

Joint written submission to the Public Bill Committee for the Energy Bill

24th May 2023

Please find signatories at the end of the document

Summary

1. Given the infrequency of such pieces of legislation, the Energy Bill provides a vital opportunity for the UK to reduce energy demand and improve energy security whilst being one of the most significant opportunities in the near future for the government to contribute to alleviating the cost of living crisis.
2. The Secretary of State has stated that the Bill will bring down energy bills, however it does not go far enough in reducing energy demand, protecting bill payers from further energy cost rises or replacing expensive oil and gas imports with home-grown renewables.
3. The priorities for this coalition of organisations representing leading charities across the environment and anti-poverty groups, to ensure that the Bill brings down the cost of energy for good whilst speeding up the transition to net zero, are as follows:
 - a. **Protect consumers from energy bill increases** by removing the hydrogen levy from consumer bills.
 - b. **Accelerate the roll-out of renewable energy onto the grid** by changing Ofgem's remit to include net zero.
 - c. **Give the Secretary of State powers to stop energy firms from forcibly transferring people onto expensive pre-payment meters** by banning the forced movement to PPMs.
 - d. **Address the pressing issue of cold, damp homes for the most vulnerable** by raising minimum energy efficiency standards of private rented sector homes to cut energy costs.
 - e. **Accelerate the transition away from oil and gas.**
4. The Bill should be strengthened by passing these amendments to ensure that the Government's goal of bringing down the cost of energy bills for good is achieved.

Priorities for the Energy Bill

Protect consumers from energy bill increases by removing the hydrogen levy from consumer bills (against amendment Gov 12, Clause 66)

5. A concern we have with the original draft of the Energy Security Bill is the proposal to put a new levy onto household bills to fund hydrogen development, despite there being no clear benefits to households. [According to the Secretary of State](#), the Energy Bill has

been put together to bring down customer bills. An uncosted Levy on household bills to fund hydrogen development is inconsistent with this aim. We therefore encourage parliamentarians to vote against the Government's amendment to remove the Amendment made by the House of Lords, and instead ensure that the **responsibility for levies is moved away from households**.

6. The government [responded](#) to this concern in the Second Reading Debate by assuring that the Bill won't introduce the Levy straight away and that there will be a consultation on the nature of the levy at a later date. However, if one of the primary aims of the Bill is to reduce energy costs for customers and there is significant concern about this levy from consumer groups, [Fuel Poverty groups](#), [parliamentarians](#), [Conservative think-tanks](#) and others, then the Government should clarify at this stage that the levy will be reserved for the Consolidated Fund or gas shippers.
7. Green hydrogen will play an important role in the future energy mix in the areas of the economy where electrification isn't an option - for example in heavy industrial processes - and as a way of storing excess renewable energy for the electricity system.
8. However, hydrogen is unlikely to benefit consumers directly and therefore to warrant a levy because using green hydrogen for domestic use in the UK-wide heating system would be economically unsound, making reaching net zero by 2050 much more challenging (see figure 1). The volumes of renewable energy needed, and the associated costs, would both delay the decarbonisation of the rest of the economy and require permanent, large-scale subsidies to keep UK citizens out of energy poverty. This would be detrimental to the economy, though good for the gas industry. If using blue and grey hydrogen methods, heating UK homes would require 45% more fossil gas than today, raising consumer costs very substantially, and damaging the UK's energy security due to increased reliance on gas imports.¹

