

14 steps

the Government can take in the Energy White Paper and Budget to support a net-zero economy by 2050.

No single action on its own will enable the UK to achieve net-zero carbon emissions by 2050. That is why we need the forthcoming Energy White Paper and Budget to focus on a number of actions that will further empower the UK energy sector to help reach that target. Many of these actions will also act as an enabler for other sectors such as transport and heat to decarbonise their activities.

The energy industry stands ready to continue to play a leading role in decarbonisation. But time is against us and we must now see urgent action from Government to provide the policy framework that will allow the necessary innovation and investment to flow – and ensure that as a country we go further and faster towards Net Zero.

We therefore urge the Government to consider these 14 steps, which will help us accelerate the drive to Net Zero, as they prepare the Budget and the Energy White Paper – which we hope they will bring forward as soon as possible and also introduce a net-zero test for all new government policies to ensure they support rather than undermine our 2050 target. (See page 2)

1	Build on the success of the Contracts for Difference scheme, by allowing the lowest cost, low carbon generation – onshore wind and solar power – to compete in future auctions.
2	Agree on funding models such as the Regulated Asset Base model for large-scale infrastructure like new nuclear plants, and make a clear commitment to the funding and delivery of Carbon Capture Usage and Storage (CCUS) – both of which will have an important role to play in the transition to Net Zero.
3	Recognise the vital role a wide mix of generation technologies will play in maintaining a stable electricity grid in the transition to Net Zero, providing a route to market and supporting innovation to enable continued investment in these assets.
4	Remove the barriers to greater flexibility across the energy system, including incentives for the development of large-scale energy storage.
5	Provide urgent clarity on the UK's carbon pricing mechanism post-2020, to enable transparency and long-term carbon price stability which delivers decarbonisation at the lowest cost to consumers. This will be best delivered by setting up a UK Emission Trading System (ETS) linked to the EU ETS from 1 Jan 2021.
6	Support the completion of the smart meter rollout – a critical national infrastructure upgrade and essential for a digitised energy system.
7	Invest in large-scale low carbon heating trials to find the best regional and local options for decarbonising heat, which means looking at both low carbon gas and electrification solutions.
8	Bring forward the 2040 phase-out date for internal combustion vehicles to 2035 at the latest and commit to a consumer-centric and market-based approach to smart charging.
9	Fund through general taxation a National Energy Efficiency Programme, with particular focus on those who remain in fuel poverty and ensuring vulnerable customers are protected.
10	Restrict the sale and new tenancy of properties rated below EPC band C from 2030, while simultaneously creating a package of incentives and products (e.g. stamp duty and green mortgages) to encourage and assist compliance.
11	Tighten building regulations to ensure all new properties are fit for the future; that is have a smart meter and access to EV charging infrastructure, and from 2025 be ready for a low carbon heating system or a connection to a heat network.
12	Deliver the recommendations of the Energy Data Taskforce, opening up system data to continued innovation for the benefit of consumers and the UK economy.
13	Recognise the need for a framework that supports cooperation between the UK and the EU on energy and climate, in line with the Political Declaration on the future relationship, to ensure the sector can deliver net-zero at lowest cost to consumers.
14	Work in partnership with industry, government, unions and other industry stakeholders to deliver a just transition – that ensures vulnerable customers are protected and benefit first – and to increase diversity and inclusion within the sector.