progress;
- contains enabling powers to make future policies to control emissions quicker and easier to introduce; and
- provides a clear accountability framework, in particular relation to the Government's reporting to Parliament on mitigation and adaptation.

11.50 The Committee on Climate Change will make recommendations to the Government on the level of the five year carbon budgets based on rigorous scientific and economic analysis. The Government wants to establish an economically credible emissions reduction pathway to 2050, and provide clarity and certainty about the UK's aggregate contribution to cutting carbon emissions. The draft Climate Change Bill will set up a framework in which this can be done. The draft Bill will give additional powers to create or extend carbon trading schemes, providing Government with another tool to ensure these budgets are met.

Better Regulation

11.51 The Government is clear in its determination to achieve its energy policy objectives through an approach that is consistent with the principles of better regulation.

11.52 We recognise that between now and 2020 there will be costs in achieving our energy goals as the economy takes time to adjust. Even the most cost-effective measures pose some short-term one-off costs for business, including change in regulation, so called 'transitional costs'. The Government needs to enable businesses to make informed investment decisions in order to maximise benefits from these measures.

11.53 In keeping with our better regulation agenda, we are undertaking a review of major climate change instruments to ensure that the regulatory burden (administrative and compliance) on business is kept to a minimum. The review will primarily look at the EU Emissions Trading Scheme, Climate Change Agreements, and domestic trading mechanisms such as the proposed Carbon Reduction Commitment, but will also consider significant overlaps in administrative requirements between these three instruments and other policies that target emissions from business. We welcome the report by the Better Regulation Commission: *Regulating to Mitigate Climate Change*³⁵⁸ and will shortly publish our response.

358 http://www.brc.gov.uk/downloads/07/climate_change.pdf

11.54 We will continue to analyse the impacts, costs and benefits, of regulation including transitional costs, and provide this information in impact assessments for new policy. As part of individual impact assessments, we will consider how we are going to implement, monitor and enforce these measures on a case-by-case basis while having regard to the collective regulatory impact on business and other parties.

Sustainable Development Strategy

11.55 The measures in this White Paper are also in line with the Sustainable Development Strategy published in 2005³⁵⁹. The Strategy takes account of developments since the last Strategy in 1999, both domestically and internationally, including the changed structure of government in the UK with devolution in Scotland, Wales and Northern Ireland. All UK Government Departments share responsibility for making sustainable development a reality.

11.56 For a policy to be sustainable it must: live within environmental limits; ensure a strong, healthy and just society; achieve a sustainable economy; use sound science responsibly; and promote good governance.

