

ENERGY WHITE PAPER: ADDRESSING THE PIU RECOMMENDATIONS

This paper sets out the energy white paper responses to recommendations of the PIU Energy Review. Where the white paper does not directly address a particular recommendation, an additional response is provided here.

PIU Recommendation	Reference	Response
1. Where energy policy decisions involve trade-offs between environmental and other objectives, then environmental objectives will tend to take precedence over economic and social objectives. DTI should re-define its general energy policy objective. The new objective could be "the pursuit of secure and competitively priced means of meeting our energy needs, subject to the achievement of an environmentally sustainable energy system"	1.20	<p>1.20 There will inevitably from time to time be tensions between different objectives. For example, extremely high energy prices would undoubtedly promote energy efficiency and thereby help to reduce carbon emissions. But they would also have a negative effect on people on low incomes and on business. There is no simple mechanism for determining the relative 'weights' of differing objectives. But our approach is guided by the following considerations:</p> <ul style="list-style-type: none">• significant damaging climate change is an environmental limit that should not be breached. We need to keep the UK on a path to 60% cuts in carbon dioxide emissions by 2050;• reliable energy supplies are fundamental to the economy as a whole and to sustainable development.• of energy security must be satisfied at all times in both the short and longer term;• liberalised and competitive markets will continue to be a cornerstone of energy policy. Where the market alone cannot create the right signals (for example on the environment) we will take steps that encourage business to innovate and develop new opportunities to deliver the outcomes we are seeking; and• our policies should take account of impacts on all sectors of society. Specific measures will be needed for particular groups of people (for example to support those for whom energy bills form a disproportionate

	1.10	burden). 1.10 Our ambition is for the world's developed economies to cut emissions of greenhouse gases by 60% by around 2050. We therefore accept the Royal Commission on Environmental Pollution's (RCEP) recommendation that the UK should put itself on a path towards a reduction in carbon dioxide emissions of some 60% from current levels by about 2050. Until now the UK's energy policy has not paid enough attention to environmental problems. Our new energy policy will ensure that energy, the environment and economic growth are properly and sustainably integrated. In this white paper, we set out the first steps to achieving this goal.
2. There is no simple way to resolve residual trade-offs. Each case will demand separate analysis. It is recommended that to assist this process, HM Treasury should establish, and keep under regular review, shadow prices for key environmental externalities and other non-economic policy objectives.	1.20 2.4 (box)	See above. Refer directly to white paper – The Costs of Climate Change box.
3. It is recommended that HM Treasury/DEFRA give early consideration to expanding the use of carbon valuation through taxes or tradable permits to cover as much of the energy market as possible. This could involve expansion or modification of the current emissions trading scheme and should ensure that UK companies could participate in international carbon trading schemes, including the draft EU scheme, as soon as these are introduced.	2.22 - 2.32	Refer directly to white paper paragraphs.
4. Where possible, Government should adopt long-lasting energy policy signals in order to affect energy investments and ensure long term-change. Where short-term policy adjustments are required, in response to particular events, these should be recognised as such and should not undermine the long-term signals.	1.40	1.40 It will be clear from this white paper that we believe we need to prepare for an energy system that is likely to be quite different from today. It will be for the market to develop and invest in this. But we need to set clear goals and a strategy within which the market has the confidence, ability and sense of long-term commitment to do so. This white paper sets the way forward. In particular it

		<p>is based on the following key principles:</p> <ul style="list-style-type: none"> • energy investments are generally long-term. Energy companies, industry and business and domestic consumers need us to set clear goals and a strategy that supports them in making the long-term investments they need to make in energy efficiency and supply; • the cheapest, cleanest and safest way of addressing all our goals is to use less energy. We have to improve energy efficiency far more in the next 20 years than in the last 20; • because a well-designed, transparent and open energy market is the best way of achieving efficient outcomes, we will wherever possible use market instruments to achieve our goals. In particular, emissions trading will be at the centre of our energy markets from 2005 onwards; • we will need to continue to use trading as well as other measures to reduce carbon, in particular for the millions of domestic and smaller business consumers not covered by trading, along with measures to drive up energy efficiency in homes, products and transport; • the nationwide and local electricity grids, metering systems and regulatory arrangements that were created for a world of large-scale, centralised power stations will need restructuring over the next 20 years to support the emergence of far more renewables and small-scale, distributed electricity generation; • the future energy system will require greater involvement from English regions and from local communities, complemented by a planning system that is more helpful to investment in infrastructure and new electricity generation, particularly renewables. Strong links with the Devolved Administrations, who are already fully engaged on a wide range of energy issues, will continue to be essential; • diversity is the best way of protecting ourselves against interruptions of
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		<p>supply, sudden price rises, terrorism or other threats to reliability of supply. As the UK becomes a net importer of energy we will need many sources, many suppliers and many routes. International relations in Europe and worldwide will be increasingly important to achieving our overall energy aims;</p> <ul style="list-style-type: none"> • we will seek out the best ways to influence outcomes in line with the principles of better regulation, maximising use of market based and/or voluntary mechanisms, promoting regulations only where they are clearly necessary and well designed. Where regulation is required we will work to make sure it takes account of the impact on key stakeholders, to minimise the burdens particularly on smaller and medium sized enterprises; and • when designing new energy policies, we will consider their impact on all of our energy policy objectives, in line with our overall approach to sustainable development.
<p>5. Energy policy trade-offs affecting the period to 2012 should generally give priority to carbon reduction if there is a material risk of failing to meet internationally-agreed emissions targets</p>	<p>2.14</p>	<p>2.14 The UK already has a Kyoto Protocol commitment to reduce greenhouse gas emissions by 12.5% below 1990 levels by 2008-12 and a national goal to move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010. The measures in this white paper keep us on track for both goals, and represent a significant departure from the level that emissions would otherwise be under 'business as usual'.</p>

