



Turning energy policy insights
into commercial results

Policy opportunities during a period of change

21 November 2016



Introduction to Ecuity











- A focused team of energy policy specialists
- Strong reputation for over a decade of thought leadership
- Experts in bringing business and government together in a way that makes energy policy work
- Diverse skill base including economics, research, analysis, strategy, communications and engineering

Our mission is to connect the commercial day to day reality of running a business and the political challenges of energy policy making

- **Policy insight**
- **Policy, market and economic analysis**
- **Strategy development and implementation**
- **Policy advocacy**



A dedicated team

 <p>Dave Sowden Partner</p>	 <p>James Higgins Partner</p>	 <p>Ilias Vazaios Partner</p>
 <p>Kristina Rafnson-Hall PA to Partners</p>	 <p>Anna Livesey Senior Consultant</p>	 <p>Lesley Rudd Consultant</p>
 <p>Fraser Wallace Consultant</p>	 <p>Clare Jackson Consultant</p>	 <p>Gaia Stigliani Senior Economic Analyst</p>
 <p>Robert Honeyman Economic Analyst</p>	 <p>Alex Bather Finance Manager</p>	 <p>Samantha Crichton Policy and Commercial Analyst</p>
 <p>Sandra Morris Team Project Co-Ordinator</p>	 <p>Laura Blaj Communications Officer</p>	 <p>Pat Webster Administration Assistant</p>