¹ Hydrogen Science Council

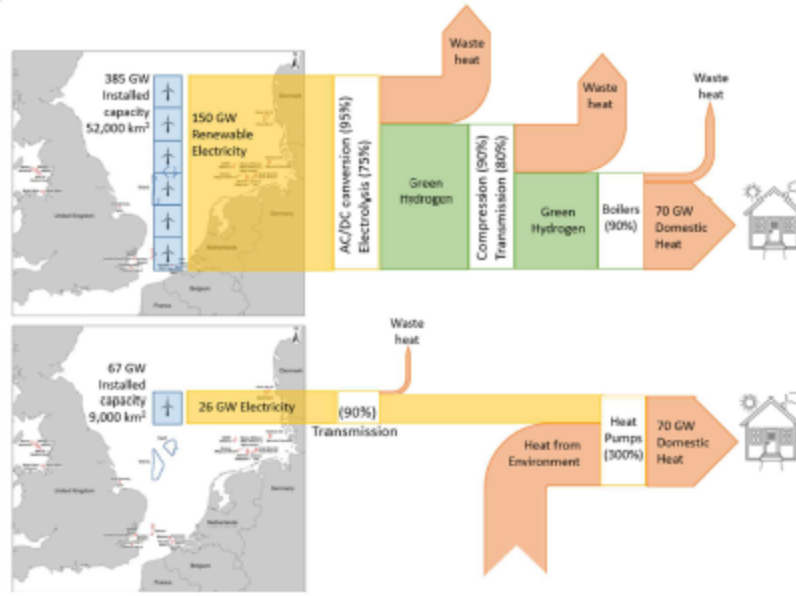


Figure 1 - *Hydrogen Science Council*. Providing domestic heating in the UK using either Green Hydrogen or Heat Pumps. The colours of the arrows indicate the type of energy: electricity, green hydrogen or heat. The widths of the arrows are proportional to the power flows (in units of GW). The blue boxes show scaled areas of wind turbine farms on the maps. Red polygons on the maps are existing offshore wind turbine installations, which currently total approx. 10 GW.

9. It's important that the use of hydrogen is [properly managed and directed towards sectors where there are few alternatives](#). [18 independent studies since 2019, including by the IEA, IPCC and McKinsey have ruled out hydrogen playing a major role in heating buildings](#). Further, recent findings from a [government-commissioned study](#) and the National Oceanic and Atmospheric Administration in the US have [shown](#) hydrogen's warming impact is 12 to 13 times stronger than CO₂. That means that if hydrogen escapes in large volumes before being burnt for energy, it cannot be considered a clean fuel. We know that [hydrogen tends to leak 1.2-2.8 times](#) more quickly than methane from existing pipework. Methane leaks can be in the order of a few percent, [and are often underestimated](#). The higher the leakage rate, the lower the climate benefits, meaning that end uses of hydrogen where leaks can be properly monitored and minimised, such as in industry, should be prioritised over those that can't, such as in homes.
10. Blending hydrogen into the gas grid is being considered by the government. The minimal climate benefits of hydrogen blending are further weakened by the above findings regarding the warming impact of leaked hydrogen. The additional cost of blending hydrogen (at 20% by volume) could be in the region of [£80-£85 per year](#) for the average household. The cost of heating a home with pure hydrogen would be much higher.
11. Given that hydrogen is not a feasible option to heat UK homes, the proposed hydrogen levy on consumer bills would increase household bills during a cost-of-living crisis, without providing any benefit to consumers. Although energy prices are expected to fall

this year, they will still [remain significantly higher than pre-pandemic levels](#). Seven million households spent this winter in fuel poverty and will be facing the same crisis next winter.

12. In the case where levies on bills are necessary, these should be used towards encouraging electrification and energy efficiency which will directly benefit households and bring down bills.

Accelerate the roll-out of renewable energy onto the grid by changing Ofgem's remit to include net zero

13. Another key missing piece of the original draft of the Energy Bill is a failure to give Ofgem a net zero duty. The coalition supports retaining the amendment added into the Bill by the House of Lords which includes within Ofgem's general duties a specific requirement to have regard to meeting the UK's carbon budgets net zero emissions target.
14. It's widely recognised that one of the biggest barriers to developing domestic renewable energy is that grid infrastructure isn't being built quickly enough. Currently, grid connections are being built on a 'just in time' or 'retroactive' basis as opposed to proactively in areas where we know lots of renewable energy will be built. [Onshore renewables have been quoted dates for connection as late as 2036](#), and in some cases, connecting offshore wind to the grid can take 3-5 years longer than the delivery of the project itself.²
15. Despite Government departments all being formally aligned with the 2008 Climate Change Act, Ofgem's remit has not substantially changed since its establishment in 2000. The new Independent System Operator and Planner will also have a duty to promote the Climate Change Act targets, making the Ofgem lack of such a specific mandate even more notable.
16. The current system, overseen by Ofgem, favours electricity coming from Europe, rather than from wind farms built in the UK's windiest areas. On average, EU electricity generators paid [16 times less in transmission charges](#) to send their energy to England last year compared to bringing energy down from Scotland, where we should be incentivising renewable energy development due to its high wind resource and the high load factors projects have as a result. Scottish generators are now at a significant disadvantage compared to sites in France, Netherlands, Belgium, Germany, Denmark or Norway.
17. Giving Ofgem a net zero duty is recommended by the Climate Change Committee, the National Infrastructure Commission, the House of Lords industry and regulators committee, the government's "offshore wind champion", the recent Skidmore Net Zero

² RenewableUK

Review, Energy UK, Renewable UK, Energy Networks Association and Warm This Winter.

