

Briefing Priorities for the new prime minister on energy and the environment

August 2022

Background

The UK is an international leader on environmental policy, remains COP26 president and is committed in law to net zero by 2050. Meanwhile, we are facing record energy costs and supply shocks due to volatile fossil fuel prices and the Russian invasion of Ukraine.

When the new prime minister takes office, there will be a series of decisions to be made on energy and environment policies in the first 100 days. This briefing provides Green Alliance's latest data, polling and recommendations, to advise the new prime minister and their government on what action to take.

Energy efficiency

The energy price cap could exceed £5,000 in 2023 due to the price of gas. The UK has some of the oldest and leakiest housing stock in Europe. Nineteen million households have EPC ratings of D or lower. Eighty five per cent of homes use gas for heating. Insulating homes can dramatically reduce gas demand and bring down energy bills permanently.

Recommendation: The government should amend the Energy Bill to ensure delivery of EPC band C for social housing and privately rented premises by 2028, EPC band B for non-domestic premises by 2030 and EPC band C for the homes of those in fuel poverty by 2030. This should be backed by an immediate boost in energy efficiency funding, expanding successful schemes such as ECO and the Local Authority Delivery Scheme, to install more insulation, solar and electric heat pumps for households.

Polling: Energy efficiency measures are supported by 85 per cent of Conservative members, and the majority of the public too.

Jobs: 300,000 jobs can be created, requiring technical skills across the country.

Environmental and social levies

The reason for high energy bills is not environmental and social levies collectively referred to as 'green levies', but the cost of gas. [Green levies](#) pay for insulation schemes for fuel poor households such as ECO, and they also pay for legacy renewables contracts which have increased our energy sovereignty. Levies (the majority of which are placed on electricity bills) are a declining share of consumer energy bills amounting to [three per cent under a £3,300 price cap, or £153 per household on average](#).

Recommendation: Scrapping environmental and social levies would be unhelpful. However, taking the levy off bills and into public spending can shift costs from consumers' bills to the more able to pay, and incentivise clean heat alternatives like electric heat pumps, by reducing electricity bills comparative to gas. Electric heat pumps are now [cheaper to run than gas boilers](#).

Polling: Just [13 per cent of the public blame green levies](#) for high energy bills, compared to 34 per cent who blame energy companies and 28 per cent who blame growing demand for gas around the world.

Jobs: At least [30,000 jobs](#) are already supported by the ECO scheme.

Onshore wind

Onshore wind is cheap ([£42/MWh at the last CfD auction](#)). For comparison, this is [nine times cheaper](#) than the £446/MWh we are currently paying for gas. Onshore wind can be built fast ([within months](#)) and can quickly reduce the UK's dependence on gas for power. The UK still gets around [40 per cent of its electricity from gas](#) power, when it could be using cheap renewables like onshore wind instead. There is [5GW](#) of onshore wind currently awaiting planning approval, which could lower electricity bills.

Recommendation: BEIS should produce a clean power plan for getting to a 95 per cent zero carbon power sector by 2030 and 100% zero carbon by 2035, with the target put into the Energy Bill. The plan should maximise the use of cheap renewables like onshore wind, including [expanding Pot 1 CfD GW capacity and funding](#).

Polling: [Eighty three per cent of the public support more onshore wind, including 80 per cent of 2019 Conservative voters](#). In fact, [87 per cent of voters](#) would have a wind turbine in their local area.

Jobs: More onshore wind would support 27,000 jobs (and [GVA of £45 billion](#)). Onshore wind supports [nearly four times as many secure, skilled jobs as gas](#).

Solar

Solar energy is also low cost ([£45/MWh](#)) and can be rolled out quickly, on roofs ([in just one day](#)), industrial buildings, and in conjunction with productive farming. Many farmers, including in the National Farmers' Union, [back solar](#) as an important revenue stream. [Outdated biofuel crops use 77 times more arable land than solar](#). There is over 7GW of solar awaiting planning approval, which can help bring down electricity bills. [4GW of projects](#) is being held up by National Grid and Distribution Network Operators, delaying connection dates into the 2030s.