<p>10. DTI should carry out an assessment of the cost-effectiveness of policy responses that could enhance security of the system. These results should inform decisions on any contingency action taken in response to the monitoring. Key measures which should be considered include:</p> <ul style="list-style-type: none"> Increased availability of gas storage and Liquid Natural Gas (LNG); <ul style="list-style-type: none"> Departments should examine barriers to private sector construction of either option, in particular at how these projects are represented in planning guidance; If sufficient private sector investment is not forthcoming, then consideration may have to be given to the imposition of mandatory obligations on storage; the development of electricity and gas interconnectors; improving the prospects of keeping existing coal-fired capacity open, possibly by: <ul style="list-style-type: none"> altering the basis on which business rates are charged; or keeping some plant as a strategic reserve, to be operated only if there was an imminent danger of widespread power cuts. Requiring the owners of some generation sets to have dual-fired capacity (most obviously oil and gas); 	<p>6.21, 6.54 & 6.51</p> <p>6.5, 6.19, 6.50 & 6.51</p> <p>6.57</p> <p>6.47</p>	<p>Refer directly to white paper.</p> <p>Refer Directly to white paper.</p> <p>6.57 If ways could be found cost-effectively to handle the carbon, keeping coal-fired generation in the fuel mix would offer significant energy security and diversity benefits. Coal is easy to store and transport and can be sourced from diverse stable suppliers both domestically and worldwide. Loads in coal-fired stations can also be varied relatively easily, so coal fired generation is particularly useful in meeting peak demand or covering for supply intermittencies in other fuels. This may encourage generators to keep some coal-fired plant so as to give themselves the capacity to meet demand under a variety of circumstances. But by itself this would be unlikely materially to increase UK energy security more generally.</p> <p>6.47 Some people argue that the UK Government should specify the mix of fuel sources in electricity generation, allocating a proportion to gas, a proportion to coal and so on. We have considered this proposition carefully and have dismissed it. In our view Government is not equipped to decide the composition of the fuel mix used to generate electricity. Our preference is for a market framework with the right regulatory framework.</p>
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<p>11. DTI should retain the lever of Section 36 consents under the Electricity Act 1989, as a means of allowing it to influence the fuel mix in electricity, but no action under these powers is recommended now.</p>	<p>6.47</p>	<p>DTI agrees to retain Section 36. Apropos of this instrument influencing the fuel mix, see below.</p> <p>6.47 Some people argue that the UK Government should specify the mix of fuel sources in electricity generation, allocating a proportion to gas, a proportion to coal and so on. We have considered this proposition carefully and have dismissed it. In our view Government is not equipped to decide the composition of the fuel mix used to generate electricity. Our preference is for a market framework with the right regulatory framework.</p>
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13. FCO/DTI, as part of the wider EU effort, should push for the liberalisation of pipelines in the non-EU transit countries, and for open and transparent tariffs for third party access to these pipelines.	6.20 & 6.35	See above.
14. When the private sector submit proposals for locating future gas (including LNG terminals) DTI should consider, with the developers, the implications for future diversity.	6.21	<p>6.21 Liquefied Natural Gas (LNG) offers a flexible alternative to piped gas. International trade in LNG is growing at about twice the rate of pipeline gas. This may over time lead to greater price convergence between regional markets given the increasing scope for arbitrage. The development of LNG import facilities in the UK will need additional onshore pipelines in some locations. This is being actively considered by Transco. It is possible that gas imports from some sources, particularly LNG, will vary in energy content and may require blending with other gases in the system, special processing on import, or the modification of certain gas appliances. We will keep developments here closely under review. In particular we will monitor the likely effects on gas quality. In general we welcome the expansion of the LNG market as a contribution to diversity and security and as a source of competition to piped gas." The diversity that these projects can bring to the market in term of flexibility of entry points and means of delivery will be welcome."</p>
15. DTI and OFGEM, through the recently established WGSS, should maintain close contact with the main system operators, NGC, the Scottish electricity grid operators and Transco, to monitor network performance, availability of generating plant and sources of gas, including peak gas.	6.54	<p>6.54 We will continue actively to monitor energy security through the Joint Energy Security of Supply (JESS) working group and to make the conclusions of that group publicly available. The group will continue to provide the market with assessments of supply and demand information and will periodically review the dependence of the networks on particular facilities. We will use the information gathered by JESS as a guide to issues in the market or regulatory system or elsewhere (for example planning) that may be preventing an adequate market response. "We will continue actively to monitor energy security through the Joint Energy Security of Supply (JESS) working group". NGT are on JESS</p>

<p>16. DTI and OFGEM should adopt the following guidelines relation to new interconnector capacity:</p> <ul style="list-style-type: none"> the international regulation of large discrete infrastructure projects should be confined to requirements for open access; there should be no major new initiatives for public funding for new projects, given that such proposals would be likely to undermine market driven proposals and could be costly for consumers 	<p>6.28</p> <p>6.29</p> <p>6.50</p>	<p>6.28 The directives also require member states to establish independent economic regulators – such as OFGEM in Great Britain – with specific duties in relation, for example, to transmission and distribution access tariffs and the allocation of interconnector capacity to third parties on a transparent and non-discriminatory basis. These steps will make a major contribution to the reliability of our energy supplies in the long term.</p> <p>6.29 We have been pressing for these changes for a number of years. We will now work with the Commission and with other member states to make sure the agreement is effectively implemented. We will also continue to press the Commission to tackle competition issues vigorously.</p> <p>6.50 Diversity goes beyond a simple choice of fuels. It relates to how the fuel or energy is moved and used and to the range of sources for any particular type of fuel. Additional electricity interconnectors, like the existing one to France, would increase resilience. Projects are being developed for new direct current electricity interconnectors to Norway and the Netherlands and discussion is underway on a possible link to the Republic of Ireland. These are essentially market decisions, driven by the commercial assessments of electricity suppliers. We will continue to keep the diversity of the electricity mix under review.</p>
<p>17. There should be co-operation between Governments to ensure that market-driven proposals for inter-connectors do not founder on political or planning concerns.</p>	<p>6.19, 6.20 & 6.54</p>	<p>Refer directly to white paper paragraphs.</p>

18. DTI should monitor both what is happening to European refinery capacity, and the balance of UK product demand. Consideration might need to be given to ways of incentivising investment, if either looked like becoming a problem. But no immediate action is needed.	The white paper does not specifically address this	The inference of measures under 31/32 is that we are addressing transport fuel demand at an EU level, so PIU focus on EU supply is sensible. We agree no immediate action and the situation will be kept under review.
19. OFGEM/DTI should look at the environmental as well as the social benefits of installing direct gas heating when considering gas network extension.	8.9	8.9 Most people in fuel poverty live in urban areas. But it can be more acute in the countryside, where houses tend to be older, less energy efficient and harder to heat. Also many people in rural areas do not have mains gas. Fuel oil, solid fuel, electric heating or liquefied petroleum gas (LPG) can be more expensive and less convenient. The DTI is therefore working with Transco to identify areas where extensions of the gas network and connection to energy efficient gas central heating systems might be justified. We will explore options for pilot projects on gas extension.
20. Where it is found to be worthwhile, OFGEM should allow some of the costs of extension work to the gas network to be met by the generality of gas consumers, so that new consumers do not face materially higher bills than existing ones.	Not specifically addressed in the white paper.	This is a matter for the regulatory authority, OFGEM.

