

C606119

new DTI

2011

12

same as 16(11)

UPDATE ON WORKSTREAMS

Workstream: Planning Reform

Scope	
Matters relating to the gaining of planning permission under the energy-specific consent regime and general (Town and Country Planning Act) consent regimes, including scope of consent regimes, planning inquiries and environmental legislation.	
Objectives	
To recommend options to reduce timescales and uncertainty associated with gaining planning permission for power stations >50MW and grid upgrades/extensions.	
OGD input	
DCA:	co-operation with any potential changes to s36/s37 inquiry rules
ODPM:	information on stream-lining options
DfT:	information on stream-lining options

Workstream: Wind and Renewables Obligation (RO)

Scope	
<ul style="list-style-type: none"> Close-to-market renewables: given the very low prospects for further landfill gas and hydro in the UK, this effectively means wind. Offshore wind sits partly in the R&D workstream, but also partly in this workstream as it is near to market and is affected by practical impediments, especially planning and grid issues. Onshore wind is firmly in this workstream. 	
Objectives	
<ul style="list-style-type: none"> to consider whether there should be any amendments to the Renewables Obligation (RO) as a result of the Review; to ensure that the impact of on the RO of any new market mechanisms we recommend will be full considered; and to identify and address barriers to the uptake of close-to-market renewables, ie onshore and offshore wind. This refers mainly to planning and grid issues. 	
OGD input	
<ul style="list-style-type: none"> Defra: possible need for discussions on CHP, which in the past has been considered for exemption from the RO. 	

Workstream: RD&D

Scope

- Analysis of the contribution low carbon RD&D needs to make to the EWP objectives; analysis of the drives and barriers for low carbon RD&D, and recommendations for new interventions or changes to existing ones.

Objectives

- To produce a Government low carbon / energy RD&D policy intention that will provide principles (or recommend work that needs to be undertaken to determine principles) setting out:
 - our medium to long-term energy objectives
 - the new Government interventions, or the changes to existing ones, that will be necessary to achieve them.
- The outcome should be a policy intention, to be followed-up after the Review (for instance with industry consultation) with a view to producing a Government Low Carbon RD&D strategy.

OGD input

Not clear – speak to policy lead

Workstream: Energy Efficiency

Scope

- Demand-side energy efficiency (including the public sector, and excluding transport and power sectors).

Objectives

- To reduce the UK's energy demand by developing Government strategy on energy efficiency.

OGD input

Defra: required for economic analyses, provision of some policy analysis and to sub-contract carbon analyses. Economic analysis yet to be agreed (meeting requested with Defra to discuss).

ODPM: working group on Review of Existing Building Stock should be able to suggest quick wins. Their feedback will be required on buildings options and assistance in identifying analysis requirements and credibility testing.

Treasury/UKBCSE/Defra: group to look at energy services. Unclear whether recommendations will be ready in time for the Review.

Workstream: Security of Supply

Scope
<ul style="list-style-type: none">• To define a robust process and framework for analysing security of supply, and to use such framework in the definition and assessment of options.
Objectives
<ul style="list-style-type: none">• To define and secure widespread agreement to a definition of, and a system for, measuring security of supply for use in the Review.• To develop a robust and credible evidence base on which to base the Review's security of supply proposals• To engage effectively with Energy Group, Ministers, OGDs and wider stakeholders to ensure stakeholder concerns contribute to creating an informed view on security of supply.
OGD input
<ul style="list-style-type: none">• Collaboration with FCO and HMT

Workstream: CCS (including clean coal)

Scope
<ul style="list-style-type: none">• Energy Review likely to need to take decisions on subsidizing 'demonstration projects' e.g. the BP Miller or EON projects. May also need to clarify where long term liabilities associated with sequestered carbon will lie.• CCS workstream will also need to consider future of coal-fired generation in the UK, which is likely only to be possible in conjunction with CCS.
Objectives
<ul style="list-style-type: none">• Establish CCS's potential contribution to meeting UK energy policy objectives.• Establish, as far as is practicable given irreducible uncertainties associated with CCS, the policy and market conditions under which CCS might happen in the UK, and thereby identify existing barriers (technological, economic, regulatory).• Identify policy options to remove these barriers, and within these identify which policy changes the Energy Review might realistically recommend, taking into account wider Review objectives.
OGD input
<ul style="list-style-type: none">• HMT: engage on CCS condoc and 'demonstration projects'• CCS Regulatory Taskforce (EITU): keep a watching brief on its establishment of, and attend meetings, intervening as necessary to

ensure it delivers whatever can feasibly be delivered in Energy Review timescale.

