Energy in the UK
2016
Delivering jobs, growth and choice through sustainable investment in 2015
Introduction

Our industry is powering the most dramatic transformation in its history. We are renewing our generation capacity, building flexibility into our grids and delivering a digital dividend for our customers.

There has been a view of the energy sector as the last analogue industry; looking on while the spiralling power of digital capability reshapes the economy, modernises businesses and supercharges consumer expectations of service and innovation. In fact the energy sector is investing to transform every aspect of the industry from how we generate and distribute to how consumers experience energy supply. Without question, we are in one of the most innovative and dynamic periods of our history.

Energy companies invested £18bn in the economy during 2015, generating growth and jobs in every corner of the UK. The number of active energy suppliers in 2015 had grown to 40, bringing stronger competition and greater choice to consumers who want to get a better deal.

None of this is without challenge. As the UK prepares to exit the European Union, a stable domestic policy framework in which investors can plan with confidence will be more important than ever. Also, we need to win the confidence and trust of consumers who have not engaged with the market to date.

Energy UK will work with our partners to meet those challenges and deliver a lower carbon future in which more people reap the benefits of a highly competitive market.
Energy in the UK

- £18bn invested in generation, distribution, and customer service
- 637,000 people directly or indirectly employed across the UK
- 13% reduction in carbon emissions from the power sector
- 40 active energy suppliers at the end of 2015
- £320m spent to support those struggling with their energy costs
In 2015 the energy industry invested £18bn in generation, distribution, metering and customer service. That amounted to 14% of all private sector investment in the UK, equivalent to £660 per household and more than almost any other commercial sector.

This investment provides 137,000 jobs and supports another 500,000 across the United Kingdom. That means one in 49 workers is directly or indirectly employed by the energy industry.

The sector drives economic activity to the tune of £87bn and delivers high levels of productivity with every employee contributing the equivalent of £181,000 to the economy in 2015.

Last year, the sector contributed around £5.5bn in direct and indirect taxes to the UK Government.
Value of investment

£18bn

137,000 people were directly employed by the industry

£5.5bn in taxes to the government

14% of all private investment in the UK

The sector supports 1 in 49 jobs across the UK
The power sector reduced its carbon emissions by **13%**.

- **Business emissions**: 3% reduction
- **Residential emissions**: 5% increase
- **Transport emissions**: 1% increase

**Generation output from renewable sources increased by 30% from 2014 to 2015**

- **Solar**: 87%
- **Waste**: 45%
- **Plant biomass**: 42%
- **Offshore wind**: 30%
- **Onshore wind**: 23%
Powering our low carbon future

- While coal generation has decreased by 30% since 2010, in the past year alone, renewable capacity has increased by 24% and actual generation by 29% to 83,550 GWh.

- The power sector reduced its carbon emissions by 13% and was the largest single contributor to the decrease in UK emissions between 2014 and 2015.

- Over 40GW of power generation will be needed to replace retiring plant, deliver against our carbon targets and meet increasing demand.

- Over £140bn needs to be invested in new generation capacity to 2030, along with a further £40bn investment in enhancing the network.
## Improving choice and service

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<tr>
<th></th>
<th>2014</th>
<th>vs</th>
<th>2015</th>
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<tbody>
<tr>
<td><strong>Number of suppliers</strong></td>
<td>24*</td>
<td></td>
<td>40**</td>
</tr>
<tr>
<td>* June 2014</td>
<td></td>
<td></td>
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<tr>
<td><strong>December 2015</strong></td>
<td></td>
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<tr>
<td><strong>Number of domestic switches</strong></td>
<td>5,314,241</td>
<td>6,062,391</td>
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<tr>
<td><strong>Number of complaints</strong></td>
<td>3,411</td>
<td>2,632</td>
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<td>received per 100,000 customers</td>
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Building consumer confidence

- When the CMA was asked to review the market in June 2014, there were 24 active energy suppliers. By the end of 2015, there were 40 suppliers of different sizes, providing greater levels of competition than ever before.

- Greater choice increased the number of consumers switching supplier by 14% in 2015 compared to 2014.

- Complaints against energy suppliers fell by 23% between 2014 and 2015.

- Our sector faces a continuing challenge to build consumer confidence. However, in 2016 there is even more choice, faster switching and greater engagement.
£320m was spent on Warm Home Discount, including £140 rebates to around two million vulnerable consumers.
During winter 2015, the industry spent £320m on around two million Warm Home Discount payments and other forms of support including debt write-off and trust fund payments.

Energy firms spent £3bn delivering energy efficiency measures from 2013 to the end of 2015.

Energy firms supported hundreds of local voluntary and community organisations to provide support and advice for those who need it most.