<p>21. OST should take steps to increase the level of funding for low carbon energy R&D. The priority areas for the Chief Scientific Adviser's ERRG are a good starting point.</p>	<p>7.30 – 7.32</p>	<p>7.30 We are increasing public spending on energy research, development and innovation. DTI spent around £40m supporting sustainable energy-related research and technological development in 2001/02. We have already put in place a substantial renewables support programme worth in total £250m between 2002/03 and 2005/06. We will also . . . increase the funding by a further £60m in this period. This is additional to the extra funding announced in the 2002 Spending Review, which allocated an additional £38m for energy policy objectives in 2005/06 compared with 2002/03.</p> <p>7.31 We set up the Carbon Trust in April 2001 to lead on low carbon technology and innovation. It is spending £75m over the next three years. Funding for energy-related technology has also been available via the DTI's Innovation and Business Support programmes and through various European programmes. The Research Councils will spend over £11m on energy-related research in 2002/03. They have been allocated an additional £28m under spending review 2002 for further research in support of a sustainable energy economy.</p> <p>7.32 We endorse the ERRG's research priorities:</p> <ul style="list-style-type: none"> • carbon dioxide sequestration; • energy efficiency; • hydrogen production and storage; • nuclear (particularly waste); • solar PV; and • wave and tidal power. <p>All these have been identified as areas which increased support for research and development is particularly likely to result in step-change breakthroughs which will contribute significantly to carbon reductions.</p>
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<p>22. DEFRA should develop energy efficiency indicators, targets and monitoring mechanisms for each sector of the economy.</p>	<p>3.5</p> <p>3.6</p>	<p>3.5 We expect more than half the emissions reductions in our existing Climate Change Programme – around 10 MtC per annum by 2010 – to come from energy efficiency.</p> <p>3.6 Further ahead, we believe that energy efficiency can contribute around half of the additional 15-25 MtC savings we are likely to need by 2020.</p> <ul style="list-style-type: none"> • by 2020, a further 4-6MtC of annual savings can come from households. This will require further uptake and development of insulation, including in homes that current technologies cannot tackle cost-effectively, such as the 7 million homes with solid walls. Building standards, heating systems, lighting and appliances must continue to improve, in some cases through technologies yet to reach the market, such as LED lighting. We will need more innovative developments, which combine energy efficiency with measures such as micro CHP, small-scale renewable heat such as solar water heating, or renewable power such as solar electricity; and • by 2020, a further 4-6 MtC can be delivered annually from the business and public sectors. The source of savings, and the types of policy to encourage them, would build on those to 2010, with progressively tighter emissions caps under the EU emissions trading scheme being a key measure to stimulate further savings.
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<p>23. DEFRA should develop a strategy for Home Energy Efficiency to set out a clear, long-term framework. This should include an aspirational target for home energy efficiency of 20% improvement by 2010 followed by a further 20% improvement by 2020.</p>	<p>3.5 & 3.6</p> <p>3.49</p>	<p>Paragraphs 3.5 and 3.6 set out the contribution that we believe energy efficiency can make to carbon savings in 2010 and 2020. The level of savings achieved would be equivalent by 2010 to a 20% improvement and a further 15-25% to 2020.</p> <p>3.49 These strands of policy in different sectors add up to an ambitious strategy for change. Further work is needed to consult on and put in place some of the detailed policies that will deliver it, for example as the scope and operation of the EU emissions trading scheme becomes clearer. But we do not want to lose momentum. So, within a year, we will publish an implementation plan that sets out in further detail how we will deliver the strategy that we have set out here. This will update and expand on the measures set out in the Climate Change Programme. From then on we will report annually, as part of the follow up to this white paper, on progress towards achieving the savings we have set out.</p>
<p>24. In order to encourage a range of renewable options, and maximise the chances of rapid and long-term learning and cost-reductions, DTI should immediately set a firm target of 20% of electricity to be supplied from renewables for 2020.</p>	<p>4.11</p>	<p>4.11 As we have set out, our aim for renewables is that they should supply 10% of UK electricity in 2010, as long as the cost to customers is acceptable. We believe that renewable sources of energy will increasingly demonstrate that they can meet our energy needs both economically and in a carbon free way. Technologies such as onshore and offshore wind and biomass are potentially – after energy efficiency and alongside CHP – the most cost-effective ways of limiting carbon emissions in the longer-term. We expect industry to respond to the framework established by the Government and demonstrate they can achieve our goals at an acceptable cost. On that basis, our aspiration is by 2020 to double renewables' share of electricity from our 2010 target and we will pursue policies to achieve this.</p>
<p>25.DTI should, by 2008, establish the renewable energy support mechanisms to ensure the 2020 target of 20 % is met.</p>	<p>4.12</p>	<p>4.12 We remain firmly committed to the current Renewables Obligation and will maintain the level of support it provides as planned until 2027. In 2005/06, we will review progress and will elaborate a strategy for the decade to 2020.</p>

28. OFGEM should ensure that future changes to electricity trading and grid access arrangements do not discriminate unfairly against renewable and CHP generation.	4.23	4.23 OFGEM has started working with the DNOs to address these issues. OFGEM is committed to publishing the detail of an incentive framework for connecting and utilising distributed generation later this year, for implementation in April 2005. This will help distributed generators to obtain quicker and easier connections to the distribution network in the interim period to the next price control and beyond. DNOs need to work closely with the industry to exploit the existing infrastructure by using innovative engineering solutions when connecting higher levels of distributed generation.
29. DTI should take the necessary steps to keep the nuclear option open.	4.68	4.68 While nuclear power is currently an important source of carbon free electricity, the current economics of nuclear power make it an unattractive option for new generating capacity and there are also important issues for nuclear waste to be resolved. This white paper does not contain proposals for building new nuclear power stations. However we do not rule out the possibility that at some point in the future new nuclear build might be necessary if we are to meet our carbon targets. Before any decision to proceed with the building of new nuclear power stations, there would need to be the fullest public consultation and the publication of a white paper setting out the Government's proposals.
30. DTI should consider whether to support a programme for carbon capture and sequestration, and if so by what means.	6.63	6.63 Given the potentially significant strategic role that might be played by CCS in longer-term energy security, we believe there is a strong case to examine more closely what might be done to help stimulate the take-up of EOR in the North Sea. We will therefore set up an urgent detailed implementation plan with the developers, generators and the oil companies to establish what needs to be done to get a demonstration project off the ground. This study will reach conclusions within six months to enable firm decisions to be taken on applications for funding from international sources as soon as possible thereafter.

<p>31. DTLR should work with EU partners and motor manufacturers to secure further improvements in the energy efficiency of road vehicles and to open options for low carbon fuelling in the longer-term.</p>	<p>5.8</p> <p>5.9</p>	<p>5.8 The EU voluntary agreements on new car fuel efficiency with the European, Japanese and Korean manufacturers have proved are a highly effective mechanism for improving cars' fuel efficiency and reducing carbon emissions. They have provided manufacturers with a stable long-term framework within which to plan, research and introduce fuel-saving innovations. This approach, which focuses on the levels of carbon emitted rather than on dictating particular technologies, gives manufacturers the flexibility to develop the best and most cost-effective solutions. The agreements are on course to reduce emissions from the average new car from 190 g/km in 1995, the base year for the agreements, to 140 g/km by 2008 - a reduction of around 25%.</p> <p>5.9 We strongly support this approach. We will work with the Commission in developing further voluntary agreements to continue the reduction in average new car emissions, or other arrangements with the same objective.</p>
<p>32. DTLR should prioritise discussion of taxation and other measures to manage aviation demand in the EU and international fora.</p>	<p>5.23</p>	<p>5.23 We are committed to ensuring that the long-term development of aviation is sustainable and that it meets its external environmental costs. We are discussing with stakeholders the most economic instruments for ensuring that the industry is encouraged to take account of, and where appropriate reduce, its contribution to global warming. We will set out our plans in an Air Transport White Paper. Potential instruments to address CO2 emissions from international aviation being considered internationally include an en route emissions charge and participation in an open emission permit trading system. For domestic flights British Airways has joined the UK emissions trading scheme. There may be opportunities for future participation in this scheme for other carriers who operate UK-based routes.</p>

