

ERP Cities Website Update for Report Release

Background

City Authority engagement with energy has been substantial for some time: As consumers, they probably make up one of the largest consumers in their jurisdiction and can establish significant influence over energy use in residential, public and commercial buildings and transport; they have been participating in energy efficiency and demand side reduction policy; and as enablers, through their statutory and planning powers and duties, they can allow low energy infrastructure development. However, the scope of their engagement in energy is increasing as a result of a number of energy policy initiatives that have been introduced over the last decade.

This work focuses on the role of City Authorities as facilitators and coordinators in the evolution of the UK energy system characterised by ever increasing decentralised capacity. It differs from their needs to participate in the energy system directly. It is the Energy Research Partnership's (ERP) belief that the role of Local Authorities as facilitators and coordinators will be more significant than through direct participation – though the importance of the latter cannot be discounted. The focus on cities is because a substantial proportion of energy engagement activity is taking place in municipal authorities though many of the recommendations of this work are applicable to Local Authorities more broadly.

Key Findings

- 1. Economic Resilience:** The engagement of UK cities in shaping a future energy systems could provide opportunities in facilitating regional economic regeneration through local job creation, skills development and the amelioration of social issues such as fuel poverty and deprivation.
- 2. Decarbonising Energy:** Greater involvement of UK cities in the provision of energy services could bring about significant changes to the way that the UK generates electricity, decarbonises heat and manages the demand side. On the demand side they might provide solutions such as area wide energy efficiency programmes, the roll out of smart meters and involvement in the demand side response market.
- 3. The role of cities and Local Authorities as an enabler:** There are different challenges, opportunities and actions for a wide range of actors such as developers, institutions (universities and hospitals), community groups and industry that operate in UK cities to realise the opportunities of distributed energy, demand reduction and demand side response.
- 4. Policy and regulatory needs:** Explicit central Government recognition of the role of Local Authorities in the development of energy is key to achieving these aims. It will require a review and revision of existing policy and regulation to realise the full economic, social and environmental benefits that local government can deliver.

Recommendations

1. Create a Cities and Energy unit within Westminster and devolved government departments for co-ordination and alignment of priorities and focus – ensuring Local Authorities have a clear role in the co-ordination and development of the UK energy system. The risk of not doing so, is not only that the optimisation of the UK energy system

will be compromised but also the economic value add, social and environmental benefits will be missed.

2. Integration with national infrastructure planning: ensuring that integration of city centric energy plans and climate strategies with national infrastructure and planning frameworks.
3. Demonstrate economic benefits: further research is required to quantify the value that could be created at all levels, from community groups, to businesses and Local Authorities.
4. Develop energy toolkit for cities: decision making frameworks, funding streams, advice and case studies of best practice.
5. Create city roadmaps: to allow individual cities to understand future energy development opportunities.

Follow Up Activities

- UKERC, University of Edinburgh and ERP are seeking to hold a meeting with the relevant actors to understand 'what multi-level' governance of the UK energy system would look like.
- This work highlights a situation therefore whereby the present traditional business model for the centralised utility is unsustainable based on a fixed tariff applied to volumetric usage. Furthermore, the regulation for the longevity of the operation of the electricity system is not fit for purpose and yet for the system to operate and meet climate change targets there is a need for base-load electricity provided by centralised utilities. There will be follow up work undertaken to understand what the role and business models for the centralised utilities in a future UK energy system.

Steering Group

Analyst

Mark Workman (lead) ERP

Steering Group

Elspeth Finch (chair)	Atkins
Syed Ahmed	Energy for London
Jeff Hardy	Ofgem
Mark Bramah	APSE Energy
Douglas Cheung	Hitachi
John Russell	Shell
Glen Noble	ESRC
James Keirstead	Imperial College, London
John Miles	Arup
Marcia Jones	Welsh Government
Sarah Tromans	InnovateUK
Nick Lomax	Energy Savings Trust
Matthew Knight	Energy Savings Trust
Tony Coleman	Ameresco
Andy Hadland	Ameresco

Further Information

If you have any queries please contact Mark Workman (mark.workman@erpuk.org)