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I am writing further to our debate on 2 November on the 'Future of Energy in the Light of Climate Change'.

Once again I should like to thank the House and all noble Lords for their contributions to this important debate.

A number of important questions were raised to which I would like to respond.

### **No subsidy for nuclear**

The noble Baroness Lady Smith of Basildon sought clarification on what no subsidy for nuclear means.

Secretary of State Chris Huhne reconfirmed the Government's policy that there will be no public subsidy for new nuclear power in a Written Statement to Parliament on 18<sup>th</sup> October. The Statement explains that this means that there will be no levy, direct payment or market support for electricity supplied or capacity provided by a private sector new nuclear operator, unless similar support is also made available more widely to other types of generation. New nuclear power will, for example, benefit from any general measures that are in place or may be introduced as part of wider reform of the electricity market to encourage investment in low-carbon generation.

### **Ofgem Review**

The noble Lord, Lord Whitty asked about Government's review of the role of Ofgem.

Secretary of State Chris Huhne announced the Ofgem Review in July this year. Ofgem's role as the independent energy regulator is a critical part of the landscape to enable the delivery of the government's energy and climate change objectives. The current review aims to identify whether any changes are needed to the regulatory framework to enable the government to achieve its objectives, and to consider the boundary of responsibility between the government and Ofgem.

Over the summer a Call for Evidence was issued inviting stakeholders to contribute their thoughts on the current regulatory framework to inform the focus of the review. This received almost seventy written responses, in addition to which over forty interviews were carried out. A summary of the written responses will be published shortly. The Ofgem Review is expected to report in Spring 2011, alongside the White Paper on Electricity Market Reform.

### **Green Deal**

The noble Baroness' Lady Smith and Lady Maddock sought details of Government's plans for the Green Deal and how we intend it will be financed and taken up by those in most need.

The Green Deal will enable households and businesses to make energy efficiency improvements paid for by the savings made on their subsequent energy bills. The benefits of the scheme are considerable, making homes warmer, saving consumers money, cutting carbon and creating many more green jobs. The Energy Security and Green Economy Bill will provide information relating to this and other aspects of the Green Deal.

### **Health Protection Agency**

The noble Lord, Lord Hunt of Chesterton asked how the Government's decision to merge the Health Protection Agency into the Ministry of Health will not lead to some loss of confidence in the reliability and independence of radiological data and prediction.

The Department of Health leads on this issue however my officials sought DoH's response to the noble Lord's question:

The Health Protection Agency (HPA) will be abolished as a statutory organisation but its functions will be transferred to the Secretary of State for Health as part of the new Public Health Service. This was set out in the *Report of the arm's-length bodies review*, which was published on 27th July. These proposed changes do not reflect adversely upon the quality of the work that the HPA has done, and continues to do. The Government's aim is to bring together a dedicated Public Health Service with a direct 'line of sight' from the Secretary of State to the frontline. The HPA's functions, work and staff will continue and will form a key component of this service. The changes to the HPA will, of course, be subject to the approval of Parliament

### **Cancun**

The noble Lord, Lord Hunt of Chesterton also asked whether at the climate change conference in Cancun the Government will emphasise the importance of all types of low-carbon energy-including nuclear energy, and also emphasise the importance of integrating energy mitigation and adaptation policies with those of afforestation and the preservation of biodiversity. My noble friend, the Duke of Montrose asked about successors to market mechanisms.

It is in the UK's direct economic and security interests to take action on climate change both domestically and internationally to cut emissions. This Government is committed to working towards an ambitious global deal to cut emissions and limit the average global temperature increase to 2°C. We are realistic about when this can be achieved: we do not expect to reach a final agreement in Cancun later this year, but we do want to see substantive progress made in a range of areas. This includes bringing emission reduction pledges from both developed and developing countries into the formal UNFCCC process; agreement on the measurement, reporting and verification arrangements for emissions; arrangements for the future governance of climate finance; and measures to reduce emissions from deforestation.

The UK Government continues to believe that a global carbon market is one of the best ways to help the world reduce our emissions cost-effectively, and deliver climate finance to developing countries. It is true that the last 12 months have been difficult for the carbon market. Uncertainty in the international negotiations has led to uncertainty for investors. At Cancun we want to build on the steps taken in Copenhagen and see agreement on improvements to the carbon market through further reforms to the Clean Development Mechanism (CDM), greater use of standardised approaches, and progress for the introduction of new scaled up market mechanisms, all of which will ensure greater environmental integrity, efficiency and certainty for the market.

### **Consumer Focus**

In respect of the question raised by the noble Baroness, Lady Smith of Basildon, on the Government's announcement to transfer Consumer Focus' core functions to Citizens Advice service, I should point out that the Department of Business, Innovation and Skills is the lead Department taking this work forward. This is part of the Government's strategy to shift almost all relevant central Government funding for consumer bodies towards Citizen Advice and Local Authorities. Hence, my officials sought a contribution from BIS to answer the noble Baroness' following questions:

The Public Bodies Bill would enable Government to transfer Consumer Focus's legal powers to the Citizen Advice service. BIS is currently looking at the extent to which this is necessary and appropriate in order to maintain or improve the current protection that consumers enjoy. It is key that the interests of energy consumers will be well-served under the proposed new arrangements.

The need to reduce public expenditure was part of the rationale for the proposals made on 14 October to rationalise the landscape of consumer bodies. There will be a formal consultation and considerable work with the partner bodies involved on the mechanism, including funding before the proposals are implemented; this is unlikely to be completed until 2012 or 2013. There were in principle discussions with Citizens Advice before the announcement on 14 October. Detailed discussion and planning have now commenced.