Recommendation: Pot 1 CfD funding and capacity should be extended, whilst network investment should be brought forward by government and Ofgem.

Polling: [Seventy-three per cent of Conservative members](#) support solar. [More than twice](#) as many people support than oppose solar near their home.

Jobs: Overall, solar supports [five times](#) as many secure jobs per megawatt of capacity as gas. 80 per cent of jobs in the operation and maintenance of solar are highly skilled.

Offshore wind

Offshore wind is now the cheapest form of renewable energy ([£37/MWh](#)). The UK has 50GW of offshore wind planned, including 5GW of floating offshore. Upgrading the transmission networks will be necessary to get the power from the coast to areas of demand as a priority and the current network charging system also penalises renewables projects situated further from demand.

Recommendation: Ofgem should be given a net zero statutory duty in the Energy Bill to speed up deployment of renewables. A co-ordinated offshore transmission network would also speed up the rate of deployment of offshore wind, [save consumers £3 billion by 2030](#) and minimise infrastructure needs including onshore landing points. The UK should increase its ambition for floating offshore wind from 5GW by 2035 to 15GW, capturing market share and driving jobs.

Polling: [Seventy nine per cent of Conservative voters support](#) more wind power, including offshore wind.

Jobs: Overall, offshore wind creates [five times as many secure jobs per megawatt of capacity as gas](#). The Ten Point Plan estimates [60,000 jobs](#) in offshore wind by 2030. Around 60 per cent of jobs in the operation and maintenance of offshore wind are highly skilled.

North Sea oil and gas

The North Sea is a mature basin with declining reserves and increasing overheads. More drilling in the North Sea can increase tax take, but it won't lower prices for UK consumers, as the [CCC](#) and the [secretary of state for BEIS](#) pointed out. The UK is connected to international markets and, therefore, subject to volatile prices. The recent energy profits levy raised the tax rate closer to [historical levels for the UK](#) of around 65 per cent. This is below the global average for oil and gas (70 per cent) and well below the level in Norway (78 per cent).

Recommendation: The levy should be extended beyond 2025 and the investment allowance for oil and gas infrastructure removed to raise money to support households with the immediate cost of energy bills and to insulate homes.

Polling: The majority of the public back a windfall tax, including [66 per cent of 2019 Conservative voters](#).

Jobs: As a mature hydrocarbon basin, it is forecast that production from the UK Continental Shelf and investments in new developments will gradually decline over the coming decades. [Seven out of ten jobs](#) in the oil and gas industry have at least a partial overlap with low carbon skills and job descriptions.

Fracking

Drilling has caused earthquakes registering [2.9 on the Richter scale](#). The UK is not Texas; we are a densely populated island with unfavourable geology. The sector's own best estimate suggest it could produce a maximum of five per cent of UK demand after five years, but the UK doesn't own the gas and it will be sold on the regional market to the highest bid. [Fracking for shale gas has higher associated emissions than conventional gas](#) and serious environmental concerns remain around pollution, including groundwater contamination and methane leakage. Reducing safety requirements to allow fracking would likely result in the government becoming embroiled in toxic litigation. At least 6,100 fracking wells would need to be drilled across the English countryside to replace even half of imported foreign gas.

Recommendation: Fracking is a red herring, and the UK should focus on electrification of the economy, not on further fossil fuel dependence. The moratorium on fracking should remain in place.

Polling: Recent BEIS polling found [45 per cent of the public oppose fracking](#), with only 17 per cent supportive. At the time of exploration, [66 per cent of Lancashire residents opposed fracking near their homes](#). [Only five out of 138 MPs](#) with potential shale sites in their constituency support fracking.

Jobs: The industry estimates around 60,000 jobs could be created, but this has not been independently verified and there is strong local opposition.

