EI BAROMETER 2019

Making the energy transition work for consumers



The UK is transitioning towards a low carbon energy system. *Esin Serin* looks at the increasing role of consumers in the next phase of decarbonisation, and the associated policy challenges, through the lens of the Energy Institute's annual survey of UK energy professionals.

he energy 'trilemma' has long been the term used by the industry and politicians to present trade-offs between energy security, affordability and environmental sustainability. More recently, as 'green' and 'cheap' energy increasingly overlap and render these trade-offs less relevant, the conversation has moved beyond the ubiquitous 'trilemma'. The forces now driving the transition of the energy system are better summarised by the '4Ds' of energy, interlinked and in play all at once: decarbonisation, decentralisation, digitalisation and democratisation.

It is no longer surprising to see solar panels on neighbours' roofs, for communities to locally produce their own energy or for people to switch their energy supplier using a mobile app.

However, it is not always straightforward to see where consumers fit into the picture. Achievements in decarbonising the economy can even be largely invisible to the public despite strong progress in some areas, particularly in the power sector. National Grid reports that almost half of Britain's electricity in the first five months of 2019 came from zero-carbon generation (renewables including hydro, nuclear and imports), but this has made no difference to how we charge our phones or boil our kettles.

Policy for the people

The next phase of decarbonisation will require a policy approach that works with and for the public. In the landmark net zero report, the Committee on Climate Change (CCC) stated that over 60% of greenhouse gas abatement measures needed to reach net zero by 2050 will require some degree of human behaviour change, such as adopting low-carbon technologies or using energy more efficiently. Decarbonising heating in particular will require millions of households to make changes in their homes by replacing natural gas boilers with lower-carbon alternatives.

It was therefore timely that the Energy Institute's (EI) *Energy Barometer* – an annual survey of professionals working across the UK energy industry – dived deeper this year into the role of the consumer in the UK energy system.

The survey revealed concerns

among energy professionals that households may lose out in the data revolution and low carbon transition. Twice as many EI members believed energy companies, as opposed to their customers, will benefit the most financially from the open data revolution. The *Barometer* also hinted at the challenges facing industry and policymakers in determining the extent to which the costs of the energy transition will be passed on to consumers.

While more than half of *Barometer* respondents believed public pressure is now a leading driver of decarbonisation, a similar proportion nevertheless believed that domestic customers prioritise low bills over low carbon.

Even more striking were the concerns expressed in the survey that the most vulnerable households are likely to be passed over by the advances in energy. The *Barometer* has consistently highlighted the lack of progress in tackling fuel poverty – over 80% of respondents each year state that UK energy policy has had a negative effect, or no effect at all, on reducing fuel poverty during the preceding year. This year, a fifth of respondents feared the low

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carbon transition will inevitably escalate fuel poverty, regardless of government interventions to help the most vulnerable.

According to estimates from the charity National Energy Action, fuel poverty affects some 3.5mn UK households - or roughly 13%. In July of this year, the government published a consultation on updating its current Fuel Poverty Strategy for England. While the document claimed that some progress has been made in meeting the statutory goal of ensuring all fuel poor homes in England achieve minimum energy efficiency standards by 2030, progress to meet the goal, and the nearer term milestones, has now all but stalled.

Consumer focus

But there are ways to get the low carbon transition right for all consumers, including the most vulnerable.

The first is energy efficiency. Some 40% of *Barometer* respondents believed the UK government should focus on increasing funding for energy efficiency improvements in low income households to best ensure the low carbon transition helps alleviate fuel poverty. A further 12% thought there should be more stringent minimum efficiency standards. Not only was it seen as fundamental for a just transition across society, energy efficiency has also been the highest-voted measure for meeting the fifth carbon budget at least cost for the past three years.

Second, and less easy to tackle, are the issues of communication and meaningful engagement. According to the CCC, engaging the public in the energy transition is vital for the UK to reach net-zero emissions. People should understand why changes are needed, have access to the resources required to evaluate available choices and constraints, and benefit from making low carbon choices. Half of EI members believed that proper promotion of the opportunities opened up by smart technologies to household consumers is crucial to capitalise on the lower bills and system benefits promised by these technologies.

Engaging communities in the provision of the energy they use can enable the deployment of cheap, efficient and low carbon energy at the same time; one such example is demonstrated by Brixton Energy.

This not-for-profit cooperative based in South London has enabled the creation of several urban community-owned solar power projects since 2012. Not only has Brixton Energy helped local people to reduce their energy costs, it also has set aside 20% of profits from each project for a community fund used to support energy saving projects and promote energy efficiency in the area, starting in households who need it the most.

Consumer engagement in decarbonisation is no longer an option but a 'must' for closing the gap to net zero emissions. Public opinion reflects a growing concern about climate change, and as a result there is strong support for more ambitious climate action. A 2018 poll by Opinium and Bright Blue found that more than half of UK adults were more worried about climate change than they were ten years ago, and 64% agreed the UK should aim to cut its carbon emissions to zero in the next few decades.

The next steps for industry and policymakers must therefore enable individuals to play their much-needed part in decarbonisation.

For the *Energy Barometer 2019* report, media coverage and other El policy engagement activities, visit **energyinst.org/barometer**

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