

A £30 BILLION GREEN TECHNOLOGY RECOVERY

The Conservative Party is today setting out measures that the Government could introduce at the 2009 Budget that would unleash at least £30 billion of private sector investment, and lay the foundations for a stable, competitive and low carbon recovery.¹

Unlike Labour's proposed car scrappage scheme, our policies will deliver green growth and help make environmental sustainability a reality. For example, our long-term plan for a green technology recovery will create incentives for a national network of electric car charging points, which are essential if this technology is to become mainstream. We will also introduce a smart grid to manage the increased demand for electricity that will result from higher take-up of electric cars.

Over the past decade, Labour has failed to create a low-carbon economy. According to official government figures, UK firms have less than a five per cent share of the global market for green goods and services - less than France, Germany, Japan and the United States. These official government figures also show that the market shares achieved by Germany and France, normalised to their GDP, are around 50% higher than the UK's share.²

The UK's low carbon sector needs less talk and more action. The CBI last week said that "politics and policy", not the recession, were delaying green investment in the UK and pleaded with the Government to just "get on with it".³

Today we are calling on the Government to urgently adopt the following ten policies, none of which would add to government debt:

1. A £6,500 energy efficiency entitlement for every home in Britain

Announce a new entitlement for every home to be fitted with up to £6,500 of energy efficiency improvements, with the cost being repaid through savings in

¹Examples of private sector investment triggered by these measures:

- **£20 billion:** If 1 million homes per year over the next 10 years were retrofitted with an average of £2,000 of energy efficiency improvements.
- **£5 billion:** Private sector investment to build a new high speed rail link, in conjunction with government funding.
- **£3 billion:** Private sector investment in carbon-captured coal fired power stations, made possible by government carbon capture and storage projects and networks, funded from the proceeds of the EU ETS.
- **£2 billion:** Installation of smart meters in every home.

These illustrative figures are deliberately conservative: policies to introduce feed in tariffs, a national electric vehicle recharging network, build an electricity internet, construct an offshore DC cable network and develop marine energy parks will stimulate significant further private sector investment

²DBERR – November 2006 – 'Bridging the gap between environmental necessity and economic opportunity'

³<http://www.guardian.co.uk/environment/2009/apr/06/cbi-environment-climate-change>

fuel bills, delivering immediate reductions in gas and electricity bills of around £160 per year for families across the country. Because everyone would be able to upgrade their home energy efficiency with no upfront costs and immediate savings on their bill, there would be no obstacle to people improving the energy efficiency of their home.

2. Fund at least three Carbon Capture and Storage projects

The Government should announce that it will use part of its receipts from the EU Emissions trading Scheme to fund the installation of Carbon Capture and Storage equipment and pipeline networks for at least 5GW of new coal-fired power plant. Gordon Brown has failed to grasp the CCS opportunity, by only running one slow and narrowly defined pilot project and passing up any real chance of industry leadership by green-lighting more unabated coal power to be merely 'CCS ready'.

3. Smart Meters

Bring forward the roll out of innovative new technology smart meters into every home to give homes and businesses more control over their energy consumption and help reduce bills. These smart meters will allow the public to monitor the energy consumption of their appliances in real time, and compare their energy usage with similar homes.

4. Bring forward the introduction of Feed in Tariffs

Bring forward the introduction of feed in tariffs for both renewable electricity and heat, as proposed by Conservatives and as already legislated for in the Energy Act. The revenue stream from these tariffs will help people lower their energy bills and give the long term market certainty that homes and businesses need to secure finance.

5. Create a national recharging network for electric vehicles

By designating electric vehicle recharging points as regulated assets, introduce incentives for energy companies to invest ahead of need and establish a new recharging network across the UK. This will enable Britain to lead the world in replacing traditional cars with electric and plug-in hybrid vehicles.

6. Begin work on a new high speed rail network

The Government should adopt Conservative plans for to build a new high speed rail network, initially between London, Birmingham, Manchester and Leeds - with the private sector finance making a contribution towards the cost of the project.

7. Invest in the creation of an electricity internet

It is time to bring our electricity grid out of the 1950's by adding computing intelligence through the introduction of a smart grid, allowing demand and supply to be intelligently managed and paving the way for large-scale use of renewable energy sources.