33. DEFRA and DTI should make an early commitment to extending the Energy Efficiency Commitment from 2005 to 2010 on the basis that it would, at a minimum, be kept at existing levels. Subsequently, and by the end 2003, the Departments should review the scale of the Commitment for the additional period in the light of experience.	3.33	3.33 Energy suppliers have responded positively, and are working hard to meet their targets. We want their good work to continue, and for it to become an integral part of their long-term business strategies. So, we will consult on an expansion of the EEC to run from 2005 to at least 2008, at possibly twice its current level of activity. This will allow energy suppliers and the energy efficiency industries to plan the level of EEC activity over the medium and longer term. It will require energy suppliers to take up a substantial proportion of the potential for higher energy efficiency in homes, and deliver carbon savings of around 1 MtC by 2010, primarily by encouraging better home insulation. As we introduce the new EU emissions trading scheme, we will consider how the EEC can be best dovetailed with it. Looking to the future, a continuation and further expansion of EEC, or some successor mechanism, could deliver a further 3 MtC of savings by 2020.
34. DTLR should review the costs and benefits of moving to "near zero space heating" buildings well in advance of the next review of the energy efficiency component of Building Regulations.	3.16	3.16 We will start work immediately on the next major revision of the building regulations, which we will aim to bring into effect in 2005. Tighter building regulations will also encourage developers to use low carbon solutions such as solar water heating and photovoltaics.
35. DEFRA should take the lead in Europe in pressing for a more comprehensive programme of cost-effective EU energy efficiency standards and negotiated agreements.	3.28	3.28 The Commission is now proposing a new framework directive, to set standards for a wider range of products, and to revise the energy labelling regime which currently deals only with household appliances. It has estimated that such measures could save around 10% of total EU energy consumption by 2020 We support these proposals and will work proactively to influence and speed their delivery.
36. Defra's strategy for Home Energy Efficiency should consider the option of a negotiated agreement with the finance sector to reduce the cost of financing energy efficiency measures by funding them as part of mortgage offers.	Not specifically addressed in the white paper.	Defra approached lenders on this issue, but did make some approaches to lenders, but with little success. This could evolve when the sellers' pack comes in, and pending any tax changes that HMT will be consulting on this year.

37. For contracts that include longer-term energy efficiency financing (but only for those contracts) DTI and OFGEM should modify the 28-day rule, with other approaches used to protect customers against excessive charging.	3.35	3.35 Energy services could help to overcome consumers' reluctance to invest in energy efficiency improvements. However, since the energy markets were opened up to competition in the late 1990s, householders can switch supplier by simply giving 28 days' notice. Energy suppliers have little incentive to offer energy service contracts if customers can switch at short notice. We will therefore establish a working party with OFGEM, energy suppliers and others to explore how to create an effective market in energy services. This will address, among other issues, the barriers caused by the current 28-day notice period while maintaining adequate freedom of choice and consumer protection for customers. It will report initial conclusions later this year.
38. DTLR should develop building regulations to deliver a phased transition to low energy commercial buildings, including considering the use of renewable energy such as photovoltaics.	3.12-3.16	Refer directly to white paper.

<p>39. As part of the Government's leadership role in energy efficiency, HM Treasury should include departmental energy efficiency targets in future Public Service Agreements, and the Office of Government Commerce should develop model energy services contracts for use in tendering through the public sector.</p>	<p>3.42</p> <p>3.43</p>	<p>3.42 The public sector accounts directly for only 5% of UK carbon dioxide emissions. But this sector - in particular the Government itself - has a vital role to play in leading by example.</p> <p>3.43 Government, along with other public sector organisations, is taking action to improve energy efficiency. For example:</p> <ul style="list-style-type: none"> • we will be showing leadership in our own performance. The central Government estate has an interim target to reduce carbon emissions by 1% a year from 1999-2000, with new targets to be set in 2003, including on CHP (see chapter 4). Our review of government procurement has identified a number of areas where government purchasing could more strongly support sustainable development goals. The review has been considering how to build energy efficiency into Government procurement and contract strategies, and identified some specific categories where products are already available which meet high energy efficiency standards. As a result, we have made central arrangements for departments to purchase goods with high energy efficiency standards and which provide value for money in areas such as IT equipment, boilers, lights and lighting systems, refrigeration equipment, televisions and washing machines. We will be implementing our conclusions later this year. • NHS Trusts are already targeted to reduce the level of primary energy consumption by 15% or by 0.15 MtC equivalent from March 2000 to March 2010; and • since 2002/3, local authorities have been required to benchmark their energy use in operational property and street lighting and will set local improvement targets from 2003/04. Along with Registered Social Landlords, they are also required to bring their own housing stock up to decent standards by 2010.
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<p>40. DTI should review the extent of the need for capital grants for renewable energy after 2005. This need should be assessed in time for 2004 spending review.</p>	<p>4.12</p> <p>4.13</p> <p>4.14</p>	<p>4.12 We remain firmly committed to the current Renewables Obligation and will maintain the level of support it provides as planned until 2027. In 2005/06, we will review progress and will elaborate a strategy for the decade to 2020. This will take account of the experience of carbon prices arising from the emissions trading scheme and of the costs of renewable technologies.</p> <p>4.13 We have already put in place a substantial renewables support programme worth in total £250m between 2002/03 and 2005/06. But we recognise that further funding is needed to give us the best chance of reaching the 2010 target. We will therefore increase funding for renewables capital grants by a further £60m within this period. This is additional to the extra funding announced in the 2002 Spending Review, which allocated an additional £38 million for energy policy objectives in 2005-06. This funding will enable us to increase momentum and to take forward a broad strategy for renewables including ramping-up medium-term funding for offshore wind</p> <p>4.14 As well as making progress towards our 2010 target and paving the way for our 2020 strategy, we need to make sure that we are planning for the longer-term up to 2050. We are already reviewing innovation spending, including that for renewable energy, across government. With respect to renewable energy, we will review the barriers to successful innovation across the range of renewables technologies and will set out a programme for developing, with industry, strategies for the successful application of those technologies in the liberalised energy market. We expect this work to cover advanced conversion technologies for biomass, wave and tidal, building-integrated renewables and hydrogen and fuel cells.</p>
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<p>41. DTI should undertake further analysis of the possibilities and benefits of mechanisms or schemes to promote renewable energy producing heat, plus household and/or community projects, especially those that in practice fall outside the Renewables Obligation.</p>	<p>4.36</p>	<p>4.36 We have recently launched Clear Skies, a three-year capital grant programme worth £10m, for schemes such as solar water heating and biomass heat which have a strong community or household focus. The Scottish Executive has also a similar community and household capital grants scheme in Scotland worth £3.7m over 3 years. Defra's Community Energy scheme, which has a two-year budget of £50m, helps install and refurbish community heating systems. The Countryside Agency launched the Community Renewables Initiative in 2002 to help people to influence and benefit from renewable energy. All of these schemes have a key role to play in helping to breakdown the barriers to public acceptability of renewables by providing local residents with a direct benefit from the renewables development.</p>
<p>42. DTI should contribute to the international process of developing radically improved nuclear reactor designs, engaging with others in the development of low cost, low waste designs.</p>	<p>Not specifically addressed in the white paper.</p>	<p>We maintain close contacts with international partners on international research on both waste and reactor design, through programmes such as EURATOM and the Generation IV International Forum (GIF).</p> <p>Nuclear fission, particularly waste management, was identified as one of the 6 research priorities identified by the Chief Scientific Adviser's Energy Research Review Group.</p> <p>The Chief Scientific Adviser has set up a high-level group comprising representatives of the Government Departments and other bodies, such as the Research Councils, responsible for public funding of energy research; this will help co-ordinate and set a strategic direction for research into waste management and the other priority areas.</p>

