

A decorative image in the top right corner showing a small green plant with two leaves growing out of a stack of gold coins.

Powering the Nation: How clean energy can support the economic recovery



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It is clear that there won't be any sudden return to what was normality before COVID-19. The world has already changed in many ways that will prove to be permanent – some of which we won't even realise yet. However, we must not forget that the challenge of climate change remains.

While we attempt to suppress this pandemic and consider how we engineer an economic recovery, we cannot afford to ignore how climate change threatens to radically change the planet and everything that exists on it.

As we have heard from numerous people over the past few weeks, there is an overwhelming imperative for basing our recovery from this pandemic around the net-zero target, decarbonising our economy and creating a cleaner, resilient and more sustainable future out of the shock of this enforced interruption to our daily lives.

The energy sector will be central to powering that recovery.

The sector already supports 1 in 46 jobs across the UK, and invests over £13bn per annum in delivering clean electricity, ensuring homes are warm and comfortable and that businesses have reliable power to operate. Furthermore, even before the current pandemic, the UK's carbon emissions had fallen to levels last seen in the 1890s, thanks to our success in rapidly transitioning to a point where low carbon sources now provide more than half of our electricity.

Yet there is still much more to do. Beyond increasing still further low carbon's share of generation, with new nuclear as part of that, by means of a rising and robust carbon pricing regime and developing new alternatives to fossil fuels like hydrogen and other low carbon gases, we need to make technologies like carbon capture and storage work at scale, make our homes and businesses energy efficient – while finding low carbon alternatives to heating them – and support the decarbonisation of other sectors such as transport.

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It is, therefore, vital that the Government shows the leadership and vision to build on this success – to base the economic stimuli around a sustainable decarbonised economy and infrastructure that creates opportunities and prosperity for all.

An economic recovery programme and financial stimuli should prioritise investments that support decarbonisation in areas such as low carbon power generated from a variety of sources, low carbon infrastructure and services, electric vehicle charging infrastructure, energy efficiency, increased system flexibility and storage, distribution grid reinforcements and low-carbon heating systems, while encouraging innovative technologies.

An economic recovery programme based around these elements can enable investment and growth opportunities as new markets open up for technologies that will be in global demand. The UK has already excelled in areas like offshore wind and can seize this opportunity to do so in others. We can create local jobs, develop our supply chains and become international leaders. There is a pipeline of projects that could be up and running quickly.

None of this is to underestimate the challenges in front of us. The economic consequences of the outbreak will mean, for example, that many households, particularly those from lower income groups, and younger people will be facing financial difficulties for some time to come. Many businesses will take months, if not years, to rebuild, while others will not return.

Careful thought needs to be given to how we can successfully support households and businesses in decarbonising, when their likely focus will rightly be on much shorter-term concerns and challenges like paying their bills. As we've said before, this needs to be a fair transition and that principle is now more relevant than ever.

It is, therefore, all the more important that we make the most of the opportunities offered by decarbonisation to create new jobs and new careers. The Government will need to develop a strategy to support those who have lost employment by offering training and re-skilling programmes that will meet the demand this new green economy will create.

The UK government should work closely with local governments and the regions – which each have their own requirements, strengths and potential in terms of industries, populations and geography - in contributing to a strong, carbon-free economy that works for all.



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No one sector can deliver this on its own. The last few weeks have seen a level of state intervention that was unforeseeable earlier this year. This will need to continue, but public/private partnerships can also help to manage and fund projects and offer a good model in developing training programmes and standards to support the transition to Net Zero.

We don't fully know how COVID-19 is going to change our use of energy and the demands on the system. However, in any future scenario there will be a need for clean energy – whether that is for people working from home, rather than the office, or driving an electric vehicle.

The pandemic has given us the opportunity to consider how we can best approach the challenges of the future and while some things remain a constant, such as the need for a stable and predictable investment framework, others may give us the chance to look through a different lens - for example, how we deliver a flexible energy system that can absorb external shocks.

The long-awaited Energy White Paper and the National Infrastructure Strategy are now more needed than ever to underpin a net-zero approach for the energy sector and the whole economy – one which supports the recovery and delivers a future that works for all. This approach can only be effective if it is adopted across the whole of government with all policies incorporating a net-zero test to ensure they support decarbonisation.

At Energy UK, we will be working over the coming months to bring forward ways that support the economic recovery through clean energy so that our sector can continue to power the nation.



The voice of the energy industry