

# Retail Energy Policies in Britain – Towards 2020

Dr. Richard Williams

Senior Research Fellow, Energy & Climate Change Division, University of  
Southampton

# Introduction

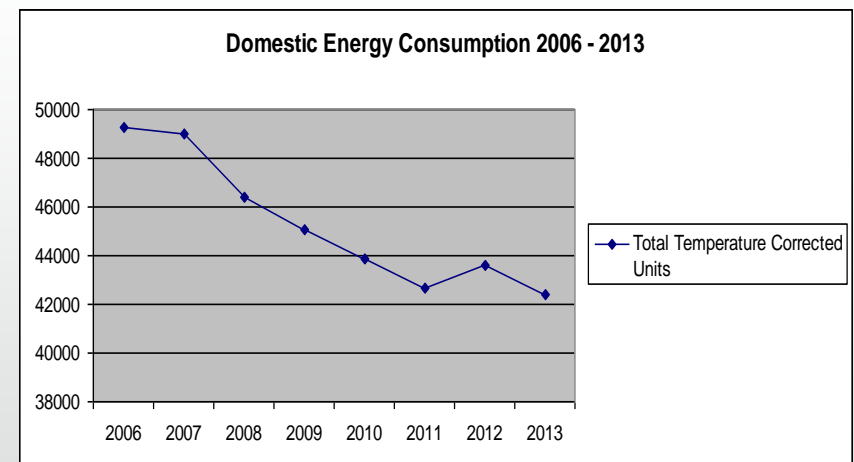
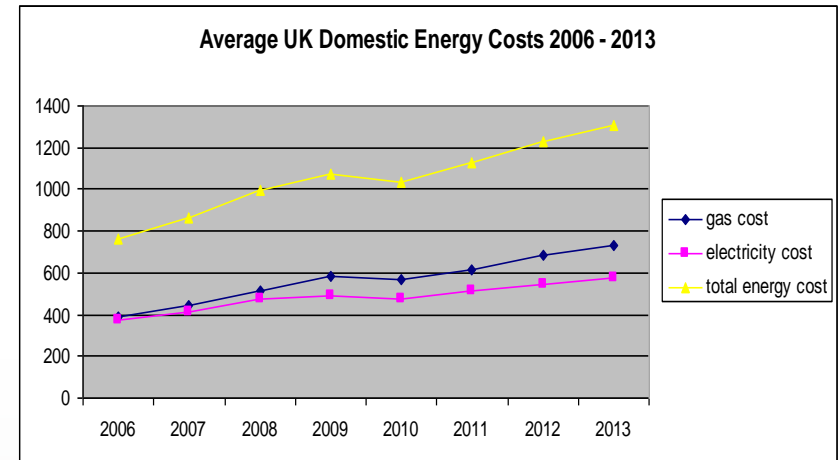
- Economic Impacts and Trends
- Future Scenarios
- Devolving More Power To Deliver More Power

# Economic Impacts & Trends: 1

- “Pensionable” Homes
- Unfit Power Infrastructure
- “Green” Levies
- Rising Prices
- Falling Consumption

# Economic Impacts & Trends: 2

- The UK has experienced significant year on year price rises for domestic energy over the past decade. Since 2006 average year on year rises have reached 15% with a compound rise of 71% in average dual fuel bills, rising from £760 in 2006 to £1320 in 2013
- At the same time domestic energy consumption has dropped by 9.1% for electricity and 6.8% for gas
- Retail customers are literally paying much more for much less!



# Future Scenarios:1

*“If we win the election in 2015 the next Labour government will freeze gas and electricity prices until the start of 2017. Your bills will not rise. It will benefit millions of families and millions of businesses.” Rt. Hon Ed Miliband MP, Leader of the Opposition 24/9/2013*

# Future Scenarios:2

- Government Response
  - Autumn Statement 2013
  - “Green levies” reduction (£50.00 of your bill)
  - “ECO 2.0”
  - Lower / Extended CO<sub>2</sub> reduction targets for the “Big Six”
  - Community Energy Strategy
- Market Response
  - Bills frozen until 2016 / 17
  - OFT / Ofgem criticism
  - CMA investigation (reports late 2015)
  - Ofgem £46,000,000 funding for network innovation (24/11/14)