Work across major energy markets

Technology Innovators



Contractors & Supply Chain



Fuel Suppliers



NGOs, Trade Associations & Government



Utilities



DECC and BIS merged into BEIS



Theresa May
Prime Minister



Philip Hammond
Chancellor of the
Exchequer



Greg Clark
Secretary of State, DBEIS



Gavin Barwell
Minister of State for
Housing and Planning DCLG



The Rt Hon Sajid Javid MP,
Secretary of State,
DCLG

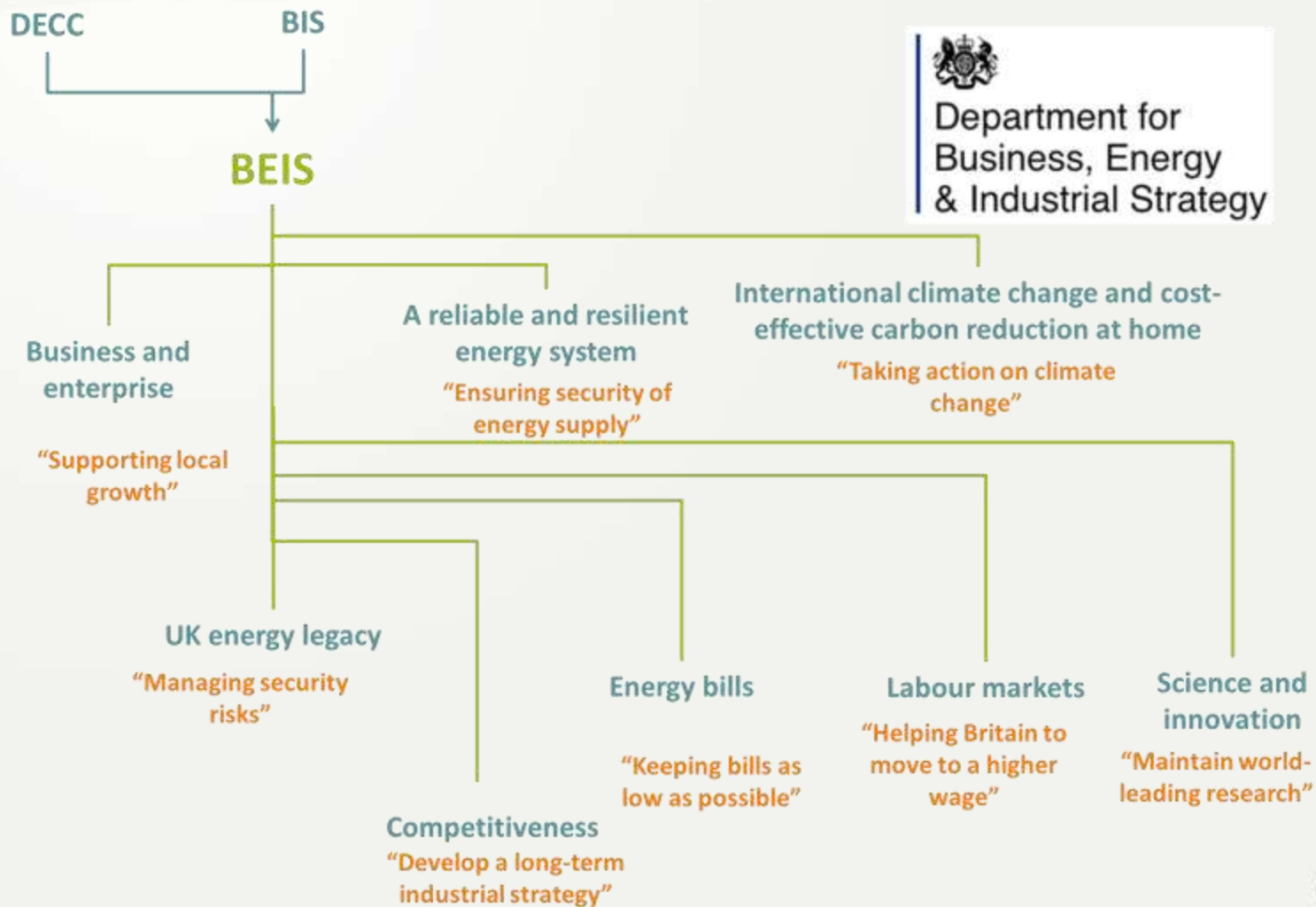


Baroness Neville-Rolfe
Minister for Energy, DBEIS

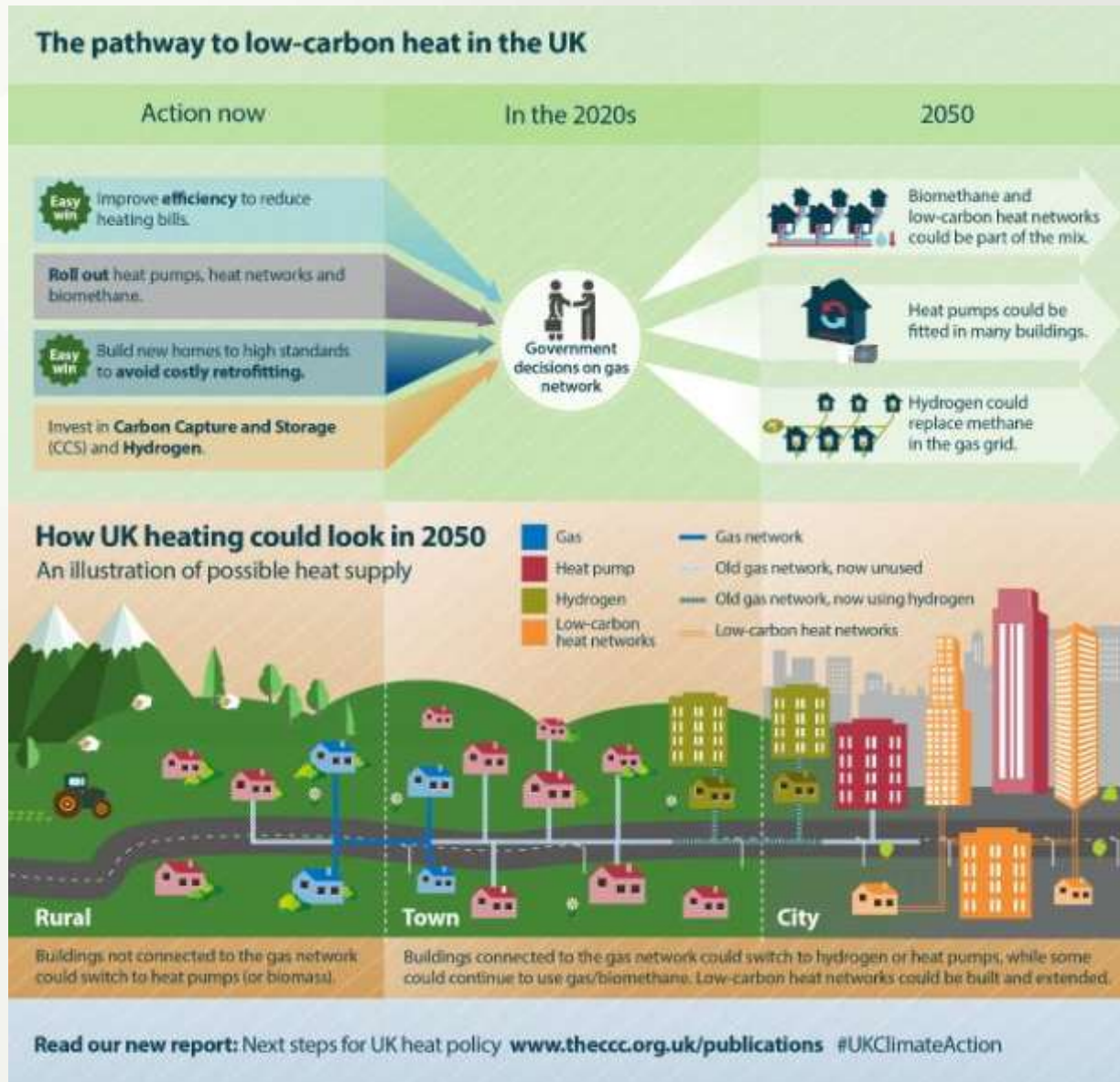


Nick Hurd
Minister for Climate Change,
DBEIS

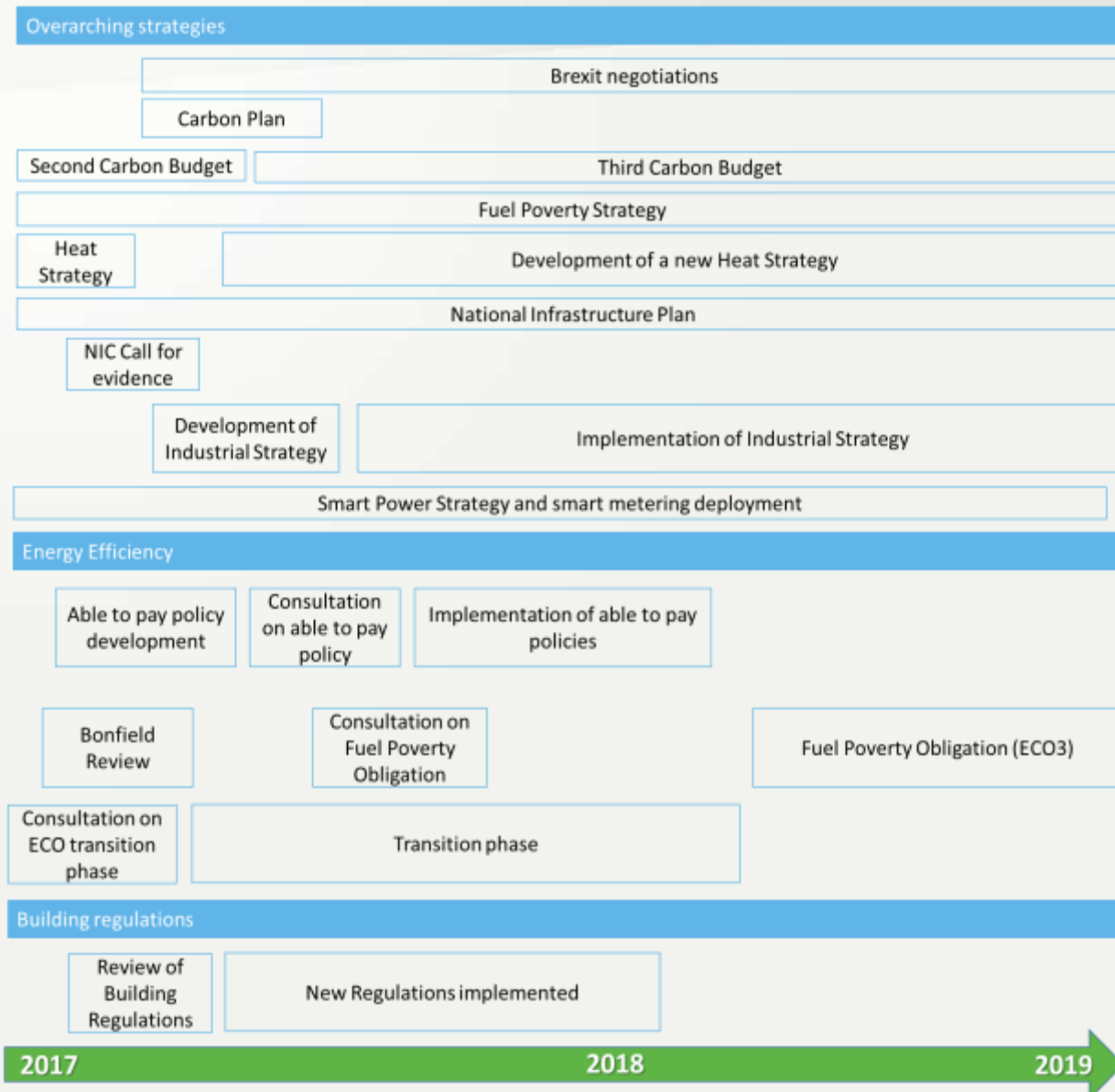
DECC and BIS merged into BEIS



An evolving decarbonisation strategy



An evolving decarbonisation strategy



Developing a policy newsletter for SWM



Quarterly Energy Policy Update September 2016

Prepared by Ecuity Consulting LLP for Sustainability West Midlands

This update is aimed at organisations operating in or impacted by policy in the heat, power and low-carbon energy sectors. It provides insights into the fast moving world of UK low-carbon energy policy to enable your organisation to advance and benefit from future changes. To develop your opportunities further why not support Sustainability West Midlands' future research, think pieces, or roundtables with Government. Please get in touch with our partner [Ecuity Consulting LLP](#) if you require further information on the policies highlighted in the update. If you have enjoyed this briefing, why not also take a look at our [Quarterly Environmental Legislation Update](#).

Parliamentary Outlook