<p>43. DTI should ensure that UK regulators are adequately staffed to assess any new investment proposals, and are also pursuing opportunities to develop common international safety standards.</p>	<p>Not specifically addressed in the white paper</p>	<p>If new investment proposals are brought forward in the UK in future we will, of course, ensure that the necessary resources are available within regulators to deliver our responsibilities for safety.</p> <p>The UK continues to be in the vanguard of work on international nuclear safety.</p>
<p>44. DTI and Treasury should ensure that any new nuclear build should benefit from any future methods that will be used to value carbon and internalise the externalities of fossil fuel use. In addition, new investment in existing stations that substantially raise existing nuclear capacity (and which would reduce carbon emissions) should be considered for similar treatment, subject to independent evaluation of any case.</p>	<p>2.27</p>	<p>2.27 We will make the new trading scheme a central plank of our future emissions reduction policies, through which the traded carbon market can set a signal for the value of carbon reductions in the economy...</p>
<p>45. DTI should ensure, using independent evaluation, that the nuclear industry fully internalises its externalities, including risks such as waste cost escalation.</p>	<p>4.68</p> <p>4.69</p> <p>4.70</p>	<p>4.68 While nuclear power is currently an important source of carbon free electricity, the current economics of nuclear power make it an unattractive option for new generating capacity and there are also important issues for nuclear waste to be resolved. This white paper does not contain proposals for building new nuclear power stations</p> <p>4.69 Our main objectives with regard to British Energy continue to be the safety of its nuclear power stations and the security of electricity supplies to the grid and consumers. British Energy's nuclear power stations will continue to generate electricity. And since the revenue from continuing to run those stations more than covers the avoidable costs of their operations, this revenue can be put towards paying for the nuclear liabilities that are already incurred and cannot now be avoided.</p> <p>4.70 Under the company's restructuring proposal, announced on 28 November 2002, which is subject to the approval of the European Commission, we are taking on financial responsibility for the company's historic spent nuclear fuel liabilities. We are also, to ensure safety and environmental protection, underwriting new and enhanced arrangements by the company to meet</p>

	<p>4.70 (Box)</p>	<p>decommissioning and other liabilities . . .</p> <p>4.70 (Box) Managing the Nuclear Legacy: Irrespective of decisions on future nuclear build, the legacy of nuclear waste has to be dealt with safely, securely and cost effectively in ways that protect the environment for current and future generations. We have announced our intention to make radical changes to arrangements for nuclear clean-up funded by the taxpayer. The white paper <i>Managing the Nuclear Legacy</i> set out proposals for a new authority, the Nuclear Decommissioning Authority (NDA), to deal initially with the historic liabilities already funded by the taxpayer . . .</p> <p>For nuclear sites outside the NDA remit, we will seek to ensure there are adequate resources set aside to provide for clean-up.</p> <p>In 2001, the Government and the Devolved Administrations for Scotland, Wales and Northern Ireland published <i>Managing Radioactive Waste Safely</i>, a proposed programme of action for deciding how best to manage the UK's solid radioactive waste in the long-term. Having considered responses to the proposals, we announced in July 2002 that we would set up a new independent body to oversee a review of different ways of managing the waste, and to recommend a national strategy to Ministers. We hope to receive recommendations and announce the strategy by 2006.</p>
<p>46. DTI and DEFRA should stimulate a public debate about nuclear power, and in particular on the trade-offs between nuclear-specific risks and carbon abatement potential, as part of a wider debate on future energy policies and needs.</p>	<p>4.68</p>	<p>4.68 Before any decision to proceed with the building of new nuclear power stations, there would need to be the fullest public consultation and the publication of a white paper setting out the Government's proposals.</p>

<p>47. Treasury should ensure that electricity exported to the network from CHP schemes is for fiscal purposes treated in the same way as power used on site.</p>	<p>Not specifically addressed in the white paper.</p>	<p>The Climate Change Levy (CCL) came into force on 1 April 2001 and included exemption of Good Quality CHP fuel inputs and electricity outputs, provided that electricity is used on site or sold direct to other users. In Budget 2002 the Government announced that Good Quality CHP electricity sold via licensed suppliers will also be exempt from the CCL. This exemption is subject to EU state aid approval which Government now hopes to receive in early March 2003</p>
<p>48. DTI should ensure that policy towards Section 36 power station consents require proposers to show they have considered alternative sites with heat loads, if Government is asked to approve a proposal not linked to CHP.</p>	<p>4.18</p>	<p>4.18 (bullet) ..We will undertake a review of the existing guidance on information required to accompany power station consent applications. Applicants will need to provide significant evidence clearly demonstrating they have considered all economically viable options for CHP and community heating;</p>
<p>49. OFGEM should ensure for micro-CHP, that there are simple and standardised connection terms, that settlement profiles avoid recourse to expensive metering and in the medium term that advanced metering technology should be introduced.</p>	<p>Not specifically addressed in the white paper.</p>	<p>The Distributed Generation Co-ordinating Group, established by the DTI & Ofgem in November 2001, has initiated a number of projects aimed at facilitating the development of micro-CHP and other micro generation technologies by simplifying connection, metering and trading requirements.</p> <p>In parallel with these initiatives, the Electricity Association has recently published Engineering Recommendation G83 which offers guidance on the connection of domestic micro-CHP and others the prospect of very much simplified connection arrangements. In addition, OFGEM has recently approved a modification to the Balancing & Settlement Code which removes the need for domestic scale generation to be metered on a half-hourly basis, thereby significantly reducing metering costs.</p> <p>Via its Renewable Energy Programme, the DTI is currently discussing with industry the launch of a project to investigate the potential benefits of advanced metering technologies as applied to domestic-scale generating technologies.</p>

