



UK **LOW CARBON** TRANSITION **PLAN** - RENEWABLE ENERGY **STRATEGY** LAUNCHED

So the Government has at last put into writing its plans for tackling climate change and moving the UK into a low carbon future. The plethora of consultation documentation posted on the Department of Energy and Climate Change ("DECC") website on 15 July together make up the Government's road map for a low carbon future with the stated intentions of enabling the UK to meet its binding obligation to generate 15% of its energy requirements from renewable sources by 2020 and turning the UK into a truly low carbon economy.

- The transformation of the home and local communities through financial incentives (dealt with below) and the provision of funds to enable homes to be made greener;
- Transforming the power sector particularly in relation to renewables, as set out in the Renewable Energy Strategy which is dealt with below, so that it is measurably more low carbon;

of producing at least 30% of electricity from renewable sources by 2020. To achieve this the RES sets out some important new policies and incentives which will be introduced over the next couple of years.

A new Clean Energy Cash Back Scheme (or Feed-in Tariff as it was formerly branded) will be introduced in April 2010 and will result in most forms of renewable electricity generation (up to a maximum limit of 5MW) being entitled to receive a fixed amount per kilowatt hour of electricity produced for 20 years from the date of first operation. Different technologies will receive different amounts per kWh produced and these suggested amounts are set out in the Consultation on Renewable Electricity Financial Incentives.

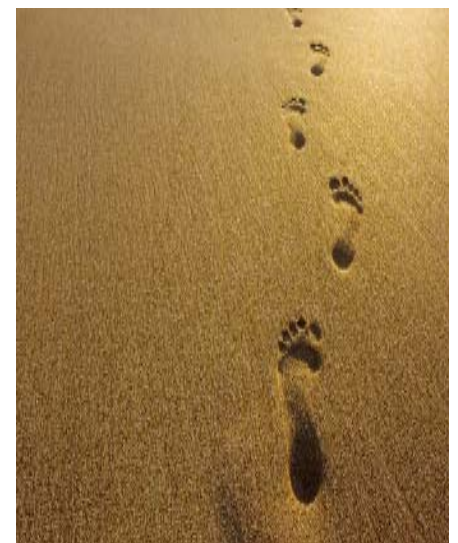
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The UK Low Carbon Transition Plan which was published yesterday is the overarching document which sets out the Government's overall national strategy for climate and energy. This Plan sets out the challenges faced by the UK in cutting its emissions levels to 20% below 1990 levels by 2020, and by 30% if other non-EU countries sign up to similar commitments. The highlights of the Plan are as follows -

- Transformation of transport by cutting emissions from this sector by 14% on 2008 levels.

What are then the key measures in the energy sector which are to be introduced as part of this road map to a low carbon future?

The Renewable Energy Strategy ("RES") sets out a Path to 2020 with the intention of ensuring that the UK complies with its binding obligation to source 15% of its energy from renewable sources by 2020. Of particular importance is the stated intention



The Renewables Obligation ("RO") will be amended so that it will run until 2037 and there are proposals for an increase in the support for offshore wind development.

A new Renewable Heat Incentive ("RHI") is intended to be introduced in April 2011. The RHI is intended to support the production of heat from renewable sources but interestingly there is no upper limit on the capacity of heat which can be produced by qualifying generation plant under the RHI in contrast to the upper limit of 5MWe under

The Renewable Energy Strategy certainly gives the UK the tools to enable a far greater renewables capacity to be added to the network as well as enabling renewable heat projects to be considered seriously for the first time (in addition to renewable CHP projects). It gives the UK a sporting chance of meeting its 2020 obligations but it is now up to the players in the market (and that will include Joe Public) to go forward and build the low carbon future demanded by the Government.

This bulletin summarises complicated issues and should not be relied upon in relation to specific matters. You are advised to take legal advice on particular problems and we will be happy to assist.

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the Clean Energy Cash Back Scheme. Government will consult in detail on the RHI before the end of 2009.

There are proposals to amend Ofgem's remit to include a primary duty to facilitate the delivery of a low carbon energy system. What this change will mean is that the UK electricity system will support renewable energy development of all sizes for the long term.

There are also proposals to introduce smart meters through a rolling programme to ensure that all households in the UK have such meters installed by 2020. This will enable customers to monitor their energy usage and will also enable them to make use of microgeneration technologies and sell surplus electricity on to the grid and be paid under the Clean Energy Cash Back Scheme.