Parliament has now returned to Westminster after summer recess. Following the vote to leave the EU in June, the Government has introduced a number of changes. Given the significant cabinet and departmental reshuffles, it is expected that the next few months will be busy in terms of setting a direction of travel, for new policy developments and negotiations. The EU was seen as instrumental in the development of energy and climate change policy in the UK and as such the Government will be assessing what impact leaving the EU will have on each of these areas.

One of the most relevant changes for our sector is the absorption of the Department of Energy and Climate Change (DECC) into a new Department of Business Energy and Industrial Strategy (BEIS). It is hoped that this change will mean that Government will be better placed to deliver the new investment and innovation needed to support the UK's transition to a low-carbon economy. This merger should enable a whole economy approach, taking into account business and industry to deliver a more joined up approach to the UK's climate change ambitions.

Greg Clark is now the Secretary of State for Business, Energy and Industrial Strategy, Business North-Halls is the Minister of State for Energy and Industrial Property, and Nick Hurd is the Minister of State for Energy and Climate Change (pictured from left to right).



Key Policy Developments

The table below outlines a number of key consultations and inquiries that have been held in recent months. These engagement opportunities are now closed, however in some cases respondents and specialists may be called to give oral evidence. Once responses have been received the consultation or inquiry team analyse the feedback and produce a report or consultation outcome. For inquiries the Government is required to respond to the report's recommendations.

