



Election 2010

Energy & Environment - May 2010

Coalition Government - the future for energy, water and waste

An at-a-glance guide to the policies of the new Government and the underlying manifesto commitments of the Coalition partners.

Conservative	Coalition Government	Liberal Democrat
Energy Market Reform		
<p>Secretary of State to make annual statement of energy policy to Parliament.</p> <p>Ofgem to be reformed to focus on economic regulation and implementing energy policy. Its competition policy and consumer protection powers will pass to the Office of Fair Trading.</p>	<p>An Annual Energy Statement to Parliament will set strategic energy policy and guide investment.</p> <p>Ofgem's role to be reviewed.</p>	
<p>Capacity in the electricity market to be monitored. Capacity will be maintained either through a requirement on suppliers to have sufficient capacity and demand control options or through auctions run by Regulator to fill capacity shortages.</p> <p>Renewables Obligation to be replaced wherever possible with mechanisms such as feed-in tariffs that produce a predictable and appropriate stream of revenues for low carbon technologies whose economics are determined by upfront capital costs rather than variable fuel costs.</p> <p>An Emissions Performance Standard will set a cap on greenhouse gas emissions from fossil-fuel generating stations.</p>	<p>Energy markets to be reformed to deliver security of supply, investment in low carbon energy and ensure fair competition.</p> <p>Ofgem to establish a security guarantee of energy supplies.</p> <p>Establishment of "a full system of feed-in tariffs in electricity" as well as the maintenance of banded Renewables Obligation Certificates.</p> <p>An emissions performance standard will prevent coal-fired power stations being built unless equipped with sufficient CCS.</p>	<p>Guaranteed price support for new renewables.</p>
Renewables		
<p>Renewables to account for 15% of all energy production by 2020 (as per EU targets).</p>	<p>Will seek to increase the target for energy from renewable sources, subject to advice from the Climate Change Committee.</p>	<p>Renewables to account for 15% of all energy production by 2020. 40% of UK electricity to come from non-carbon-emitting sources by 2020, rising to 100% by 2050.</p>



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<p>Feed-in tariffs to be used for future renewable energy investments, including round three of the offshore wind development programme, “wherever this would offer better value for money to the public and reduce the cost of capital”. Facilities currently operating under the RO would be given the option of continuing unaffected or transferring to a feed-in tariff.</p> <p>Feed-in tariffs to promote small-scale renewables.</p>	<p>Establishment of “a full system of feed-in tariffs in electricity” as well as the maintenance of banded Renewables Obligation Certificates.</p>	<p>Guaranteed price support for new renewables.</p> <p>Improved feed-in tariffs for micro-generation.</p>
<p>Establishment of at least two Marine Energy Parks.</p>	<p>Introduction of measures to encourage marine energy.</p>	<p>Three-quarters of new renewable energy to come from marine and offshore sources.</p> <p>Invest up to £400 million in refurbishing shipyards in the North of England and Scotland so that they can manufacture offshore wind turbines and other marine renewable energy equipment.</p>
	<p>Measures to promote a huge increase in energy from waste through anaerobic digestion.</p>	<p>Use the money from reform of Single Farm Payments to provide <i>inter alia</i>, cheap loans for farmers to invest in biogas digesters.</p>
Nuclear		
<p>Clear the way for new nuclear power stations, provided they receive no public subsidy.</p>	<p>Clear the way for new nuclear power stations, provided they receive no public subsidy.</p> <p>National Planning Statement in support of new nuclear plant to be approved by Parliament.</p>	<p>No new nuclear.</p>
Carbon Capture and Storage (CCS)		
<p>All new coal-fired power stations to incorporate CCS enforced by an Emissions Performance Standard.</p>	<p>An Emissions Performance Standard will prevent coal-fired power stations being built unless equipped with sufficient CCS.</p>	<p>No new coal-fired power stations unless accompanied by the highest level of carbon capture and storage facilities.</p>
<p>CCS demonstration process for a total of four CCS equipped generating stations to be accelerated to be funded through EU ETS receipts, but if this caused undue delay the Energy Act 2010 Electricity Supply Levy mechanism would be used.</p>	<p>Will continue public sector investment in CCS for four coal-fired generating stations.</p>	
Oil and Gas		
<p>Will work with UK importers to secure new and reliable long-term supply contracts with overseas producers.</p>		
<p>Obligation on gas suppliers to secure adequate flexibility (e.g. storage) to ensure that the UK gas system can withstand a sustained disruption of</p>	<p>Ofgem to establish a security guarantee of energy supplies.</p>	



