

# Energy Bill report stage briefing

September 2023



## Background

- As the first piece of legislation to be passed by the new Department for Energy Security and Net Zero, the [Energy Bill](#) provides a great opportunity to tackle UK energy demand and improve energy security. It is also a critical piece of legislation to reduce the cost of energy bills and resilience against global fluctuations in energy prices.
- The Bill provides a legislating footing for several policies set out in the Government's [Energy Security Strategy](#) and [Net Zero Strategy](#) aiming to transform the UK's energy system.
- This briefing sets out the key amendments to support and lines to take for the Report Stage debate, and the main areas of concern for the Environment APPG. Amendments include moving away from fossil fuels (NC2, NC3, NC4, NC12, NC29, NC30), creating a secure system with cheap, domestic energy (NC6, NC11, NC19, NC31, NC32, NC43), greening international trade (NC7, NC25) and upgrading homes and cutting energy waste (NC18, NC38).
- The Government Energy Bill factsheet can be found [here](#). The full list of commons report stage amendments can be found [here](#).

## Moving away from fossil fuels

- The UK is heavily dependent on gas for energy, with [85% of homes using it for heating](#) and more than [a third of electricity supplies](#) coming from gas power plants.
- While reducing consumer prices should be the immediate priority, beyond this there is a vital opportunity to ensure the creation of a less volatile system.
- It is well-recognised that moving away from fossil fuels is key to strengthening energy security. An [Environmental Audit Committee report](#) noted that *“accelerating the transition away from fossil fuels will enhance the UK's energy security and reduce the ability of aggressive or regressive regimes to use oil and gas supplies as an economic weapon. It will also help to protect households from volatile fossil fuel prices permanently and will reduce the fiscal burden of financial support to households through this and any future energy crisis.”*
- In its current form the Energy Bill will not act to reduce the UK's reliance on fossil fuels.

Amendments to support:

1. **NC2** would prevent the opening and licensing of new coal mines and **NC29** would prohibit the approval of new oil and gas field developments and the issuing of new oil and gas exploration and production licenses.
2. **NC3** would provide regulations for the UK to cease energy production from coal.
3. **NC4** and **NC12** introduce new clauses to ban or prohibit flaring and venting. Routine flaring and venting from oil and gas operations are a major contributor to the UK's methane emissions, which are 80 times more powerful than carbon dioxide over a 20-year period. A ban on unnecessary flaring and venting could save enough wasted gas to supply over [750,000 homes](#).

4. **NC30** introduces a new clause that would amend the [Petroleum Act 1998](#) to remove the principal objective of maximising the economic recovery of UK petroleum and replace it with a new principal objective to deliver a managed and orderly phase down of UK petroleum, advance the UK's climate targets, and support a just transition for oil and gas workers.

### **Creating a secure energy system with cheap, domestic energy**

- A rapid deployment of green technologies is necessary to cut household bills and create a resilient energy system that works in the long-term.
- If already deployed, [findings](#) show that upfront costs would have begun to pay off in the form of lower bills, as well as stimulating economic growth in industries such as building, car manufacturing and renewables.
- Onshore wind is one of the lowest-cost, scalable electricity generation technologies in the UK. Last year's Contracts for Difference (CfD) auction alone secured enough wind and solar capacity to power [12.5million homes](#), which will save billpayers an expected £58 a year. This makes onshore wind up to ten times cheaper than gas, [costing £42 for a unit of electricity](#) (a megawatt hour), compared to up to £539.59/MWh for gas on the wholesale market.
- The Bill must deliver clear signals to industry in order to get new projects onto the grid, however the government is still upholding an effective ban on one of our cheapest forms of renewable energy.

Amendments to support:

1. **NC6** would give the Secretary of State a duty to deliver net zero power by 2035, as well as a duty to provide the means of calculation of net zero emissions.
2. **NC11** introduces a new clause that seeks to enhance the reward under the Smart Export Guarantee for energy customers who install solar panels.
3. **NC31** would mandate the installation of solar panels on the roofs of all new homes and require new housing developments to be planned in order to maximise solar gain.
4. **NC19 and NC32** introduces a new clause that probes the potential of decarbonising the capacity market.
5. **NC43** aims to remove planning restrictions which allow a single objection to block a project, whilst ensuring that communities who want onshore wind developments will receive community benefit and that local decisions made on onshore wind cannot be overturned on appeal.

### **Greening international trade**

- [The Energy Charter Treaty](#) (ECT) is an outdated energy investment agreement between approximately 50 countries. It dates to the mid-1990's, when the focus was on access to oil and gas reserves in countries of the former Soviet Union, and levels of climate ambition were not high.
- Its purpose is to protect private foreign investments from regulatory or political interference, through Investor State Dispute Settlement (ISDS), which sets up secretive extra-judicial arbitration panels capable of awarding unlimited compensation at taxpayer expense. This has become the favourite tool of fossil fuel companies to sue governments for policies which protect the climate and environment.
- Negotiations to 'modernise' the agreement kicked off in 2018. However, the reform process has reached an impasse. Any reforms require unanimous agreement from Treaty signatories,

however the European Commission is publicly backing a full coordinated withdrawal of EU members, citing the treaty's incompatibility with their climate ambitions. European countries represent roughly half of the Treaty members, which makes it highly unlikely that any reform process will now be successful.