Consultation and Inquiry Outcomes

Title	Status	Out
2016 Innovation Heat and Transport Letters	Report published; Awaiting Government response	2016
Consultation on the UK Nuclear Business	Consultation concluded; Outcome promised	2016
European Commission gas and electricity market reform	Analysing feedback; Outcome expected in autumn	2016
UK EA's Recommendations for Air Quality	Report and Government response published	14/02
Energy Performance Certificate (EPC) Data Usage	Analysing feedback; Outcome expected in autumn	2016
Feed in tariff scheme	Analysing feedback; Outcome expected in autumn	2016
Heat Networks Investment Project	Analysing feedback; Outcome expected in autumn	2016
Leaving the EU: implications for UK Energy Market	Analysing feedback; may call oral evidence sessions	0000
Leaving the EU: implications for UK Energy Policy	Analysing feedback; Outcome expected in autumn	2016
Low Carbon Nuclear Industrial Strategy	Report published; Awaiting Government response	2016
Heat Networks: Smart Meters	Analysing feedback; Outcome expected in autumn	2016
Energy Efficient Homes: a National and Behavioural Scheme	Analysing feedback; Outcome expected in autumn	2016
The Sustainable Energy Sector in Scotland	Report published; Awaiting Government response	2016
Smart Meters	Oral Evidence Concluded; Report in preparation	2016

Engagement Opportunities

Consultations

Government consultations provide interested parties with an opportunity to comment on policy proposals. They offer a key opportunity to engage in the policy making process.

