

THE FUTURE OF UK ENERGY POLICY

White Paper Feedback Session

SESSION 1

Governmental Presentation & Discussion

SUPPORTED BY:



Lloyds TSB
Corporate Markets



WESTMINSTER ENERGY FORUM

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ENERGY WHITE PAPER 2007

**MEETING THE ENERGY
CHALLENGE**

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Our Key Long Term Challenges

- Tackling climate change
- Ensuring secure, clean and affordable energy

The Framework

Principles

- Climate change and energy security are international issues, requiring international action as well as in the UK
- Independently regulated competitive markets are the most cost-effective and efficient way to deliver our goals
- But we need to correct market failures to align the objectives of market participants with our energy policy goals, e.g. through a carbon price

The Framework

Action

- An international framework to tackle climate change
- Legally binding carbon targets for whole UK economy
- More progress in achieving competitive and transparent international markets
- More energy saving
- More support for low carbon technologies
- Right conditions for investment

International Framework to Tackle Climate Change

- Shared vision of long term goal for stabilising greenhouse gas emissions
- Carbon pricing and emissions trading
- Co-operation on technology and energy efficiency
- Sustainable forestry management
- Support for adaptation in developing countries

Legally Binding Carbon Targets for UK

- Climate Change Bill
- At least 60% cut in CO₂ emissions by 2050
- 5 year carbon budgets

Competitive and Transparent International Markets

- Further EU market liberalisation
- Extension of market principles beyond EU
- Improved contingencies planning
- Promotion of good governance among producer countries

Energy Saving

- Businesses (CRC, metering, EPCs)
- Households (CERT, billing/metering, EPCs, products)
- Transport (car fuel efficiency, aviation in EU ETS).

More Support for Low Carbon Technologies

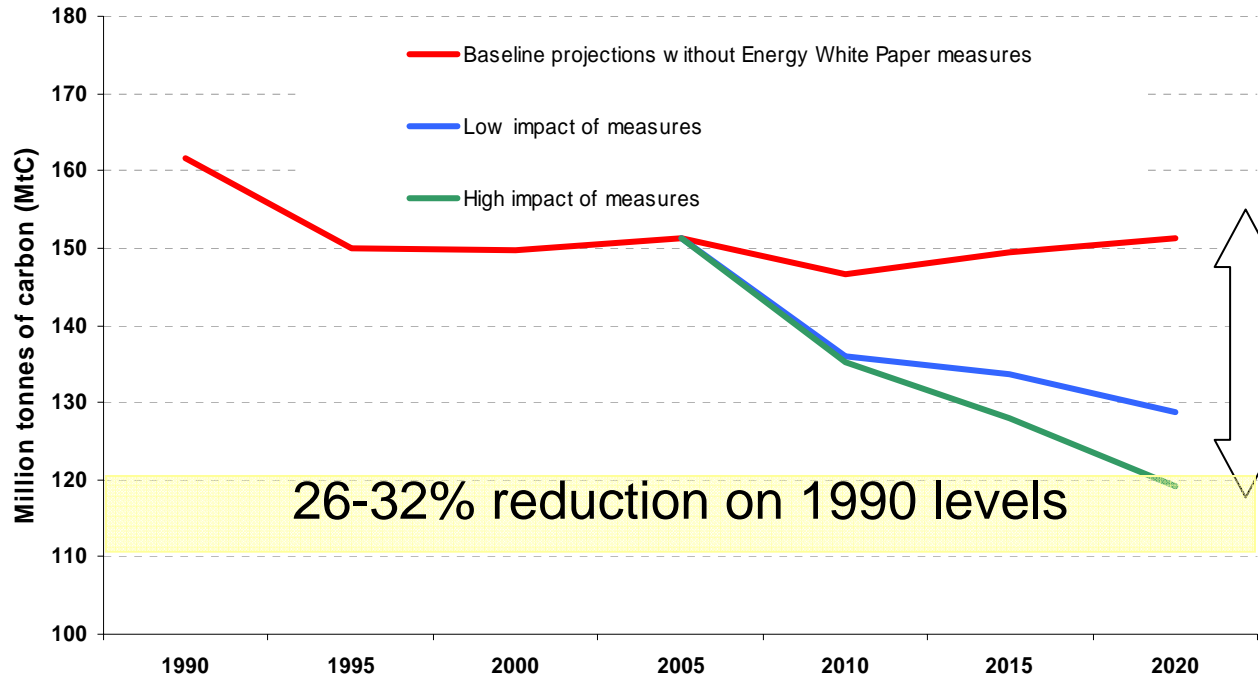
- Energy Technologies Institute
- Environmental Transformation Fund
- Low Carbon Transport Innovation Strategy
- SSCs to report on skills