external supplies during the winter period of peak consumption.		
Reform the taxation and licensing of exploration and development.		Keep the oil and gas tax regime under review to secure the maximum long-term benefit of North Sea reserves.
Reform access arrangements for North Sea infrastructure.		
Energy Networks & Metering		
Establish a 'smartness' criteria for the renewal and replacement of existing transmission and distribution infrastructure.	Establishment of smart grid.	Transform the electricity networks into a dynamic electricity grid that can better connect and integrate new, clean energy technologies.
Under an accelerated programme most homes and businesses to have smart meters by 2016.	Roll-out of smart meters.	Smart meters for all homes in 5 years.
Deliver an offshore electricity grid to support the development of offshore wind power.	Deliver an offshore electricity grid to support the development of offshore wind power.	Better use of sub-sea connections, leading to the development of a European Supergrid.
Promote interconnection with smart grids overseas.		A renewables routemap to 2050 will cover grid access and investment in electricity networks.
Incentives for electricity network operators to establish a new national car recharging network, for electric and hybrid vehicles.	Mandate a national recharging network for electric and plug-in hybrid vehicles.	
Consumer Energy Bills		
Post Office Card Account holders to benefit from direct debit discounts, worth up to £150 a year.	Post Office Card account holders will be able to benefit from direct debit discounts and social tariffs offering access to the best prices available.	Tariffs used by energy supply companies to charge essential energy usage at the cheapest rate.
Minimising subsidies will reduce consumers' bills.		Social tariffs for disadvantaged families.
	Seek to extend protection and support for off-grid energy consumers.	Protection for off-grid gas consumers
Consumer-funded subsidies will be disclosed on energy bills. Bills will provide consumers with information on how to move to the supplier's cheapest tariff and how their energy usage compares to similar households.	Energy bills to provide information on how to move to the cheapest tariff offered by the supplier, and how each household's energy usage compares to similar households.	
	Winter fuel allowances for older people to be protected	Winter fuel allowances to be extended to all severely disabled people; age-related Winter Fuel Payments to be delayed until people reach 65. Winter Fuel Payments will be maintained to all current recipients of Pension Credit.
Transport Fuel		
Renewable Transport Fuel Obligation to be limited to biofuels that meet an acceptable sustainability standard.		
Support move to battery powered		Invest £140 million in a bus scrappage



