

## Campaign

# The sector's voice must be heard above the chaos

**W**ith three weeks to go until an election that could have major ramifications for the industry, *Utility Week* is sending a message to whoever forms the next government. Overleaf we present a series of pledges and policy areas which we will lobby the next government to implement.

While green issues have been a high-profile battleground in the first weeks of the election, it is frustrating that mention of utilities has largely featured elsewhere.

As *Utility Week* goes to press, Labour is poised to reveal its manifesto, which is expected to clarify the party's very sketchy plans for nationalising parts of the sector.

This is an unwelcome and unnecessary distraction at a time when anyone serious about reaching net zero should be looking

to the huge strides towards that goal already made by utilities.

Labour seems unwilling to look beyond its distrust of private enterprise but the other political parties apparently have little to say on fundamental challenges, such as the decarbonisation of heat, where utilities can play a defining role. The industry can be a part of the solution, if politicians can stop painting it as part of the problem.

This is why we have launched our manifesto – grouped together around the four pillars set out on the facing page.

Among our specific pledges are for the next that the government to commit to publishing an energy white paper within six months, as well as setting out a clear pathway for energy and water efficiency. We are calling for a national conversation on the costs of reaching net zero and how much

of this burden utility bills will be expected to carry, as well as revisiting the balance of responsibility on utilities for caring for the most vulnerable in society. We believe smart meters should be mandatory in energy retail, regulators should be supported to act for the long term rather than pursuing populist measures and that provisions for open data must be made.

These topics, and those discussed overleaf, will inform *Utility Week's* coverage not just during the election but into 2020 and beyond. We will be highlighting the issues, urging progress and reflecting key industry thinking – such as the views of the director of National Grid System Operator, Fintan Slye, p9. Political and economic uncertainty has for too long cast a pall over utilities and above all our message to the next government is that this must end on 12 December.





# ELECTION 2019

## A call to action

### Utility Week's Election 2019 Manifesto

- Empower utilities to deliver net zero by 2050
- Help utilities to forge a new social contract with the public
- Protect investment in the delivery of lifeline services
- Foster innovation to stimulate a thriving green economy

Full details overleaf 



## Campaign

# Utility Week Election 2019 Manifesto

**U**tility Week's Election 2019 campaign will push the main parties on the issues that are closest to the heart of utilities and bring expert views on what this crunch election means for business.

The centrepiece of the coverage over the next month will be our own manifesto, a series of pledges and policy areas which we will lobby the next government to implement.

They will centre around four key areas, and within each of these headline topics we will make a series of suggestions. Over the next year we will continue to press the government on the importance of these measures, alongside the development of our New Deal for Utilities campaign.

## Empower utilities to deliver net zero by 2050

*Utilities have been at the forefront of paving the way towards decarbonisation, yet policy has not kept up.*

The next government must set out clear energy and water efficiency strategies, including:

- A national campaign promoting more responsible use of water – the forgotten element of the climate change argument;
- Unequivocal energy efficiency standards for new homes.
- A strategy to retrospectively upgrade the nation's housing stock to an agreed standard of efficiency.

In energy, these must be supported by the publication of the energy white paper within the first six months of the next parliament.

Achieving net zero by 2050 is impossible without solutions to the challenge of decarbonising heat. Immediate resources must be allocated to identifying the best way forward and a clear roadmap set out. The role the gas networks can play in this vital piece of work is one area *Utility Week* would like to highlight in our manifesto.

Frameworks for rolling out electric vehicles (EVs) and energy flexibility markets must be set out.

The government must be honest with the public about the cost of net zero – including who will pay and how – through a climate budget within the first year of the next parliament.

The net should be widened in terms of

support for a variety of renewable sources. The UK is a world leader in offshore wind but the government should develop a strategy for supporting other low-carbon sources of energy. This needs to reflect the potentially game-changing contribution of carbon capture and storage to arguments for greening the gas grid.

All political parties must stop using the net zero target as a political football. *Utility Week* strongly supports the aim of reaching net zero by 2050, to be reviewed regularly to assess if faster progress can be achieved. Right now, the experts are unanimous that 2050 is already an ambitious target. To pledge an earlier deadline with no idea how to get there will undermine public trust.

## Help utilities to forge a new social contract with the public

*It is essential that public trust is attained in a sector which provides lifeline services. The industry wants to, and must be allowed to, play a leading role in creating a more sustainable economy and society.*

A national conversation is needed about whether consumers would prefer to fund some of the long-term green investment through taxes or bills.

Regulators must be allowed to pursue a strong, principles-based approach as opposed to populist/interventionist measures.