50. DTLR and the Inter-Departmental Analysts' Group on Low Carbon Options should consider how best to address the lack of data on costs of energy efficiency and fuel switching in transport.	5.13	5.13 Work commissioned by the Department for Transport and the DTI indicates the scope for further reducing average new vehicle carbon emissions. It suggests that full-specification family cars with carbon emissions of 100g/km (equivalent to about 75 miles per gallon of diesel) or less may be achievable within the next two decades, in particular through hybrid and related vehicle technologies. As the Foresight Vehicle Programme projects show, (see box, page 66) this is an area of technology where the UK has a strong research, development and design presence.
51. DTI and DEFRA should monitor the extent to which energy efficiency, renewables and CHP achieve current expectations, so that fallback strategies can be developed if needed.	9.8	9.8 We will strengthen departmental analytical and strategic capabilities in the field of energy policy. The DTI's Energy Strategy Unit will provide the focal point of a network - a Sustainable Energy Policy Network - of departmental policy units that will be involved in delivering the white paper's commitments. We expect the DTI, Defra, the FCO, the Treasury, the ODPM, DfT, the Scotland Office, the Wales Office, and the Devolved Administrations all to play a full part in this network. The regulators, particularly OFGEM and the Environment Agency, will also play an important part. The primary task of the network will be to ensure that the aims we have set out in this white paper are delivered. This will require the network, acting as a virtual unit, to ensure that the Government as a whole pursues effectively the policies and programmes that we need to deliver all our objectives, including a significant stepping up of our international capability.
52. Government should aspire in the long term to bring together in one Department responsibilities for climate change, energy policy and transport policy.	9.6 – 9.11	Refer directly to white paper.
53. Government a cross-cutting unit (initially based in DTI, described as the Sustainable Energy Policy Unit (SEPU)) to oversee the future direction of energy policy, to implement findings of the PIU report, and provide an enhanced energy analytical capability.	9.6 – 9.11	See above.

54. DA(N) to consider whether responsibility for energy efficiency and CHP policy should be located with other aspects of energy policy.	9.6 – 9.11	See above.
55. SEPU/OST to develop more detailed proposals for a national Energy Research Centre.	7.34	7.34 A new Energy Research Network is being developed by the Research Councils to establish interdisciplinary teams with expertise in the scientific, technological, social, economic and health impacts of energy, providing much needed coordination and cohesion. A new UK Energy Research Centre will act as the hub, providing a national and possibly European focus to integrate and accelerate research in this priority area. It will play a key role in co-ordinating research, facilitating collaboration with industry and UK participation in international projects, as well as being a centre of excellence in its own right. The centre will also signal the importance the UK attaches to energy research, helping to attract high-calibre scientists and graduates to the sector.
56. DTI to sharpen Ministerial guidance to OFGEM on environmental issues.	9.15	9.15 ...we shall revise the statutory guidance on social and environmental issues in the light of this white paper, making the guidance more specific.
57. OFGEM to produce analyses of significant regulatory proposals, taking full account of costs on energy industry and consumers.	9.15	9.15 ...OFGEM has committed to producing regulatory impact assessments including environmental impact assessments for all significant new policies. This will enhance transparency until there is opportunity to provide statutory backing for these assessments through primary legislation, bringing OFGEM into line with the position in other areas, notably the Financial Services Authority and Ofcom;

58. DTI/DEFRA to carry out review of low carbon delivery organisations.	7.16	<p>7.16 The PIU called for a fundamental review of low-carbon support programmes aimed at business, particularly the Carbon Trust and the Energy Saving Trust. Although we consider that some of these bodies and programmes are too new to review now, we will review low-carbon delivery programmes and associated support bodies before the end of 2004 in the context of a review of low-carbon instruments more generally in advance of the introduction of the EU emissions trading scheme.</p>
59. DTLR/DEFRA to consider additional resources to build capacity in local authorities and the voluntary sector, in particular for energy efficiency activities.	9.20-9.24	<p>9.20 ...We already work with local and regional bodies in England on energy issues - for example, on energy efficiency. We will build on this to develop a new package of measures to promote national objectives through local and regional decision-making. This will enable local and regional priorities to be better reflected in national policy. Over time a more proactive role will be developed for local and regional bodies in energy policy.</p> <p>9.21 Several regions already have energy or renewables strategies We propose to build on these by taking steps to ensure that a strategic approach to energy is developed and implemented in each region. Ideally this approach will be integrated as appropriate into existing strategies. We expect that it will:</p> <ul style="list-style-type: none"> • set out a strategic vision of the interaction between national energy policy and specific local and regional concerns; • include regional targets (such as for renewables and energy efficiency) negotiated between the region and national Government; • set out an action plan showing how regional bodies and local authorities intend to help to deliver objectives on energy through their various roles and functions; and • act as a contribution by the region to the development of national policy. <p>9.22 We expect this strategic approach to be developed by a partnership of regional chambers, RDAs, Government Offices in the Regions (GOs), local authorities and other stakeholders, such as businesses, unions and voluntary</p>

		<p>groups. Its objectives will need to be delivered by all those bodies working closely together. In the longer term elected regional assemblies will take responsibility for leading the work where they are established. We will consult shortly on detailed proposals.</p> <p>9.24 The Sustainable Energy Policy Network will have a remit further to develop the partnership with local and regional bodies on energy issues. In addition we will:</p> <ul style="list-style-type: none"> • establish a new beacon councils theme on sustainable energy to promote innovative local approaches on generation and demand-side measures; <p>promote energy efficiency and the roll out of new technologies as areas in which local authorities can consider Local Public Service Agreements;</p> <ul style="list-style-type: none"> • urge local authorities to give energy issues priority at a strategic level, for example, through their Community Plans and Housing Strategies, consistent with the new strategic approach to be developed at regional level; • encourage local authorities to take the lead, acting as catalysts for change, developing and facilitating cross-sectoral partnerships and providing advice and encouragement; • review existing guidance to Energy Conservation Authorities on complying with the requirements of the Home Energy Conservation Act; • consider with the Local Government Association (LGA) whether at the next review to include energy as a shared central-local priority; and
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		<ul style="list-style-type: none"> consult on arrangements to collect and make available data on the pattern of energy usage in local areas, to enable local authorities and regional bodies to target activity more effectively.
60. DTLR with DTI to update national planning guidance, making it clear when there is a national case for new investment in energy related facilities.	<p>4.30</p> <p>4.32</p> <p>4.33</p> <p>4.34</p>	<p>4.30 . . . The Office of the Deputy Prime Minister (ODPM) will shortly publish new planning guidance on renewables (PPS22) for England. A separate guide containing advice on best practice will also be published . . .</p> <p>4.32 We need better information on what is happening on the ground. We will therefore work with local planning authorities and others to obtain better statistics on the number of renewable projects that are achieving planning approval and why others are being rejected.</p> <p>4.33 We have published legislative proposals to streamline the public inquiry process for Major Infrastructure Projects in the planning process in England by allowing lead inspectors to appoint further inspectors to share the work and allowing issues to be considered concurrently in inquiries rather than sequentially. We will also apply these principles to decision making for major energy projects in England and Wales, where consents are awarded by the Secretary of State for Trade and Industry. This should help streamline planning processes for large renewable energy developments and other large generation plant and should help major upgrades of the transmission network.</p> <p>4.34 There is currently no guidance on the implications for land use planning at local level for projects related to energy security. We will prepare a separate guidance note focusing on this for local planning authorities.</p>
61. Regional planning bodies to give greater prominence to energy developments in sub-regional plans.	4.30	4.30 . . . The Office of the Deputy Prime Minister (ODPM) will shortly publish new planning guidance on renewables (PPS22) for England. A separate guide containing advice on best practice will also be published . . .