### **Climate Change Levy**

The noble Lord, Lord Giddens asked about progress on reforming the climate change levy.

Building on the Coalition's commitment to introduce a floor price for carbon, the Chancellor, with the support of the Cabinet, announced in the June Budget that HM Treasury and HMRC would publish proposals in the autumn to reform the climate change levy to provide more certainty and support to the carbon price and encourage investment in low-carbon electricity generation. DECC officials have been supporting HMRC and HM Treasury in developing these proposals as well as ensuring that they are factored into considerations for wider reform of the electricity market.

Full details on proposals to support the carbon price will be published shortly as part of the HM Treasury and HMRC consultation along with an Impact Assessment. This consultation will provide low carbon investors with a clear set of proposals and the opportunity to feed in their views. Subject to the responses to this consultation, the Government will bring forward relevant legislation in Finance Bill 2011.

### **Electricity Market Reform and Emissions Performance Standard**

The noble Baroness, Lady Smith of Basildon asked whether reform of the electricity market and regulating carbon emissions from coal fired power stations would be subject to consultations.

In his Annual Energy Statement to Parliament on 27 July 2010, the Secretary of State announced that Government will publish a consultation document on electricity market reform in the Autumn, followed by a White Paper in Spring 2011. The EMR programme will examine the reforms necessary to restructure the electricity market in order to decarbonise the power sector by the 2030s, while maintaining security of supply and affordable prices.

The coalition agreement states that the Government will establish an emissions performance standard (EPS) that will prevent coal-fired power stations being built unless they are equipped with sufficient carbon capture and storage to meet the emissions performance standard. The EPS may interact with many of the other policy instruments being considered as part of the EMR programme. It will be critical that all action taken over the next decade and beyond is closely aligned, and the EMR autumn consultation will consider the mechanism's introduction alongside wider reform of the market.

### **Renewable Energy**

The noble Baroness, Lady Parminter sought assurance that I will work closely with my colleagues to ensure that the decentralisation and localism Bill gives local communities the ability to shape the places in which they live and work.

The Coalition Government has made it clear that local communities should not only have a say, as currently the case, but more power to determine the shape of places in which they live. The Government has committed to reforming the current planning system and will be presenting a simplified and consolidated national planning policy framework to Parliament.



The new planning framework will cover all forms of development and set out our national economic, environmental and social priorities. Tackling climate change and ensuring our energy security remain among our top priorities and we want to see communities and individuals owning a stake in our collective low carbon future. To underline this commitment we will allow communities that host renewable energy projects to keep the additional business rates they generate.

I am pleased that RenewableUK is putting together a shared protocol about community benefits from large onshore windfarms.

The Independent article referred to in the debate only referred to decisions on sub-50MW wind farms in England, which are taken by Local Authorities. Larger projects are consented at national level.

The considerations to be taken into account by planning authorities in England in relation to wind turbines are currently set out in Planning Policy Statement (PPS) on Planning and Climate Change and in PPS22 on Renewable Energy. The document highlights the need for local planning authorities to take account of environmental impacts in terms of landscape and visual effects, which will vary on a case by case basis according to the type of development, its location and landscape setting.

Given the dispersed nature of wind farms, their size and the fact that they are often located in rural areas, a key aspect of the planning process is the identification, assessment and proposed mitigation of environmental impacts in order to comply with regulations designed to protect and enhance the environment.

A joint DECC and Defra initiative, the Renewable Energy Deployment Environmental Issues (REDEI) Board, seeks to bring together Other Government Departments, Devolved Administrations and their Statutory Environmental Bodies from across the UK to discuss and find solutions to enabling deployment of renewable energy stations in the right places in a timely and consistent manner.

### **Permitted Development Rights**

The noble Lord, Lord Grantchester asked about timing for bring forward permitted development rights for domestic wind turbines and air source heat pumps.

Permitted development is a matter for the Department for Communities and Local Government. I understand there has been a slight delay in bringing forward these new rights due to a number of difficult technical issues that had to be resolved. I can assure you that the Government is committed to introducing permitted development rights for domestic wind turbines and air source heat pumps; and a statutory instrument will be laid in the house shortly. The noise limit to be adopted will be made public when the statutory instrument is laid in the house.

### **Smart Meters**

The noble Baroness, Lady Smith of Basildon raised concern that smart meters were not interchangeable between energy companies and asked that the forthcoming Energy Bill address this.

Interoperability ensures that all of the benefits that the technology offers, including those flowing to consumers, can be realised. Our model, which utilises standardised minimum meter functionality and a central communications body to handle all data flowing to and from the meters, will make it easier for consumers to switch suppliers and thereby encourage competition in the supply market. The powers in the Energy Act 2008 enable us to deliver this model by introducing, or making the necessary changes to, companies' licence conditions, which will require them to comply with the new arrangements. We are currently carrying out detailed work with the range of stakeholders, including industry and consumer representatives, to develop the necessary arrangements around meter functionality and the central communications body so that we can have access to the benefits of smart metering as soon as possible.

I hope this letter serves to answer all the outstanding points raised during our debate and I look forward to debating this important subject further with you as we progress the forthcoming energy bill.

I am copying this letter to all the noble Lords who contributed to this debate and will place copy in the library.

*With my best wishes*

*Yours faithfully*

**LORD MARLAND OF ODSTOCK**