18. [Ofgem's own chief executive Jonathan Brearley](#) has said that he can see benefits in defining a net zero duty for Ofgem in statute.
19. Simply changing the Strategy and Policy Statement - as is currently being consulted upon - would not give the legal force necessary to ensure that network companies become obliged (via Ofgem) to consider net zero delivery as their responsibility. Indeed a Policy Statement approach was explicitly [rejected as inadequate by the National Infrastructure Commission](#).

Protection for vulnerable households from being forced onto prepayment meters (NC41)

20. Another key missing part of the Bill is the absence of an introduction of a total ban on the forced transfer of households to Pre-Payment Meters (PPMs). Analysis by Citizen's Advice found that in 2022, [3.2 million people were cut off from electricity supply](#) because they could not afford to top up their PPM. Disconnection was found to be at least a monthly occurrence for 2 million people. Nearly 18% of households who ran out of credit on their pre-payment meters went on to spend two days or more without any energy supply, leaving them unable to turn the heating on or cook a hot meal.
21. This is affecting highly vulnerable people for whom PPMs are an inappropriate method of managing energy payments. [64% of prepayment meter households are lived in by a vulnerable person, and 51% are lived in by a disabled person or someone with a long-term health condition](#).
22. The PPMs [scandal uncovered by the i Paper and the Times](#) revealed that energy firms were not following the rules set out to protect vulnerable customers from being forced onto PPMs. Energy firms have recently signed up to a new voluntary code of conduct, designed to govern the forced installation of prepayment meters. However, the guidelines [do not go far enough](#), failing to protect highly vulnerable groups or help tackle rising energy debt. They are also voluntary which undermines their objective.
23. According to polling commissioned by Warm This Winter, almost three-quarters of the public would back changes to the Energy Bill to ensure that the government can ban the forced transfer of houses onto PPMs. Half support a permanent ban, and a further 23% back a ban whilst energy bills remain high.³
24. While the Secretary of State was supportive of a ban on forced installations earlier this year, the UK Government did not have the power to do so unilaterally and had to rely on

³ YouGov Direct interviewed 2,193 people online between 4-5 May 2023 on behalf of the Warm This Winter campaign. Results are weighted to be representative of the GB adult population.

Question asked was "Do you think the forced transfer of households onto energy prepayment meters to ensure they pay off their energy debts should be banned?" Yes – permanently (50%), Yes – while energy bills stay high (23%), No (11%), Don't know (16%)

Ofgem to do so. We are therefore calling for the Secretary of State to be given the powers to intervene and introduce an all-out ban on the forced transfer to pre-payment meters. The proposed ban will not affect the voluntary installation of PPMs by customer request.

Improvement of energy efficiency standards for renters living in cold, damp homes through raising private rented sector minimum energy efficiency standards (PRS MEES) (NC38)

25. Despite aiming to improve energy security and bring down the cost of energy bills, there were no measures to reduce energy demand and insulate homes in the Government's first draft of the Bill. The coalition supports an amendment which would raise existing minimum energy efficiency standards in the private rented sector (PRS MEES) from EPC E to EPC C by 2028.
26. Delivering energy efficiency in homes is one of the few near-term actions that can be taken to reduce dependence on gas. Further, without action on housing and buildings, there is no plausible path to achieving the [fifth carbon budget](#) or meeting the 2030 statutory fuel poverty target.
27. There are approximately [4.6 million private rented households in the UK, and at least a quarter of those households are living in fuel poverty](#). Private renters are particularly susceptible to rising energy prices given their lack of autonomy over energy suppliers, tariffs, building fabric and heating systems.
28. Tenants in the private rental sector (PRS) [in the least efficient homes are paying as much as an additional £950 per year](#) compared to the average. [Citizens Advice](#) showed that 31% of renters feel unable to heat their home to a comfortable temperature, while 1.6 million children in privately rented homes are living in cold, damp or mouldy homes. Each year, the NHS spends an estimated [£1.4 billion](#) on treating illnesses associated with living in cold, damp housing. A recent [study](#) by the Energy and Climate Intelligence Unit also highlighted that the delay in confirming new energy efficiency standards for the private rented sector could cost private renters an additional £1bn in energy bills.
29. The UK Government consulted on proposals for revised Minimum Energy Efficiency Standards (MEES) in the PRS in September 2020, but are yet to respond to the consultation. The consultation suggested that all rental properties be brought up to EPC Band C by 2028 - so an amendment saying this would only be putting existing government policy onto a statutory footing. The Energy Bill provides an opportune moment to renew the proposals for doing this.
30. Improving energy efficiency in the PRS will be essential for:
 - a. the UK meeting its Net Zero targets to a) reduce emissions by 78% by 2035 and
 - b) reach net zero by 2050;