- Despite attempts to reform, the ECT continues to undermine global climate action and several countries have announced plans to exit the Treaty. [Germany](#), [France](#), [the Netherlands](#), [Spain](#), [Poland](#), [Slovenia](#) and [Luxembourg](#) have all said they are leaving. Italy has already left, and further announcements are anticipated.
- In February 2023, a group of [experts wrote](#) to the Energy and Net Zero Secretary calling on the UK to quit the treaty.
- Without swift action, the UK is at risk of being stranded in an unreformed Treaty, which would leave public finances exposed to huge financial liabilities, something the government has already said it cannot support.

Amendments to support:

1. **NC7** would require the Secretary of State to initiate procedures for the UK to withdraw from the ECT.
2. **NC25** includes the same requirement as NC7 and in addition requires a report to be laid before Parliament setting out the list of investment protection agreements to which the UK is a party which offer protections to the energy sector, and an assessment of the risks they pose to the Secretary of State fulfilling duties in this Act with regard to the achievement of targets set by the Climate Change Act 2008.

### Upgrading homes and cutting energy waste

- Delivering energy efficiency in homes is one of the few near-term actions that can be taken to reduce dependence on gas. Action to improve the efficiency of housing and buildings will be instrumental in achieving the [fifth carbon budget](#) and meeting the 2030 statutory fuel poverty target.
- At present the Bill is silent on demand-side measures when clarity is sorely needed on plans for rollout.
- The need for improved energy efficiency standards is particularly important for private renters who are susceptible to rising energy prices given their lack of autonomy over energy suppliers, tariffs, building fabric and heating systems. There is approximately [4.6 million](#) private rented households in the UK, and at least a quarter of those households are living in fuel poverty. A UK Government consultation on proposals to revise Minimum Energy Efficiency Standards (MEES) in private rented properties suggested that all rental properties be brought up to EPC band C by 2028.

Amendments to support:

1. **NC18** would raise minimum energy efficiency standards from EPC E to EPC C by 2028. Tenants in the private rental sector in the least efficient homes are paying as much as an additional £950 per year compared to the average. New energy efficiency standards would save the average tenant £570 per year and would produce aggregate annual savings of £1.75 billion.
2. **NC38** would require the Secretary of State to publish a Warmer Homes and Businesses Action Plan which sets out how it intends to deliver on existing energy efficiency targets for new and existing buildings.

## General lines to take on the Energy Bill, energy security and net zero

- The war on Ukraine by Russia has led to a record spike in gas prices, driving energy inflation and cost of living pressures in the UK.
- The UK does not control the price of gas, as it is sold by private companies on international markets – and the UK is a [net importer](#) of energy, and has been since 1998, only around [50% of our gas consumption](#) is provided by the North Sea. Most of oil produced in the UK is unusable in this country and is exported ([around 70%](#)).
- The UK is heavily dependent on gas for energy, with 85% of homes using it for heating and more than a third of electricity supplies coming from gas power plants.
- The clean energy transition means a more resilient energy system which is not reliant on imports from foreign petrostates; instead, building more domestic wind, solar, nuclear and hydrogen.
- The UK is a windy island nation, and well placed to harvest natural renewable energy resources, such as fixed offshore wind, floating offshore wind, tidal, as well as storing carbon in our disused oil and gas assets.
- The UK is expected to be [a net exporter of electricity by the middle of the decade](#) via interconnectors to the European continent, helping to power our European neighbours and improve our balance of payments.
- Green Alliance's [Net zero policy tracker](#) published in June 2023 finds only 35% of policy needed to meet the UK's fifth carbon budget are in currently on track.

## What do voters think?

- A [government survey](#) found 88% of people support renewable energy and only 2% oppose it. 85% support wave and tidal energy and 74% said renewable energy provides economic benefits to the UK.
- A [YouGov survey](#) of SNP voters found 70% supported the UK 'to get off oil and gas as quickly as possible', with just 4% agreeing that the UK should 'continue to meet its energy demand primarily with oil and gas for as long as is necessary'.
- Polling by [ECIU](#) found three quarters (76%) of those intending to vote in the local elections in May support the UK's net zero target. Respondents were also supportive of renewables developments in their area with 64% supporting new onshore wind development and 68% supporting a solar park in their local area.
- According to public opinion polling by [Public First](#), 76% of people support government funding for energy efficient upgrades to homes, whilst just 10% oppose.
- Polling by [Ipsos Mori](#) showed that a majority of Britons, 71%, supported greater investment in renewable energy in the UK, compared to just 7% who actively opposed it. In the same survey, a slim majority (51 per cent) supported ending investments in coal, oil, and gas projects abroad.