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## **NATIONAL NEWS: Energy policy lights way to removing barriers on the path to greener power: Gas supplies are plentiful but Britain must try to cut its greenhouse gas emissions, write Andrew Taylor and David Buchan**

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By DAVID BUCHAN and ANDREW TAYLOR

When Tony Blair saw the lights going out all over California he was suddenly presented with a painful question: could the same happen here?

With Britain increasingly dependent on gas imports from unstable regions such as the former Soviet Union and North Africa, Mr Blair ordered the Cabinet Office to launch an urgent inquiry into future energy needs.

The report's conclusions were reassuring. Britain should not worry about an over-dependence on gas: there was plenty of it, and security of supply was not an issue for the foreseeable future. Instead it has come up with far-reaching proposals on how to meet the other big question - meeting Britain's commitment to cut greenhouse gases. To that end, the report has more than just a tinge of green.

It proposes a substantial increase in investment in wind farms and other renewable energy projects, greater energy efficiency and more investment in energy efficient combined heat and power projects.

The findings by the Cabinet Office's performance and innovation unit will disappoint nuclear and coal industries, which had sought financial backing to replace ageing reactors and prevent greater volumes of imported gas being burnt in British power stations and homes.

Proposals that the government should decide the fuel mix for electricity generation were "rejected on the grounds that it would be an excessive and major distortion in the market", says the latest draft of the report.

It rules out subsidies to replace ageing nuclear power stations. More than three-quarters of nuclear capacity, 9GW, is due to close by 2020.

"The electricity industry has had to cope with this scale of replacement and can do so again," says the PIU. "A wide range of technologies is available - gas-fired stations; renewable power; CHP (combined heat and power plants); coal-fired stations; energy from waste resources; coal mine methane."

The future of the coal industry, whose political strength has helped it score well in energy reviews, remains dim, it makes clear, unless a way can be found to bury the plentiful carbon dioxide it produces.

Inevitably, the PIU review will disappoint those who hoped for a detailed map for energy policy over the next 50 years. But the green energy sector will rejoice at recommendations to remove the institutional barriers to its progress.

These include heavy financial penalties imposed by the new electricity trading system on small and intermittent (typically wind) generators; the difficulty and cost which renewable producers have in getting linked to the grid; and planning obstacles which all generators face.

If the government takes these up it may find itself clashing with Ofgem, the energy regulator, which recently said that its primary remit is to ensure consumers get the cheapest possible energy.

The PIU wants to make it easier for CHP and renewable energy schemes to win planning permission. Local authorities should be required to accept regional targets for green energy schemes, it says. Building regulations should be strengthened to encourage "low carbon buildings" to meet stringent demand reduction targets of 1 per cent a year for households.

On transport pollution it says the government may have to return to its previous support for congestion charging if development of new fuel technologies based on hydrogen fail to deliver. But it sees no alternative to using kerosene to fuel aircraft and says

taxation may be needed to control growing demand and reduce greenhouse gas emissions.

The review proposes that carbon taxes might eventually be imposed on all areas of the economy, including households, provided government measures succeed in substantially reducing by 2010 the numbers of people trapped in "fuel poverty".

It also wants companies to include energy use and greenhouse gas emissions in annual reports. Editorial Comment, Page 18

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