	4.32	<p>4.32 We need better information on what is happening on the ground. We will therefore work with local planning authorities and others to obtain better statistics on the number of renewable projects that are achieving planning approval and why others are being rejected.</p>
	4.33	<p>4.33 We have published legislative proposals to streamline the public inquiry process for Major Infrastructure Projects in the planning process in England by allowing lead inspectors to appoint further inspectors to share the work and allowing issues to be considered concurrently in inquiries rather than sequentially. We will also apply these principles to decision making for major energy projects in England and Wales, where consents are awarded by the Secretary of State for Trade and Industry. This should help streamline planning processes for large renewable energy developments and other large generation plant and should help major upgrades of the transmission network.</p>
	4.34	<p>4.34 There is currently no guidance on the implications for land use planning at local level for projects related to energy security. We will prepare a separate guidance note focusing on this for local planning authorities.</p>
	9.20	<p>9.20 ...We already work with local and regional bodies in England on energy issues - for example, on energy efficiency. We will build on this to develop a new package of measures to promote national objectives through local and regional decision-making. This will enable local and regional priorities to be better reflected in national policy. Over time a more proactive role will be developed for local and regional bodies in energy policy.</p>
	9.21	<p>9.21 Several regions already have energy or renewables strategies We propose to build on these by taking steps to ensure that a strategic approach to energy is developed and implemented in each region. Ideally this approach will be integrated as appropriate into existing strategies. We expect that it will:</p> <ul style="list-style-type: none"> • set out a strategic vision of the interaction between national energy policy and specific local and regional concerns; • include regional targets (such as for renewables and energy efficiency)

	<p>9.22</p> <p>9.24</p>	<p>negotiated between the region and national Government;</p> <ul style="list-style-type: none"> • set out an action plan showing how regional bodies and local authorities intend to help to deliver objectives on energy through their various roles and functions; and • act as a contribution by the region to the development of national policy. <p>9.22 We expect this strategic approach to be developed by a partnership of regional chambers, RDAs, Government Offices in the Regions (GOs), local authorities and other stakeholders, such as businesses, unions and voluntary groups. Its objectives will need to be delivered by all those bodies working closely together. In the longer term elected regional assemblies will take responsibility for leading the work where they are established. We will consult shortly on detailed proposals.</p> <p>9.24 . . . The Sustainable Energy Policy Network will have a remit further to develop the partnership with local and regional bodies on energy issues. .</p>
62. Local authorities to ensure greater emphasis is placed on pro-active planning for energy developments in sub-regional plans.	<p>4.30</p> <p>4.32</p> <p>4.33</p>	<p>4.30 . . . The Office of the Deputy Prime Minister (ODPM) will shortly publish new planning guidance on renewables (PPS22) for England. A separate guide containing advice on best practice will also be published . . .</p> <p>4.32 We need better information on what is happening on the ground. We will therefore work with local planning authorities and others to obtain better statistics on the number of renewable projects that are achieving planning approval and why others are being rejected.</p> <p>4.33 We have published legislative proposals to streamline the public inquiry process for Major Infrastructure Projects in the planning process in England by allowing lead inspectors to appoint further inspectors to share the work and allowing issues to be considered concurrently in inquiries rather than sequentially. We will also apply these principles to decision making for major energy projects in England and Wales, where consents are awarded by the Secretary of State for Trade and Industry. This should help streamline</p>

		<p>planning processes for large renewable energy developments and other large generation plant and should help major upgrades of the transmission network.</p>
	4.34	<p>4.34 There is currently no guidance on the implications for land use planning at local level for projects related to energy security. We will prepare a separate guidance note focusing on this for local planning authorities.</p> <p>Various initiatives to promote regional and local action.</p>
	9.20	<p>9.20 ...We already work with local and regional bodies in England on energy issues - for example, on energy efficiency. We will build on this to develop a new package of measures to promote national objectives through local and regional decision-making. This will enable local and regional priorities to be better reflected in national policy. Over time a more proactive role will be developed for local and regional bodies in energy policy.</p>
	9.21	<p>9.21 Several regions already have energy or renewables strategies We propose to build on these by taking steps to ensure that a strategic approach to energy is developed and implemented in each region. Ideally this approach will be integrated as appropriate into existing strategies. We expect that it will:</p> <ul style="list-style-type: none"> • set out a strategic vision of the interaction between national energy policy and specific local and regional concerns; • include regional targets (such as for renewables and energy efficiency) negotiated between the region and national Government; • set out an action plan showing how regional bodies and local authorities intend to help to deliver objectives on energy through their various roles and functions; and • act as a contribution by the region to the development of national policy.
	9.22	<p>9.22 We expect this strategic approach to be developed by a partnership of regional chambers, RDAs, Government Offices in the Regions (GOs), local authorities and other stakeholders, such as businesses, unions and voluntary groups. Its objectives will need to be delivered by all those bodies working closely together. In the longer term elected regional assemblies will take responsibility for</p>

	9.24	<p>leading the work where they are established. We will consult shortly on detailed proposals.</p> <p>9.24 . . . The Sustainable Energy Policy Network will have a remit further to develop the partnership with local and regional bodies on energy issues . .</p>
63. DTI should develop a policy on strategic offshore issues for new technologies to inform Government decisions.	<p>4.47</p> <p>4.48</p>	<p>4.47 Delivering our carbon aims will require the rapid expansion of offshore wind not only within territorial waters but beyond. We published in November 2002 a consultation document, Future Offshore, which proposes a strategic planning framework to harness the significant potential of offshore wind. The Future Offshore consultation document includes proposals for the provision and regulation of offshore infrastructure for transmitting electricity. We will work with OFGEM, developers and the transmission companies, over the coming months, to take this issue forward. A second round of wind-farm site allocations is planned for spring 2003, focusing on three strategic areas of the sea within territorial waters, informed by a strategic environmental assessment.</p> <p>4.48 To enable further rounds to extend the opportunity for developers to exploit areas beyond the UK 12-mile zone we will also bring forward legislation as soon as possible to enable the granting of licenses for offshore windfarm developments beyond territorial waters. We will identify and assess the difficulties that might be posed for aviation and other military and civil interests before we offer areas to the wind industry for development.</p>
64. An EU energy chapter or other further treaty powers are unnecessary.	Not specifically Addressed in White Paper.	See Below.