8. Provide government loan guarantees to companies investing in green technologies and create the world's first environmental trading market

The Government should make it easier for companies to borrow money to invest in green technologies by providing government guarantees for bank loans to environmental technology companies, as part of our proposed National Loans Guarantee Scheme. This would help overcome one of the main current obstacles to investment in new renewable energy technologies.

The Government should also work with the London Stock Exchange to launch the world's first Green Environmental Market (GEM) to provide the next generation of British environmental companies with the investment they need to expand and succeed in the global market.

9. Create a network of Marine Energy Parks

The government should instigate a network of large scale Marine Energy Parks around Britain's shoreline. Like science parks today, these offshore parks will help clusters of innovation grow and will accelerate the development of new wind wave and tidal technologies.

10. Build an offshore DC cable network

Require the National Grid to construct a new network of under-sea Direct Current (DC) cables, which will run like bootlaces down each side of the British coastline, allowing offshore renewable developments to access the electricity grid. This will reduce one of the primary cost raising risks for offshore wind and marine power.

What we are proposing, and what is needed, is nothing less than an environmental and energy revolution, which would make Britain a low carbon world leader. It is a plan

that will help create hundreds of thousands of jobs, raise skills and improve Britain's competitiveness.

Independent criticisms of Labour's performance on green economy

1. CBI says Government is failing to deliver a low carbon economy

CBI Director General, Richard Lambert, said "politics and policy", not the recession, were delaying green investment in the UK.

Lambert said that the government needs "to get on with it" or risk the investment required to build a low carbon economy moving overseas.⁴

The CBI's analysis concludes that low-carbon businesses are nervous about investing in the UK because of delays with planning permission, poor National Grid connections, slow funding for new technology, and uncertainty over long-term carbon prices.⁵

2. Government's 'Low Carbon Summit' produced nothing, while the Low Carbon Buildings Programme solar grant expired only days later

Nothing more than a six page case study⁶ and a cup of green custard came out of the Prime Minister's much heralded 'Low Carbon Summit' in March.

Andy Atkins of Friends of the Earth commented after the summit: "We need urgent and decisive action, not more token gestures and hot air."⁷

To add insult to injury, the Government dropped funding for solar power schemes under its Low Carbon Buildings Programme just four days after the summit.⁸

3. REA member poll: 75% UK green energy companies facing financial difficulties

⁴ 'CBI slams UK climate change policy'

<http://www.businessgreen.com/business-green/news/2239881/cbi-slams-uk-climate-change>

⁵ 'CBI calls for UK to take revolutionary road to low-carbon economy', April 2009

http://climatechange.cbi.org.uk/latest_news/00177/

⁶ <http://www.berr.gov.uk/files/file50373.pdf>

⁷ http://www.foe.co.uk/resource/press_releases/green_summit_06032009.html

⁸ 'Too popular' green scheme closed', 25th March 2009, <http://news.bbc.co.uk/1/hi/uk/7962698.stm>

A survey by the Renewable Energy Association (April 2009) revealed that more than three quarters of Britain's green energy companies are now facing enormous financial difficulties gaining vital access to loans and investment money.

Out of 39 member companies that responded to a poll, 32 said they were suffering from a shortage of cashflow and other problems.

Philip Wolfe, the director general of the REA, said the survey highlighted the need for immediate action by ministers. "Given all the rhetoric on the Green New Deal and Green Tech, it is astonishing that the renewables industry has received no dedicated support - even in areas that don't cost extra money," he said.⁹

4. Institute for Public Policy Research, on the slow pace of Government consultations

"Why does it take a whole year? One of the biggest problems around this area is confusion and people not being clear about what the government is doing. There is a huge vacuum. Announcements are just dribbling out."¹⁰

The Department of Energy and Climate Change is currently running, or intending to run, a total of 22 consultations.¹¹

⁹ <http://www.r-e-a.net/info/rea-news/green-companies-facing-financial-crisis/>

¹⁰ Matthew Lockwood, quoted in the Guardian, 24 March 2009

¹¹ Assessed through Parliamentary Questions