- **HSE:** work to establish the approach being taken to CCS

Workstream: Transmission / national grid

Scope

- To determine problems the current grid system may have and the opportunities it could offer in reaching the UK energy goals. In particular, what problems may need to be overcome in order to replace electricity generation capacity; and, should government intervene in the distribution network to accommodate future technologies. The time period for consideration is 2010 to 2050.

Objectives

1. Potential issues in new electricity generation

The Energy Review will focus on solutions to replacing retiring generation plant. New plant will need grid connections. More needs to be known about the potential requirements, problems and costs. In particular:

- replacing current nuclear power stations with new designs in situ or at new sites
- accommodating increasing amounts of on and off shore wind
- system implications of new generation
- technological options
- planning

2. Requirements for the electricity distribution system

Current government policy is to incentivise both small and medium scale renewable generation, and cogeneration technologies. Current grids were not designed for this purpose and may need updating if significant increase in either technology are realised. Different scenarios will need different solutions, with different investment implications. This piece of work hopes to work closely with the DTI Electricity Network Steering Group, and is divided into three:

- distributed generation scenarios
- grid implications of scenarios
- future grid opportunities

OGD input

- **HMT: possible need to work together on investment scenarios**
- **ODPM: possible need to work together on planning**
- **DEFRA: may be involved in distributed generation**

Workstream: Nuclear**Scope**

- To understand the circumstances under which new nuclear build is likely to happen.

Objectives

- To develop and analyse a range of options which would make new nuclear more likely. Also, to assess the costs and benefits of these options, and the overall cost of new nuclear, to inform any decision on new build.

OGD input

- Various nuclear: EITU: work packages agreed and on schedule

Workstream: UK Coal Industry**Scope**

- The medium and longer term place of UK coal industry in UK energy policy.
- In scope: role of UK coal in meeting energy policy objectives eg security of supply.
- Out of scope: short and medium term issues relating to UK coal industry including issues relating to government support.

Objectives

- To address specific relevance to UK coal issues in the review in a relevant and proportionate manner.

OGD input

- **Coal Authority: for key data**

Workstream: Transport

Scope
<ul style="list-style-type: none">• Aim to achieve a more solid idea of the work that will be involved for the sections a) and b) listed below, and agreement with DfT that this is a good basis for the Review.<ul style="list-style-type: none">▪ past and present measures and their effect on Carbon and Security of Supply.▪ split into i. analysis of potential and actual blockers for most promising technologies, and ii. looking at how best to incentivise R&D for these technologies.• Need to agree which work will be outsourced to DfT, including what economic resource. There will be a meeting this Friday (17/206) with the DfT Chief Economist to get agreement.• Agreement to outsource some of the work - Section 2(b) on stimulating innovation – to a member of the Stern Review team.• Stakeholder work is more certain, with a decision left about whether there will be a Transport-specific Ministerial meeting, and who would be invited. Submission has gone to DfT Minister and waiting for acceptance.• Regular meetings with DfT established including: one set of weekly update meetings, and one set of bi-weekly Board meetings chaired by the DfT Chief Economist.• Developed a series of meetings with OGDs so that they are kept up to date with the work of the Review, and we can be informed of their opinions. Member so far include us, Stern Review, HMT and DEFRA. May expand later.
Objectives
<ul style="list-style-type: none">• To decide which sections will be outsourced to DfT people and on economist resource. To begin writing the sections in the Workstream – 1 on Transport in the Wider Review, 2(a) on Potential and Barriers and 2(b) on Stimulating Innovation.• To find out what exact DfT resource is needed, and to agree with DfT on who will provide it.• To liaise with DfT to define what Transport Options they would like to be included in the Review.
OGD input
<ul style="list-style-type: none">• Stern: to input into work on Innovation and R&D.• DfT: to provide economic and general advice, and to draft sections of the Workstream.