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vehicles by putting responsibility for charging points on distribution network operators, enabling up-front price regulated investment, and establishing common standards for vehicle and network technologies that will maximise flexibility in development and deployment.		scheme to help bus companies introduce new, low carbon buses.
	Work towards the introduction of a new system of HGV road user charging	Prepare for move to road use pricing and reduced fuel duties. Tighter regulation of vehicle emissions. Push the EU for a zero emissions target for all new cars by 2040 and extension of targets to other vehicles.
	Pilot measures to help with fuel costs in remote areas.	Reduced rates of fuel duty for rural users.
CO2 Emissions		
Will meet international commitments on CO2 emissions (which include limits under the EU Emissions Trading Scheme and a 16% reduction on 2005 levels in greenhouse gas emissions not covered by the EU ETS by 2020). 80% reduction in CO2 emissions by 2050.		40% reduction in UK CO2 emissions by 2020. Carbon neutrality and 100% 2050.
Will work towards a global deal to limit emissions to incorporate a 30% reduction in EU emissions by 2020.	Work towards an “ambitious” global climate deal that will limit emissions; explore the creation of new international sources of funding for the purpose of climate change adaptation and mitigation. Will push EU to demonstrate leadership on Climate Change by increasing its emission reduction target to 30% by 2020.	Work through the European Union to deliver a global deal on climate change. Will push for a unilateral and immediate move to an EU emissions reduction target of 30% by 2020.
Climate Change Levy (CCL) to be revised to create a floor price for carbon, with CCL payable on fuel consumption for electricity production rather than on electricity supply. Generators will be able to offset liability through acquiring emissions trading allowances.	Introduction of a floor price for carbon. Seek to persuade the EU to move towards full auctioning of ETS permits.	Reform of the EU emissions trading scheme through a tighter cap on emissions, auctioning as many allowances as possible. Encouragement of other EU countries to make increased use of reserve prices in allowance auctions.
		Strengthen the Carbon Reduction Commitment Energy Efficiency Scheme.
Energy Efficiency & Heat		
A 10% cut in central government emissions within one year.	Central government emissions to be reduced by 10% within one year. Measures to improve energy efficiency in businesses and public sector buildings.	Companies and government departments to report on their energy use and set targets for reducing it. A 30% energy efficiency improvement target for 2020. Will commit to the goals of the 10:10 Campaign (a 10% cut in emissions in 2010).
A ‘Green Deal’, will give every home up to £6,500 worth of energy improvement	A ‘Green Deal’ will encourage home energy efficiency improvements paid for by savings	A 10 year programme of home insulation, offering a home energy



measures (with more for hard-to-treat homes) paid for out of savings on fuel bills over 25 years. 10% of the staff directly employed by 'Green Deal' providers to be apprentices.	from energy bills.	improvement package of up to £10,000 per home, paid for by savings from lower energy bills. A one year 'Eco Cash-Back' scheme, paying £400 for installation of domestic double-glazing or micro-generation, or boiler replacement.
	Continuous improvements to the energy efficiency of new housing.	Immediate improvements in building regulations for energy efficiency in new homes.
Feed-in tariffs for waste heat capture from sustainably resourced fuels and waste.		Develop new incentives to promote renewable heat.

Water

Water industry sector reform, with increased competition and development of trading between companies over a virtual grid. Simplification of price review process and move towards incentive based mechanisms.	The conclusions of the Cave Review (on competition and innovation in water markets) and Walker Reviews (on charging for household water and sewerage services) will be examined, and the water industry reformed to ensure more efficient use of water and the protection of poorer households.	Address unfairness in water charges by consulting on implementation of the Walker Review recommendations on actions to deal with regional unfairness in water charges.
Increased use of metering, including smart metering.		Compulsory smart meters in areas of shortage.
Reduce water company leakage. New measures to encourage water efficiency by business and consumers and to protect poorer households from excessive rises in water bills.		Reduce water company leakage.
More flexibility in charging for surface water drainage.	Take forward the findings of the Pitt Review to improve flood defences and prevent unnecessary building in areas of high flood risk.	Introduce planning policies to restore water channels, rivers and wetlands and reduce flood risk by utilising the natural capacity of the landscape to retain water.

Waste

Will work towards a zero-waste society.	Will move towards a zero-waste Britain. Target of 50% recycling of municipal waste by 2050.	Will set targets for zero waste.
Councils to be encouraged to pay householders to recycle. Labour's plans for domestic bin taxes to be scrapped.	Local authorities to be discouraged from introducing bin taxes (Caroline Spelman speech, 20 th May).	
A "Responsibility Deal" on waste - a voluntary arrangement among producers to cut back on waste and improve its disposal.		
A landfill tax floor will be introduced up until 2020 to encourage alternative forms of waste disposal.	Measures to promote a huge increase in energy from waste through anaerobic digestion.	Aiming to end the use of landfill, through a huge increase in anaerobic digestion to generate energy from food and farm waste, and improving design and durability product standards and reducing excess packaging.