- Heat to Buildings (Boiler controls)** – Government is considering ways to improve performance, save carbon and reduce bills from conventional heating systems such as boilers, for example by using heating controls. Existing building regulations are being considered as part of this. The consultation is expected in the autumn. Keep an eye on the [Local Public Meeting website](#) for potential govt news.
- State Wealth Fund** – the fund could deliver up to £1 billion of funding, a proportion of which could be paid out to communities. The Government is seeking views on the delivery method and priorities of the fund. The consultation closes on 28th October.

Inquiries

Committee inquiries provide recommendations to Government and are therefore an important opportunity to comment on the direction of travel for policy.

- Leading the UK: Implications and Opportunities for Science and Research** – the Committee is seeking further contributions on the potential risks and opportunities e.g. access to funding and research facilities. Accepting written submissions in order to develop a Risk Assessment to set out a registering strategy for the Government.
- Energy Revolution: What Could Change the Energy Sector** – the Committee is investigating disruptive innovation in the energy sector and Government support for innovation. The deadline for submission has passed, however late submissions may still be considered.
- Food Waste in England** – the Committee is looking into the economic, social, and environmental impact of food waste in England. The deadline for submissions has passed, however the committee is accepting late submissions.

Market Analysis

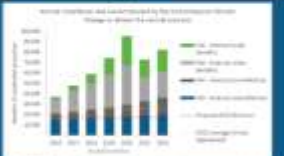


Figure 1: SO2 will also be impacted post-2015 as a result of government measures and the Committee on Climate Change recommendations on deployment.

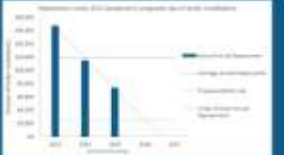


Figure 2: Boiler minimums proposed compared to actual SO2 deployment. Note that the actual average.

Energy Efficiency

The recent Energy Company Obligation consultation proposed a number of alterations to the scheme. The three main proposals involving the deployment of measures with the solid fuel minimum. The cap on boiler replacements and the alterations to eligibility.

- Solid fuel minimum** – Solid fuel properties are seen as a significant challenge for the Government as only 2% are included. The Government has therefore proposed to restrict the deployment of measures with the solid fuel minimum. The cap on boiler replacements and the alterations to eligibility.
- Boiler replacement cap** – A significant cut to the number of boiler replacements under ECO was proposed by the consultation from an annual average of 150,000 over the scheme's lifetime to 25,000 in the transition year. Our analysis shows that the cap is set in line with the lower trajectory (Figure 2). The aim is to increase the level of support for other measures.
- Eligibility** – Social housing properties with EPC ratings of E-, F- and G could be eligible to receive ECO support for specified measures. Local authorities and intermediaries could also play a key role in the targeting of funding towards fuel poor homes. The consultation indicates it is expected in the scheme.

Quarterly newsletter developed by Ecuity for SWM members, networks and newsletter subscribers

Covers developments that may influence commercial strategy and key messages to influence new policy

First newsletter will be produced in September 2016 with subsequent newsletters being issued in December 2016

Feedback necessary to improve relevance



Which policy areas are likely to impact your business?

- Energy efficiency
- Smart energy
- Renewable Heat
- Heat Networks
- Energy Storage
- Non-domestic heating
- Distributed generation
- Emissions reduction
- Low carbon transport
- Brexit
- Other



Contact:

Ilias Vazaios

Partner

Ecuity Consulting

Ilias.Vazaios@ecuity.com





Follow us for the latest policy updates



www.ecuity.com



[@Ecuity_UK](https://twitter.com/Ecuity_UK)



www.linkedin.com/company/ecuity-consulting-llp

