

POLICY
THUMBNAIL

Cheaper Energy

Cutting Bills & Saving UK
Manufacturing With
A Cheaper Route To Net Zero



FEBRUARY
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THE PROBLEM

UK energy costs are already amongst the highest in the world and current Government policies will make them even more expensive; limit household choices (for example by forcing people to buy particular types of cars or home heating); and cost jobs, investment and growth by creating higher costs for UK firms compared to rivals in other countries.

THE SOLUTION

Map out a cheaper & more efficient route to deliver clean & secure energy for the UK by:

- 1) Reforming the planned Carbon Border Adjustment Mechanism (CBAM) as outlined in the 'Fixing The Carbon Leak' policy paper elsewhere. In summary this means:
 - a) Expanding the CBAM's scope to cover all manufacturing industries, with reducing carbon allowances to reach net (not absolute) zero by 2050 as promised.
 - b) Exempting all UK manufacturing exports from the CBAM, so –a low-carbon products produced in increasingly-green UK manufacturing plants – they will not have to include carbon costs in their export prices, allowing them to compete more keenly against foreign rivals made with cheaper but dirtier energy.
 - c) Ensuring families & businesses aren't out of pocket by returning all net Government CBAM receipts to customers through cuts to fuel duty or to green levies on energy bills.
 - d) Axing all other Net Zero programmes, interim targets & red tape (such as banning non-electric cars and traditional boilers, or clean energy by 2050) which will no longer be needed to reach the 2050 goal.
- 2) Rewiring UK energy markets as outlined in the 'Cheaper Route To Net Zero' policy paper elsewhere, to reveal & reduce the true like-for-like costs of rival generating technologies, so investors, energy firms and customers always get the cheapest and most efficient options.
- 3) Improving energy efficiency on all existing business and residential buildings through Council Tax & Business Rates discounts (eg 5% off for an EPC C-rated building, 10% off for EPC-B, 15% off for EPC-A) and adjusting local Government grants from Whitehall to match.
- 4) Speeding up permissions and reducing construction costs (particularly for new energy infrastructure but covering all other industries too) by:
 - a) Implementing the Winsor Review recommendations immediately
 - b) Reforming planning bottlenecks which are making it uneconomic for many business premises to instal rooftop solar PV arrays.
 - c) Stop infrastructure gold plating (eg a £100m 'bat shed' for HS2) by introducing Government measurement & valuation standards (equivalent to the Treasury's Red Book or NHS QALYs) for consistently assessing and comparing the costs & benefits of all environmental and safety construction approvals and mitigation measures.
 - d) Introducing 'Permit Passports' where a previously-approved solution to a particular environmental or safety issue is valid for any and all subsequent projects facing the same issue elsewhere, without needing new signoffs or permissions.
 - e) Pre-approving planning permission for: energy grid connections on existing brownfield sites, with a 'right to connect' to the grid with 6 months notice for any generator; pylons alongside motorways and dual carriageways; and new nuclear generation on all previous nuclear sites.
- 5) Reforming Ofgem's primary legal duty, to become creating sharper competition and improved customer choice wherever possible.