# Future Scenarios:3



# Future Scenarios:4





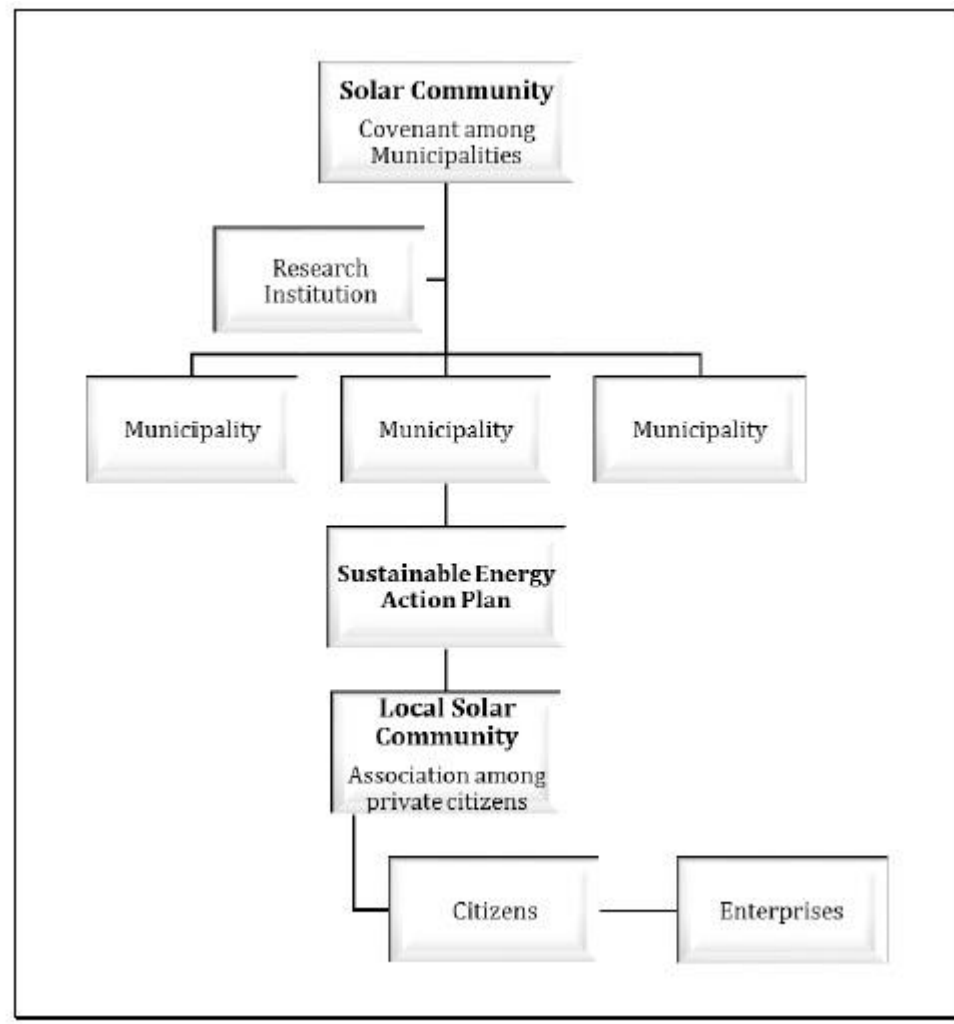
## Devolving More Power To Deliver More Power: 1

- Municipalisation of energy in Europe is quite commonplace
- “Solar Communities” in Italy are an example of local authorities providing local energy to local communities
- Collaboration across municipalities is accepted practice



## Devolving More Power To Deliver More Power: 2

- Structures developed to collaborate between municipalities under a consistent policy framework
- Sustainable Energy Action Plan (SEAP)
- Benefits available to local citizens in their own homes as well as local businesses



## Devolving More Power To Deliver More Power: 3

- Large scale local energy generation scheme re-using landfill sites – Hamburg “Energieberg”
- Allows spatial planning and regeneration to be delivered using the Low Carbon Agenda



# Devolving More Power To Deliver More Power: 4



# Devolving More Power To Deliver More Power: 5

Wind power

Solar power

Biomass

Geothermal  
power

Methane  
gas



## Devolving More Power To Deliver More Power: 6

- Munich CC have already gone further by buying npower wind turbines in the North Sea!
- Post Scottish referendum UK is demanding more federalisation and devolution
- Tax raising powers are to go to Scotland, could more flexibility on entrepreneurialism come to the rest of the UK?
- Before 1914 some local authorities had their own power stations (e.g. Chester)
- At a time of huge government cutbacks and reductions in public spending budgets could re-municipalisation help fill the widening funding gap as well as deliver on issues highlighted in The Stern Report?
- Nottingham, Plymouth and Bristol CC are already starting out on this journey, could others follow?