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Local Authorities and Communities

<p>New powers for local authorities to establish new district heating networks which use biogas and other low carbon fuels. Local councils to be given a 'general power of competence', so that they have explicit authority to do what is necessary to improve their communities.</p> <p>Allow local authorities to use the planning framework to promote integrated district heating schemes.</p>	<p>Councils to be given a "general power of competence".</p> <p>Incentives for local authorities to deliver sustainable development, including for new homes and businesses.</p>	<p>Setting aside extra money for schools to improve the energy efficiency of their buildings, to be paid back from energy savings, creating a rolling fund to help insulate every public building.</p>
<p>Promote community ownership of windfarm schemes.</p> <p>Communities hosting renewable energy projects will be able to keep the additional business rates they generate for six years, and benefit from discounted electricity prices.</p>	<p>Encourage community-owned renewable energy schemes where local people benefit from the power produced.</p> <p>Communities hosting renewable energy projects will be able to keep the additional business rates they generate</p>	<p>Encourage community-owned renewable energy schemes where local people benefit from the power produced.</p>
<p>Local Authorities, housing associations, social enterprises and community groups would be able to participate in financing, marketing and delivering efficiency improvements under the "Green Deal" (see Energy Efficiency).</p>	<p>Support for the creation and expansion of mutuals, co-operatives, charities and social enterprises.</p>	<p>Update the law on Mutuals, Co-operatives and Social Enterprises Bill and give responsibility for Mutuals to a specific minister.</p>

Planning

<p>Abolish Infrastructure Planning Commission (IPC) with major infrastructure projects to be considered at planning inquiries with binding timetables, with final permission given by a Minister. Transitional arrangements for projects already before the IPC. The planning system will permit fast-track planning for energy projects and be "proofed" against Judicial Review.</p>	<p>Abolition of IPC and its replacement with "an efficient and democratically accountable system that provides a fast-track process for major infrastructure projects".</p>	<p>Abolish the IPC and return decision making, including housing targets, to local people.</p>
<p>A consolidated national planning framework (based on the National Policy Statements currently under development) setting out national economic and environmental priorities to be debated by Parliament will include a presumption in favour of sustainable development in the planning system.</p>	<p>A simple and consolidated national planning framework to be presented to Parliament covering all forms of development and setting out national economic, environmental and social priorities. There will be a presumption in favour of sustainable development in the planning system.</p>	
<p>The Conservative <i>Open Source Planning</i> Green Paper outlined an 'open source' planning system, with neighbourhoods able to specify the kind of development they want to see in their area. Neighbourhood plans will be consolidated into a local plan. There will be no power for planning inspectors to rewrite local plans. Regional Spatial</p>	<p>Abolition of Regional Spatial Strategies and return decision-making powers on housing and planning to local councils.</p> <p>In the longer term radical reform of the planning system to give neighbourhoods far more ability to determine the shape of the places in which their inhabitants live, based on the principles set out in the</p>	



Strategies and building targets to be abolished.	Conservatives' <i>Open Source Planning Green Paper</i> .	
Appeals against local planning decisions (to include third party appeals) will be limited to cases that involve abuse of process or failure to apply the local plan.		Third-party rights of appeal in cases where planning decisions go against locally agreed plans.
Tariffs to be paid by developers to local authorities to compensate for loss of amenity and costs of additional infrastructure. The tariff will replace the current system of payments and levies on development. A portion of the tariff will be kept by the neighbourhoods in which the development takes place, providing incentives for them to accept development.		
	Create a new designation, similar and additional to the Site of Special Scientific Interest designation, to protect green areas of particular importance to local communities.	
Investment and Finance		
A Green Investment Bank drawing together money currently divided across existing government initiatives such as the Carbon Trust and the Marine Renewables Deployment Fund, leveraging private sector capital to finance new green technology start-ups. The Bank will offer individual green savings accounts.	Creation of a Green Investment Bank. The Bank will provide financial products to provide individuals with opportunities to invest in the infrastructure required to support the green economy.	Establishment of United Kingdom Infrastructure Bank to finance essential projects such as new rail services and green energy. The Bank will provide capital, guarantees and equity to infrastructure projects. Aims to attract the funds of institutional investors, such as annuity funds looking for a home in the UK, and retail investors. A £3.1 billion green economic stimulus and job creation package in the first year.
Creation of a National Loan Guarantee Scheme for SMEs.	Proposals to ensure the flow of credit to viable SMEs will include consideration of a major loan guarantee scheme and the use of net lending targets for the nationalised banks.	Taxpayers' representatives on the boards of banks owned or part-owned by the public to insist that banks lend to viable businesses on fair terms.
Councils and businesses to have the power to form their own business-led local enterprise partnerships instead of Regional Development Agencies (RDAs). If they wish, local councils and businesses can maintain regionally-based enterprise partnerships.	Support the creation of Local Enterprise Partnerships – joint local authority-business bodies brought forward by local authorities themselves to promote local economic development – to replace RDAs. These may take the form of the existing RDAs in areas where they are popular.	Support the establishment of Local Enterprise Funds to help local investors put money into growing businesses. Introduce Regional Stock Exchanges as a route for business to access equity without the full regulatory requirements of a London listing.
End use of the Export Credit Guarantee Department to support investment in	End use of the Export Credit Guarantee Department to support investment in fossil	