- b. achieving the UK's energy demand commitment of 15% reduction across buildings and industry by 2030;
 - c. combating fuel poverty, and working towards the statutory target of all fuel poor homes reaching EPC C by 2030;
 - d. improving energy security and resilience by reducing reliance on fossil fuels; and
 - e. creating jobs in the decarbonisation sector and stimulating benefits for the economy.
31. We note that while there are concerns that landlords are leaving the market, and worsening the housing crisis being experienced by renters, [official data](#) do not back this up. Data from the English Housing Survey also show that the number of private renting households rose in England by 177,000 from 2021 to 2022. While some landlords are selling up, others are expanding their portfolios, and therefore the overall number of properties in the Private Rented Sector remains fairly consistent.
32. Reducing energy demand through energy efficiency measures will be a crucial step in building resilience against international fuel prices, improving energy security, and cutting carbon emissions, alongside more cheap, homegrown renewables.
33. There is widespread public support for this, as evidenced by our recent polling conducted with YouGov: 72% of respondents agreed that the UK needs a proper plan to phase out gas through upgrading homes with better insulation, heat pumps, and the rollout of renewable energy.

Speed up the transition away from expensive oil and gas (support NC3, NC44, against Gov 14)

34. The Energy Bill provides an opportunity to transform the UK's energy system away from expensive and insecure fossil fuels, to cheaper, homegrown alternatives. **The Warm This Winter coalition seeks amendments to the Energy Bill which will accelerate the transition away from oil and gas and put an end to new exploration and developments.**
35. Significant analysis and scientific research, including from the International Energy Agency and the IPCC, suggest that there must be no new oil and gas expansion if the world is to "[stay within safe limits of global heating](#) and meet the goal of net zero emissions by 2050".
36. It's also well recognised that moving away from fossil fuels is key to achieving greater energy security. A recent [Environmental Audit Committee inquiry](#) into fossil fuels noted that "*accelerating the transition away from fossil fuels will enhance the UK's energy security and reduce the ability of aggressive or repressive regimes to use oil and gas supplies as an economic weapon. It will also help to protect households from volatile fossil fuel prices permanently and will reduce the fiscal burden of financial support to*

households through this and any future energy crisis.” Similarly, the inquiry recommended a national ‘war effort’ on energy efficiency and home upgrades to reduce reliance on fossil fuel imports.

37. **The cost of living has consistently been a top concern amongst voters since Spring 2022.** Polling has found that 64 per cent of people said the cost of living was the most important issue facing the country. The gas price is set internationally, so regardless of where it is produced, the UK is still exposed to high prices, leaving millions of families forced to choose between eating or heating their homes. Even with the extended support package the Government announced last year, [7 million households](#) will still be in fuel poverty this winter, rising to 8.6 million from April.
38. Due to the declining nature of the North Sea supply, without scaling up net zero measures UK households could be paying [£500 per year](#) for foreign gas.
39. At a time when households are suffering, fossil fuel companies are making record profits and the investment allowance in the Energy Profits Levy will see the taxpayer effectively footing the bill for new oil and gas developments. Just one field, Rosebank, could receive tax breaks of £3.75 billion. Homes are facing more than £400 extra in food bills this year because of the impact of climate change and oil and gas prices on the farming and food system.
40. A number of amendments supported by the coalition have been tabled which will encourage the move away from volatile, expensive fossil fuels. (**NC44, NC3** and encourage parliamentarians to vote against amendment **Gov 14**)
41. As the Secretary of State rightly points out, the Energy Bill represents one of the most significant opportunities in the near future to “replace those oil and gas imports with home-grown renewables” and “reduce wholesale electricity prices to among the cheapest in Europe by 2035”. The amendments outlined above will go a long way in ensuring that the Bill achieves these key goals, whilst without them, the Government risks failure to deliver.

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