The government has to take its share of responsibility for the failings in the smart meter rollout programme and stop indulging the false narrative that it is entirely down to energy suppliers. The half-hearted extension of the scheme to 2024 will do nothing to solve the fundamental problems that remain. The clear answer is to make smart meters mandatory and work together to promote their benefits and place within the net zero journey.

Ensure the energy price cap is subject to rigorous, independent review within 12 months of a new government.

We support the introduction of citizens' assemblies, so that the public has buy-in on green policy, which they will ultimately pay for through taxes or bills.

## Protect investment in the delivery of lifeline services

The renationalisation debate has presented

a skewed picture of investment in the sector. Long-term clarity is needed on the funding needed to serve customers and prepare the sector for the future.

The merits or otherwise of Brexit aside, the uncertainty over the past three years has been damaging and needs to end.

The demonisation of the industry must stop, as should the damaging and ill-conceived pursuit of nationalisation. There should be recognition of the benefits that private investment has brought to the sector.

The industry needs long-term clarity on carbon pricing. The price review process has to play a part in this – the cost of capital needs to work for investors and customers alike. Regulators should be supported in their development of uncertainty mechanisms in future price controls for monopoly utilities.

The balance of responsibility on utilities for caring for the most vulnerable in society should be revisited. In some areas of the industry the current arrangements are simply not serving the needs of sections of society requiring the most support. A forum for collaboration across government and industry is needed to find the bold ideas needed to tackle this most crucial of issues.

## Foster innovation to stimulate a thriving green economy

*The new government must create an environment where the public and private sector can work together to share ideas on how the net zero journey can create opportunities and encourage growth*

The path to decarbonisation, and the bold ideas needed to reach the UK's targets, should be reflected in the regulatory structure and the approach to price controls.

Provisions for open data have to be made.

The government must ensure freedom of movement for skilled people who want to work in the utilities sector.

The national infrastructure strategy must be published in the first half of 2020.

The role of water minister should be a dedicated position within Defra, reflecting the huge challenges ahead on cutting water consumption and protecting the environment.

There should be recognition that each region of the UK has differing needs and that centralised approach to policy has become outdated.



Comment

Fintan Slye, director of National Grid System Operator

## A clean break

National Grid ESO sets out the policy areas it thinks the new government must pursue to facilitate GB's clean energy transition.

As the system operator for Great Britain, we are privileged to sit at the heart of the energy system, running the gas and electricity networks safely and efficiently. It's a unique role and one that gives us an insight into how the energy landscape is changing rapidly.

Those changes will continue as the industry evolves over the next decade and beyond. The path ahead for energy is both exciting and uncertain, and it's clear the general election on 12 December comes at a pivotal time. Of course, it's set to be dominated by Brexit, but climate change and how we move towards the UK's net zero target will be on the minds of many voters too.

Delivering an energy system that contributes to the UK meeting its net zero commitments by 2050 is central to our mission and we're already making great progress, particularly when it comes to electricity. In May we reported the first ever fortnight of coal-free operation and by 2025 we aim to be able to operate the system carbon free. Progress will continue within the framework we have but there are policy areas we feel are crucial, and need addressing by any new government, as we move towards 2050:

The momentum behind the shift towards electric vehicles (EVs) is stronger than ever and our position is clear: electric vehicles can help decarbonise both transport and electricity supply for Great Britain. EVs can benefit all energy consumers through providing greater flexibility in our electricity system, facilitating more renewable energy while decarbonising transport. The market is developing at speed and we believe a co-ordinated policy approach, making sure infrastructure is smart enabled, and charging data is available to networks and system operators, would benefit not only the electricity system, but society at large.

Widespread digitalisation and sharing of data underpins a sustainable energy transformation and is key to the energy system working as one. Investment and policy decisions around potential new systems such as hydrogen and carbon transportation must be made on a whole-system basis, with data made accessible to decision-makers across the system – ensuring a joined-up and digitalised approach while respecting data privacy and ensuring a cyber secure system.

A clear strategy for the decarbonisation of heat. We need to make progress on a comprehensive clean heat strategy, so that it is in place by 2025 at the latest to achieve net zero by 2050. But a strategy on its own is not enough; immediate policy action should be taken to improve the thermal efficiency of housing and to accelerate the deployment of low-carbon appliances.

These recommendations aren't a wishlist or set of demands, but areas that all stakeholders, including government, should focus on to keep decarbonising at pace. We will work constructively with all parties on these issues, keeping the lights on and gas flowing, to deliver a safe and secure energy system that works for all.