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fossil fuel power stations, and instead use it to help spread new green energy technology to developing countries.	fuel power stations, and instead use it to export new green energy technology around the world.	
Tax		
Improve Britain's international rankings for tax competitiveness. Consult on moving towards a territorial corporate tax system that only taxes profits generated in the UK.	Aim to create the most competitive corporate tax regime in the G20, while protecting manufacturing industries.	
Initial cut in corporation tax from 28p to 25p and in the small companies' rate from 21p to 20p.		
Corporation tax reduction to be funded by reducing complex reliefs and allowances.	Reform the corporate tax system by simplifying reliefs and allowances, and tackling avoidance. Tax avoidance to be tackled, including detailed development of Liberal Democrat proposals.	Simplification of tax system. Corporation tax "anti-avoidance measures".
R&D tax credits to be improved and refocused on hi-tech companies, small businesses and start-ups. Will implement key recommendations from the Dyson review including encouragement of joint university-business research and development institutes, and a multi-year Science and Research Budget to provide a stable investment climate for Research Councils.	Refocus the R&D tax credit on hi-tech companies, small firms and start-ups. Consider the implementation of the Dyson Review to make the UK the leading hi-tech exporter in Europe.	
Create an attractive tax environment for intellectual property.		
Increase the proportion of tax attributable to environmental taxes. Reform air passenger duty to encourage a switch to cleaner and fuller planes.	Increase the proportion of tax attributable to environmental taxes. Air Passenger Duty to be replaced with a per-flight duty.	Switch from Air Passenger Duty to a per-plane duty. Increase duty charge for "non-lifeline" domestic flights.
Simplification of the Controlled Foreign Companies rules.		
Regulation		
Improve Britain's international rankings for business regulation.	End 'tick-box' regulation; target inspections on high-risk organisations through co-regulation and improving professional standards. Introduce a 'one-in, one-out' rule whereby no new regulation is brought in without other regulation being cut by a greater amount. Impose 'sunset clauses' on regulations and regulators to ensure that the need for each regulation is regularly reviewed.	
	End 'gold-plating' of EU rules.	



	Review of factors to be considered by Regulators on corporate take-overs.	
Devolution		
Implement the recommendations of the Calman Commission.	Review the control and use of accumulated and future revenues from the Fossil Fuel Levy in Scotland. Implementation of the Calman Commission proposals (which include increased fiscal powers for the Scottish Government).	Restore revenue to Scotland from the reserves of Registers of Scotland and from Scottish money paid to OFGEM under the Fossil Fuel Levy as one off payments in the 2011 budget; control of future revenues to the Scottish Government.
A referendum on further Welsh devolution.	A referendum on further Welsh devolution and, depending on its outcome, a review of the role and powers of the National Assembly.	Primary legislative powers for the National Assembly so that it becomes a true Welsh Parliament. More powers to the National Assembly.

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