Right Conditions for Investment

- Strengthened EU ETS
- Reform of planning system
- Improved market information
- Distributed Generation package
- Strengthened Renewables Obligation
- Demonstration of Carbon Capture and Storage
- Decision on new nuclear this year

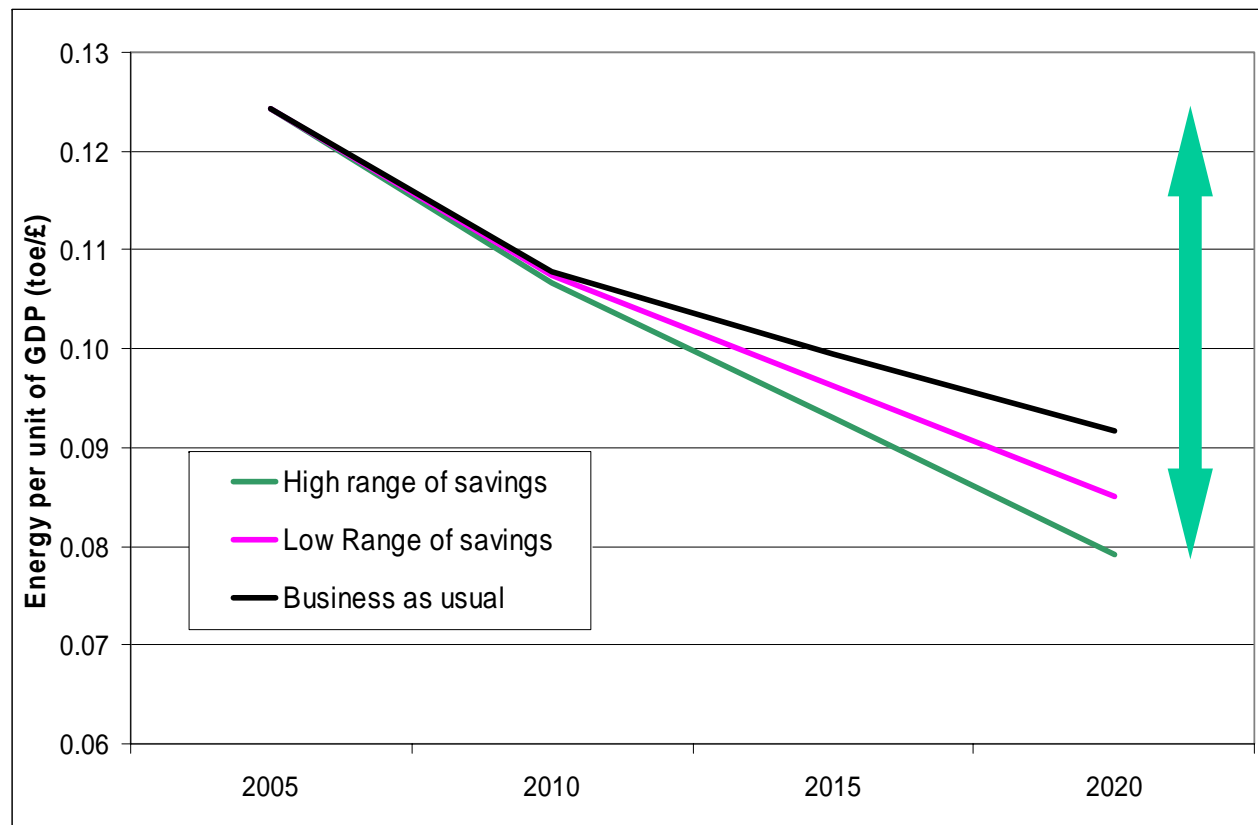
Impact Of Our Measures – Climate Change Challenge