Land use

The government's principle of 'public money for public goods' moves away from the outdated EU system of payments based on land area farmed and should be the cornerstone of our post-Brexit farming system. Better environmental land management boosts nature, biodiversity, food security, carbon sequestration, [farm incomes](#) and provides better value for taxpayer money.

Recommendation: Defra's proposed equal three-way funding split for Environmental Land Management schemes (ELMs) should be maintained to ensure ambitious delivery of Landscape Recovery and Local Nature Recovery alongside the Sustainable Farming Incentive.

Polling: [The majority of Conservative voters](#) (52 per cent) back ELMs, with only 11 per cent opposed.

Jobs: Between 2015-2020, English farms in 'less favoured areas' (LFAs) lost an average of [£37,060 a year on food production when unpaid family labour was taken into account](#). In contrast, a farmer on a 50-hectare holding could enjoy an income of £28,000 a year with payments of £775 per hectare for habitat creation.

Cumbria coal mine

The decision on this coal mine has been delayed until 8 November 2022. The mine would produce coal that, when burned, would produce [9 million tonnes of CO₂ a year](#), more than the combined emissions from the entire cities of Edinburgh, Cardiff and Belfast. The CCC has called the mine '[indefensible](#)'. The coal is [not needed for UK steelmaking by British Steel](#), and would not displace Russian coal (which Tata Steel don't use). With European steelmaking moving away from coal, any jobs created by the mine (from around 2026) risk being short-lived. The alternative is that the coal is shipped increasing distances to countries with more and more polluting steel industries that will still accept it.

Recommendation: The mine should not be permitted to go ahead.

Polling: [Forty six per cent of people feel negative about new coal mines](#), including 41 per cent of Conservative voters. More than three times as many people feel negative than positive.

Jobs: West Cumbria Mining say the mine will [create 500 jobs](#), but they are dependent on the coking coal being needed for steel. [According to the LGA](#), 6,000 green jobs can be created in Cumbria by 2030, with 600 in Copeland, the area where the mine would be built.

COP15

The [Aichi biodiversity targets](#) set in 2010 under the Convention on Biological Diversity (CBD) have largely been missed, and nature continues to decline with more than one in five species globally at risk of extinction. It's estimated [77 per cent of the world's land and 87 per cent of the oceans](#) have been altered by humans, leading to a loss of 83 per cent of wild mammal biomass and half of the world's plant biomass. As COP26 president, building on the [G7 nature compact](#), and the [Leaders' Pledge for Nature](#), the UK should ensure that progress and momentum for nature is used to drive ambition at COP15.

Recommendation: The UK should boost ambition at the UN conference, leading a [prime ministerial delegation](#). The UK should also ensure its own house is in order, with robust plans to deliver the commitment of 30 per cent of land for nature by 2030.

Green Finance Strategy

The Green Finance Strategy (July 2019) set out the government's plan to align the financial sector with net zero, mobilise private finance towards climate and nature, and capture opportunities for the UK. In October 2021, the government committed to updating it.

Recommendation: The update needs to be published in 2022 to complement the Financial Services and Markets Bill and outline how the government will use policy and regulation to de-risk and crowd-in private investment into emerging green markets.

Environment Act

The Environment Act 2021 requires targets to be set by 31 October 2022. These targets and the refreshed [Environment Improvement Plan](#) will be guiding lights as we navigate the journey towards nature recovery.

Recommendation: High ambition, exacting policy pathways and sufficient resources will be essential to ensure Environment Act targets help deliver the government's commitment to leave the environment in a better state.

Review of retained EU law

The government's review of retained EU law presents an opportunity to improve the UK's environmental law. These laws encapsulate many important environmental and public health protections, such as the Water Framework Directive, food hygiene rules, and chemicals and pesticides regulations.

Recommendation: The process of reviewing and amending retained law should be conducted transparently and with sufficient time to allow a full and rigorous approach. A rushed process that lacks transparency would be unlikely to command parliamentary and public confidence and could inadvertently undermine food standards, hinder progress towards meeting the government's ambitious nature targets and diminish consumer trust in UK products.

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