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# British Experience in Renewable Energy

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# The UK Government's vision for the energy sector

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# The UK Energy System

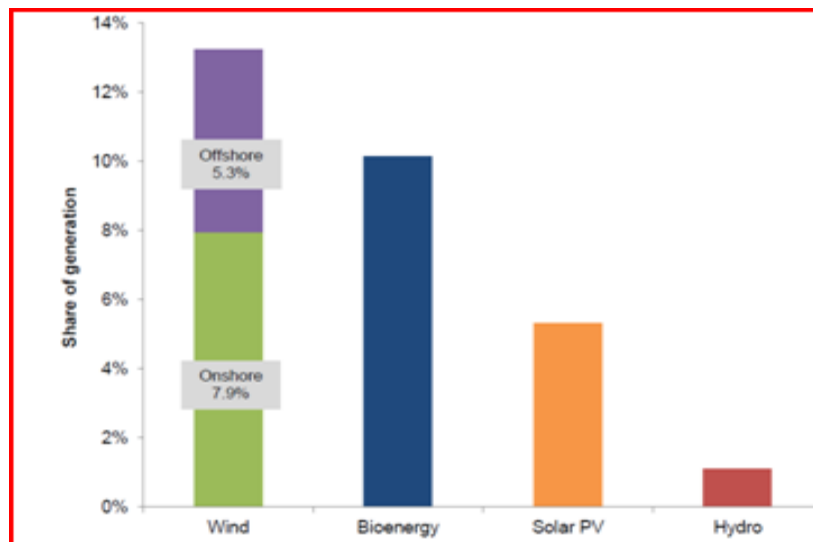
“...our goal: an energy system which is reliable and clean and cheap”.

Minister Greg Clark, November 2016

The energy mix in the UK is changing. Renewables, particularly wind, are providing an increasing share of electricity production.



# Renewables: Share of Electricity Generation in the UK



The renewables share of electricity generation increased from 25.3% in 2016 to a record 29.8% in Q2 2017.



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# Mechanisms for Change

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# The Renewables Obligation

Support mechanism for large-scale renewable electricity projects

- ❑ Places an obligation on UK electricity suppliers to source an increasing proportion of electricity from renewable sources
- ❑ Suppliers not presenting a sufficient number of certificates to meet their obligation must pay an equivalent amount into a buy-out fund
- ❑ Costs of the scheme are recovered from the fund and the rest distributed to the suppliers in proportion to the number of certificates they produced

REPLACED BY THE CONTRACTS FOR DIFFERENCE



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# Contracts for Difference

Targets support where it's needed most – at less established technologies such as offshore wind

The second Contracts for Difference allocation round has a budget of £290m:

- 15 years of support for renewable technologies
- renewable energy to power around one million homes
- reduce carbon emissions by around 2.5 m tonnes p.a. from 2021



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# The Feed-In Tariffs (FIT) Scheme

Supports smaller scale generation: installations up to a capacity of 5MW (2kW for CHP)

Payments made at least quarterly for electricity generated by:

- Solar
- Wind
- Micro combined heat and power (CHP)
- Hydro
- Anaerobic digestion



# The Renewable Energy Guarantee of Origin (REGO) Scheme



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Provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation

- Administered by the Department for Business Energy and Industrial Strategy (BEIS)
- One REGO certificate is issued to per megawatt hour of eligible renewable output (renewable generators of any size in Great Britain and Northern Ireland can apply)
- All EU members are required to have such a scheme



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# Renewable Heat Incentive (RHI)

A government financial incentive introduced in April 2014 to promote the use of renewable heat

- Quarterly payments for seven years for the amount of clean, green, renewable heat produced
- There are two schemes – one for domestic and one non-domestic



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# Investment and Innovation

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# Investment in Innovation

**2010-2015** DECC (Department of Energy and Climate Change) invested £175m in 278 projects to support innovations in offshore wind, energy storage, bio-energy

**2016-2021** >£500m will be spent on the BEIS (Department for Business, Energy and Industrial Strategy) Energy Innovation Programme

**Energy Innovation Board** (formed November 2016), works with:

- Innovate UK
- Research Councils
- Ofgem (Office of Gas and Electricity Markets)
- Other government departments, including the Department of Transport

# Offshore Wind Innovation Hub



£1.3m to reduce the cost of offshore wind

## **Programme: Offshore Wind Innovation Exchange**

Cross-sector initiative to accelerate the cost reduction of energy from offshore wind by matching industry challenges with innovative solutions adopted from other parts of the economy

# London: Global Hub for Green Finance



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The City of London helps to develop sustainable financial initiatives

# The Green Investment Bank



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A non-departmental public body of BEIS created by the UK government in 2012

- ❑ Sold to new owner Macquarie in August 2017 (Macquarie committed to leading £3 billion of investment in green energy projects over the next 3 years)
- ❑ All taxpayer funding invested since the bank's creation, including set up costs, was returned with a gain of approx. £186 million



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# Thank you

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