Workstream: Finance and investment

Scope
<ul style="list-style-type: none"> To model each of the short-listed technologies for generation plant.
Objectives
<ul style="list-style-type: none"> To assess the economic cost, the impact of incentives and the cost of financing for each of the short-listed technologies for generation plant.
OGD input
<ul style="list-style-type: none"> CORWM interim report due to be published in April – required for assumptions in model for treatment of nuclear waste. The nuclear costs will be provisional until this report is published.

Workstream: Energy modelling

Scope
<ul style="list-style-type: none"> Scenarios and energy modelling analysis.
Objectives
<ul style="list-style-type: none"> To devise a set of ‘do nothing’ scenarios and ensure they are backed by the best available models possible. To ensure robust use of models across the Energy Review.
OGD input
<ul style="list-style-type: none"> Dependent on the work stream.

Workstream: Carbon market mechanisms

Scope
<ul style="list-style-type: none"> To look at the options for introducing new market mechanisms (or adapting existing ones) to reduce carbon emissions and make progress towards the UK’s carbon emissions targets.
Objectives
<ul style="list-style-type: none"> To arrive at a validated way of achieving carbon emissions through economically efficient market mechanisms.
OGD input
<ul style="list-style-type: none"> HMT: involvement in tender for study on carbon mechanisms and tax options lead

- **Stern Review team:** close working (sharing of project plans; regular meetings) to ensure no duplication of effort, but consistency in approach/messages, and involvement in tender for study on carbon mechanisms
- **Defra:** input on the effectiveness of (and their plans for) UK ETS and EU ETS, and UK carbon target 'interpretation'

Workstream: Cost benefit analysis

Scope

- To define a robust framework for cost benefit analysis of the Energy Review policy proposals and coordinate the CBA of individual options into credible policy packages.

Objectives

- Define and gain agreement on a robust framework to provide structure to the CBA of individual review policy options, and therefore ensuring consistency between them.
- Ensure appropriate measures of EWP goals can be constructed for policy packages to show ministers the impact of our goals.
- Advise on treatment of uncertainty and risk.
- To provide guidance on cross-cutting issues.
- Develop methodology for the packing of policy options.
- To coordinate the bringing together of cost benefit analyses of individual option into credible policy packages.
- To communicate effectively our approach to the Energy Review peer review panel and to the analysts responsible for carrying out the individual CBAs.
- To scrutinise the outputs of the CBA process prior to submission to the Energy Review peer review panel.

OGD input

- Reliant on input from a range of OGDs for core information.

Workstream: Competitive markets

Scope

- Matters related to: the promotion of competitive energy markets in the UK and beyond, including progressing EU energy market liberalisation and an EU energy policy (in the light of the EC's Green Paper, due shortly); analysing the impact of energy policy interventions on the competitiveness of the UK energy market and on the UK economy more widely; and ensuring that analysis of future energy policy takes account of the potential opportunities for UK business.

Objectives
<ul style="list-style-type: none"> • Identify and analyse options for further promoting liberalised and competitive energy markets, whilst not compromising the other goals of the Energy White Paper. • Input (via DTI policy leads) into the EC's Green Paper process re a European energy policy, and take into account the Green Paper conclusions in summer policy statement. • Consider competitiveness implications for UK energy market of policy interventions. • Consider the competitiveness implications for the UK economy of energy policy interventions, and to consider the sectoral impact. • Consider the potential opportunities for UK businesses in our future energy policy.
OGD input
<ul style="list-style-type: none"> • Ofgem: expertise and advice, via meeting(s), on issues surrounding European energy market liberalisation including the DG COMP inquiry. • Stern Review team: providing analysis and views on innovation policy necessary for businesses to capture benefits of business opportunities due to climate change.

Workstream: Fuel poverty

Scope
<ul style="list-style-type: none"> • To consider fuel poverty projections in the medium/longer-term (including the implications of different energy market policy interventions), and to identify policy interventions to eradicate fuel poverty as far as reasonably practicable.
Objectives
<ul style="list-style-type: none"> • To quantify the likely impact of current and new energy market policy interventions on the number of households in fuel poverty in England and the UK. • To identify possible policy interventions to eradicate fuel poverty in England and the UK as far as reasonably practicable under different scenarios ('do nothing', and under various new energy market policy interventions).
OGD input
<ul style="list-style-type: none"> • Mainly Defra, but also need the involvement of other Government departments