



Energy White Paper 2020

Analysis of Government Announcements

Solar Trade Association Membership Briefing

December 2020

Top line analysis and key takeaways from the BEIS Energy White Paper 2020.

Consumers

1. **Affordability and fairness** – At a high level, the White Paper commits to placing consumer costs and fairness at the centre of the energy transition.
2. **Tariff reforms** – the White paper commits to creating a framework to introduce opt-in tariff switching and will consult on the feasibility of opt-out switching. There is also a commitment to provide greater transparency of the carbon content of 'green' tariffs and increase the availability of smart tariffs, including time-of-use tariffs, which could have significant implications for solar and storage.

Electricity

1. **Decarbonising generation** – The White Paper projects electricity demand could double by 2050 but does not outline what a net zero generation mix should look like. The paper states the market should determine the best solutions.
2. **Contracts for Difference (CFDs)** – The White Paper is explicit that the Government aims to deliver 12GW of renewable generation through AR4. It also indicates that onshore wind and solar will be fundamental building blocks of the future generation mix and highlights the need for sustained growth in these sectors over the next decade. This is backed up in the modelling supporting the White Paper but is frustratingly somewhat absent from the Paper's broader discussion of decarbonising electricity. BEIS has also published a consultation alongside the White Paper on the future of CfD auction design, which closes 22 Feb 2021 and will be critical for the industry.
3. **National Policy Statements** – The White Paper announced that BEIS is undertaking a complete a review of existing energy National Policy Statements (NPS), with the aim of designating updated NPS by the end of 2021. This will be important for the industry to feed into and could have significant implications for the planning treatment of solar and storage going forwards.
4. **UK Emissions Trading Scheme (ETS)** – The Paper announced that BEIS will establish a UK ETS beginning 1 January 2021, to replace the current EU ETS. It is unclear to what extent this will link with international schemes, though the Government is open to linking.

Energy System & Governance

1. **Smart Systems Plan** – The White Paper commits to publishing a new Smart Systems Plan in spring 2021 and defining electricity storage in law. Alongside this the Government will launch a competition for longer duration storage.
2. **Network Infrastructure** – The Government will legislate to enable a competitive tendering process for the construction, ownership and operation of onshore electricity network assets. This could include both transmission and distribution level infrastructure and could have major ramifications for future network development.
3. **Price Controls** - The Paper states the Government's intention for network prices controls to enable investment to allow for the scale of decarbonisation of transport and heating. This acknowledgement is welcomed, particularly in light of the announced reviews of network governance and Ofgem's Policy Statement (below).

4. **Data** – An Energy Data Strategy will be published in Spring, developed in coordination with Ofgem. This will outline how to make better use of data to enable a smart, flexible, low-carbon electricity system.
5. **System Governance** – A consultation will be introduced in 2021 on organisational functions and long-term governance arrangements, which will consider the appropriate roles of network entities and Ofgem and whether these are fit for purpose. Importantly, there will also be a consultation on Ofgem’s Strategy and Policy Statement.
6. **Transport** – A Transport Decarbonisation Plan will be announced in spring. The Government will also bring forward regulation in 2021 on EV charging networks and consult further on zero emission vehicles.

Buildings

1. **Energy Performance** – The Government will look to set out a roadmap for the Future Homes Standard, consult on measures to improve the energy performance of owner occupied and rented homes. This included seeking to ensure all rented non-domestic buildings are EPC B by 2030.
2. **Energy Company Obligation (ECO)** – The Government will look to extend the ECO from 2022 to 2026 and expand the Warm Home Discount to around 750,000 additional households.
3. **Green Jobs** – A strategy will be developed to upskill through the Green Jobs taskforce announce earlier this year.