<p>65. There is no need for a European energy regulator. An EU energy chapter or other further treaty powers are unnecessary.</p>	<p>Not specifically addressed in the white paper.</p>	<p>The Electricity and Gas Directives agreed in November 2002 require all Member States to have an independent regulatory authority for electricity and gas with a minimum set of duties and powers. The existing regulators are already working together within the framework of the Council of European Energy Regulators. This cooperation and sharing of best practice will intensify as the internal energy market develops and cross-border trading increases. There is therefore no need for a European energy regulator at this stage.</p> <p>The Commission call for an Energy Chapter in the Treaties has been consistently rejected by the UK and most other Member States in recent Inter-Governmental Conferences. We see no need to change our position on this. The absence of a specific energy title or Chapter in the Treaties does not mean that the EU has no energy policy. A range of measures serving energy policy objectives has been taken under the appropriate general provisions of the Treaties such as free movement of goods, competition, protection of the environment. These provide the Commission with sufficient power. The UK strongly supports the consistent and effective enforcement of the Gas and Electricity Directives and the application of state aid rules by the Commission. However, we would welcome a more active role in some areas. For example, it should consider how the competition rules might be pressed more vigorously taking into account the impact of acquisitions in other Member States by companies which are dominant incumbents in their home territory and the need to provide a level playing field for new market entrants.</p>
<p>66. Industry sponsorship and energy policy making should, so far as possible, be separated.</p>	<p>Not specifically addressed in the white paper</p>	<p>As from 1 October the Energy Group was re-organised along the lines of the rest of the DTI. This resulted in most policy functions being concentrated in the Energy Strategy Unit and the Energy Markets Unit, mirroring the Fair Markets Group and the Department's Strategy Unit. The Group's sponsorship functions were transferred to the Energy Innovation and Business Unit (EIBU), which mirrored the formation of the Business and Innovation Groups. Whilst the EIBU does carry out some policy functions, the higher level policy making has been separated from policy implementation thereby achieving the PIU recommendation</p>

67. DTI should give further thought to the possibilities for establishing a composite Fossil Fuels Authority outside the DTI.	Not specifically addressed in the white paper	The Government plans to establish a Licensing and Consents Agency to grant such permits for oil and gas exploration. This is not referred to in the white paper.
68. It is recommended that the Devolved Administrations are involved with the implementation of the report's findings, and the ongoing development of energy policy.	9.18	9.18 We will continue to work closely with the Devolved Administrations on energy policy, in particular through the new Sustainable Energy Policy Network.
69. There is a continuing need for consultation between DTI, OFGEM and the industry to ensure actions affecting onshore and offshore investments are co-ordinated appropriately.	4.47	4.47 Delivering our carbon aims will require the rapid expansion of offshore wind not only within territorial waters but beyond. We published in November 2002 a consultation document, Future Offshore, which proposes a strategic planning framework to harness the significant potential of offshore wind. The Future Offshore consultation document includes proposals for the provision and regulation of offshore infrastructure for transmitting electricity. We will work with OFGEM, developers and the transmission companies, over the coming months, to take this issue forward. A second round of wind-farm site allocations is planned for spring 2003, focusing on three strategic areas of the sea within territorial waters, informed by a strategic environmental assessment.
70. Local authorities duties under the Home Energy Conservation Act should be modernised to emphasise building local partnerships, providing advice and co-ordinating local programmes.	9.20 9.21	9.20 ...We already work with local and regional bodies in England on energy issues - for example, on energy efficiency. We will build on this to develop a new package of measures to promote national objectives through local and regional decision-making. This will enable local and regional priorities to be better reflected in national policy. Over time a more proactive role will be developed for local and regional bodies in energy policy. 9.21 Several regions already have energy or renewables strategies We propose to build on these by taking steps to ensure that a strategic approach to energy is developed and implemented in each region. Ideally this approach will be integrated as appropriate into existing strategies. We expect that it will:

		<p>Strategies, consistent with the new strategic approach to be developed at regional level;</p> <ul style="list-style-type: none"> • encourage local authorities to take the lead, acting as catalysts for change, developing and facilitating cross-sectoral partnerships and providing advice and encouragement; • review existing guidance to Energy Conservation Authorities on complying with the requirements of the Home Energy Conservation Act; • consider with the Local Government Association (LGA) whether at the next review to include energy as a shared central-local priority; and • consult on arrangements to collect and make available data on the pattern of energy usage in local areas, to enable local authorities and regional bodies to target activity more effectively.
71. Local authorities should encourage community groups and local groups of national organisations to play a bigger role in local partnerships.	<p>9.20</p> <p>9.21</p>	<p>9.20 ...We already work with local and regional bodies in England on energy issues - for example, on energy efficiency. We will build on this to develop a new package of measures to promote national objectives through local and regional decision-making. This will enable local and regional priorities to be better reflected in national policy. Over time a more proactive role will be developed for local and regional bodies in energy policy.</p> <p>9.21 Several regions already have energy or renewables strategies We propose to build on these by taking steps to ensure that a strategic approach to energy is developed and implemented in each region. Ideally this approach will be integrated as appropriate into existing strategies. We expect that it will:</p> <ul style="list-style-type: none"> • set out a strategic vision of the interaction between national energy

	<p>9.22</p> <p>9.24</p>	<p>policy and specific local and regional concerns;</p> <ul style="list-style-type: none"> • include regional targets (such as for renewables and energy efficiency) negotiated between the region and national Government; • set out an action plan showing how regional bodies and local authorities intend to help to deliver objectives on energy through their various roles and functions; and • act as a contribution by the region to the development of national policy. <p>9.22 We expect this strategic approach to be developed by a partnership of regional chambers, RDAs, Government Offices in the Regions (GOs), local authorities and other stakeholders, such as businesses, unions and voluntary groups. Its objectives will need to be delivered by all those bodies working closely together. In the longer term elected regional assemblies will take responsibility for leading the work where they are established. We will consult shortly on detailed proposals.</p> <p>9.24 Many local authorities and regional bodies are already developing innovative initiatives and strategies that go beyond their statutory functions. In the longer term we want to see more taking such a pro-active role. The Sustainable Energy Policy Network will have a remit further to develop the partnership with local and regional bodies on energy issues. In addition we will:</p> <ul style="list-style-type: none"> • establish a new beacon councils theme on sustainable energy to promote innovative local approaches on generation and demand-side measures; • promote energy efficiency and the roll out of new technologies as areas in which local authorities can consider Local Public Service Agreements; • urge local authorities to give energy issues priority at a strategic level, for example, through their Community Plans and Housing Strategies, consistent with the new strategic approach to be
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		<p>developed at regional level;</p> <ul style="list-style-type: none"> • encourage local authorities to take the lead, acting as catalysts for change, developing and facilitating cross-sectoral partnerships and providing advice and encouragement; • review existing guidance to Energy Conservation Authorities on complying with the requirements of the Home Energy Conservation Act; • consider with the Local Government Association (LGA) whether at the next review to include energy as a shared central-local priority; and • consult on arrangements to collect and make available data on the pattern of energy usage in local areas, to enable local authorities and regional bodies to target activity more effectively.
72. Information on technologies within planning guidance or in technical annexes to the guidance needs to be continually updated.	4.30	<p>4.30 . . . The Office of the Deputy Prime Minister (ODPM) will shortly publish new planning guidance on renewables (PPS22) for England. A separate guide containing advice on best practice will also be published . . .</p>

<p>73. Energy developments should be given greater prominence within regional guidance and sub-regional plans. Specific measures by which this should be achieved are:</p> <ul style="list-style-type: none"> • Regional Planning Bodies should incorporate the results of the recent regional renewables studies in England; • Regional Development Agencies should set regional targets for renewables in their Regional Sustainable Development Frameworks; • If the Local Development frameworks proposed in the DTLR revision planning system are implemented, important that energy developments are well represented within the frameworks. 	<p>9.20 – 9.24</p>	<p>See above (71).</p>
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