THE BENEFITS

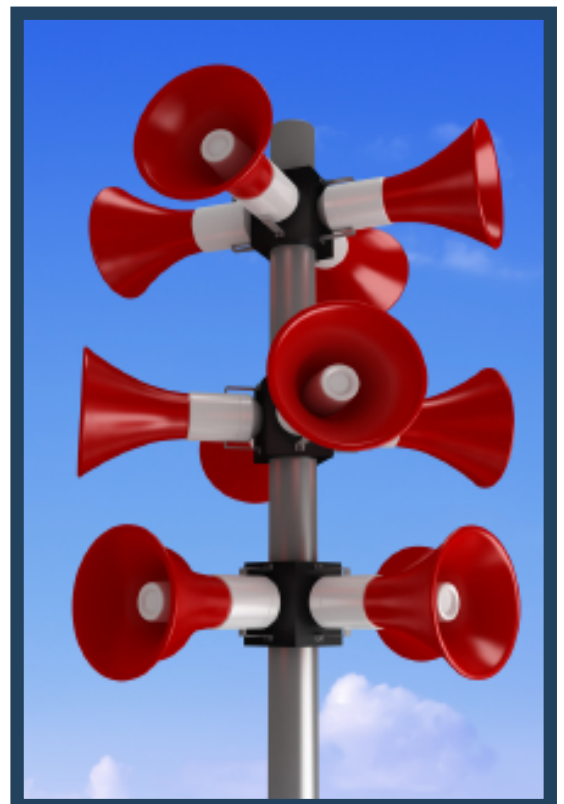
- a) Expanding the CBAM will drive a renaissance in jobs, investment and growth in UK manufacturing, by creating a level playing field where green, low-carbon British products will become cheaper and more competitive compared to rivals imported from dirtier and less-green countries.
 - b) Exempting UK exports from the CBAM will make "made in Britain" goods more internationally competitive against rival products from countries where energy is cheaper but dirtier and less green.
 - c) Using the CBAM receipts to reduce green levies and fuel duty will cut energy and fuel bills for households and businesses alike, so households and business budgets go further.
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- d) Axing, sunseting or simplifying other Net Zero rules and infrastructure red tape will remove enormous bureaucratic costs and delays which are holding back UK jobs, growth and investment, without diluting standards or undermining our commitment to Net Zero by 2050.
 - e) Rewiring energy markets will make future energy investments more economically rational & efficient, making bills cheaper than they would otherwise have been & significantly improving UK productivity overall.
 - f) Creating Council Tax and Business Rates discounts for well-insulated buildings will spark a retro-fit revolution to update more UK premises so they become modern, comfortable, cheaper places to live and work.
 - g) Reforming Ofgem's legal duty will future-proof the changes, to prevent creeping re-regulation & rising red tape burdens in years to come.

THE SOUNDBITES

"There are hundreds of possible ways to reach Net Zero. Our task is to create the conditions that will let investors & customers choose the cheapest, and then to get out of the way."

"We want to spark the rebirth of UK manufacturing, so Britain becomes the clean and green workshop of the world once more."

"Politicians can't predict the future, so they shouldn't be making big bets on new energy technologies with taxpayers' money. Sometimes it's better to keep your mouth shut, your hands in your pockets, and let investors & businesses work out what customers will want instead."



THE REBUTTALS



1. *Why are we bothering with Net Zero at all? Countries like USA, India and China are ignoring the targets and laughing at us while they steal our markets and our jobs.*

No-one knows for sure yet whether the international treaties & pledges on Net Zero will survive President Trump's decision to pull out of them or not. But however they may change in future, the UK's need for cheaper, cleaner & more secure sources of energy won't alter one bit. These proposals map out a future-proof route to make UK energy cheaper, greener & more economically competitive at the same time, no matter what happens next.

2. *How can you claim to be serious about Net Zero by 2050 when you are abandoning the pledge to ban [traditional boilers / petrol cars / diesel cars]?*

There are much better and cheaper ways to deliver clean energy than the path we are currently following. If the price is right then Government won't have to ban things because people will naturally choose what's best for them & for the planet anyway.

3. *Does this mean you are giving up on nuclear power?*

Not at all. We've got to re-learn how to build nuclear generation more cheaply without sacrificing safety, but nuclear power is vital because it doesn't stop when the sun isn't shining or the wind doesn't blow, so it has inbuilt advantages which other low-carbon energy sources can't match.

4. *Why are we copying the EU with this CBAM idea? Isn't this reversing Brexit?*

Hardly. We can steal a march on the EU if we tailor our CBAM to the specific needs of the UK economy, covering all manufacturing industries rather than just a selection, and exempting exports too.

5. *Isn't this just pie in the sky? Won't the World Trade Organisation block any CBAM, and won't India refuse a Trade Deal if we go ahead?*

Both we, the EU & other countries with CBAMs believe they are perfectly compatible with WTO's free trade rules, providing we do it right. And we won't be the only one of India's trading partners which is introducing a CBAM either.

6. *Aren't you abandoning free markets by rewiring energy trading to kill off marginal pricing? Won't that push energy bills even higher?*

Quite the opposite. Our current energy markets are broken because they base prices off short-term, full-carbon gas, which is increasingly different from the true marginal prices of on-demand low-carbon power for long or short term contracts. These rewiring proposals would heal our energy markets, not kill them.