Projected carbon emissions and carbon impact of our proposals



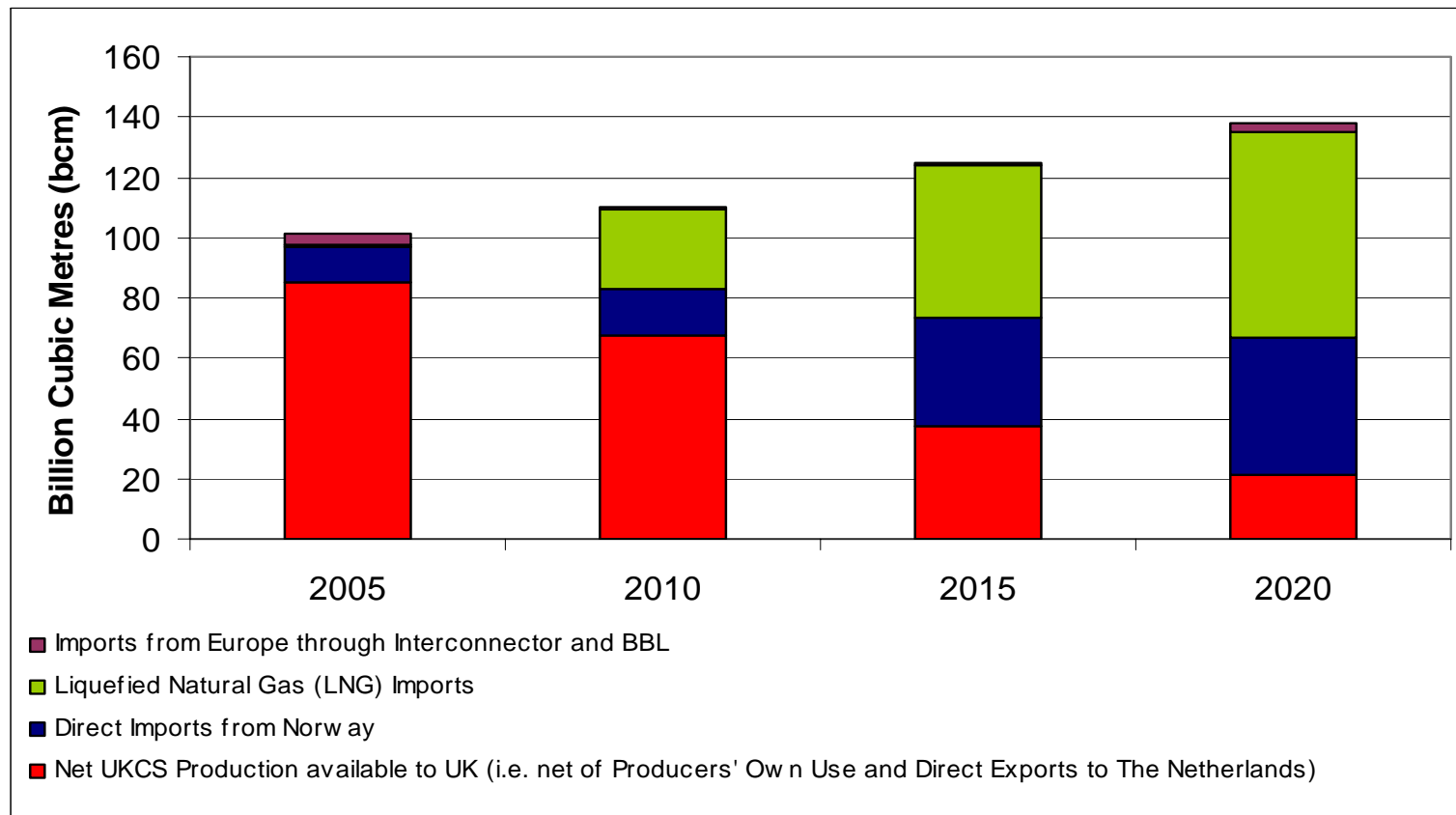
Together with the EU ETS, we estimate our measures will save 23-33 million tonnes of carbon in 2020

Improvement In Energy Intensity Of The Economy



Under the base case we estimate that the efficiency of our economy will improve by around 25% by 2020. Our measures will improve it by an extra 10% to around 35%.

Diversity In The Gas Supply



Diversity In The Electricity Mix

- Increasing renewables
- Demonstrating CCS
- Potentially, new nuclear power stations
- More distributed generation

Next Steps

- Implementation
- Consultations
- Legislation (climate change, energy, planning)
- International negotiation
 - EU (market liberalisation, EU ETS, emissions reductions, renewables target)
 - Post 2012 regime on climate change

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SESSION 2

Parliamentary Response & Plenary Discussion

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