



ENERGY BILL DEBATE

Alan Simpson (Nottingham, South) (Lab): The Secretary of State will know that the Prime Minister has committed the UK to meeting the EU target of obtaining 20 per cent. of our energy needs from renewable sources by 2020. Will he specify which parts of the Bill will deliver that 20 per cent. by 2020?

Mr. Hutton: There are parts of the Bill that address that concern, but I simply have not been able yet to reach them in my speech. The parts that will make the greatest difference will be the provisions relating to the reforms to the renewables obligation, and in particular to banding, which will allow us to encourage and bring to fruition those technologies that, at the moment, are slightly further away from making a contribution than they should be. I am thinking of sources such as offshore wind and tidal power. In the UK, we should be considering utilising our natural resources more efficiently and intelligently. I shall say more in a minute that I hope my hon. Friend will find reassuring.

Alan Simpson: Did my hon. Friend also see the Energywatch report on social tariffs? It claimed that, at best, British Gas contributes 0.18 per cent. of its revenue to such tariffs, while at the other end of the spectrum the poorest performer contributes 0.003 per cent. of its turnover. In the light of those huge profits, is that not obscene?

Mrs. Riordan: It is absolutely obscene, and our Government must do something about it. What message does it send to the families in Halifax and other constituencies who are spending 15 per cent. of their incomes on energy? What message does it send to the parents who have said that their children must do without basic items such as food, clothes and a warm home in winter? I must say, with regret, that this energy strategy appears to be paying lip service to the poor, the vulnerable and the environment.

Alan Simpson (Nottingham, South) (Lab): The most controversial thing about the Bill is the elements that are not included in it. The Bill makes no mention of feed-in tariffs for electricity or gas, nor of renewable heat. It does not really address fuel poverty issues. It does not mention any imposition of regulated social tariffs. No clause addresses the urgent need for Ofgem to be restructured and the Bill does not honestly address the issue of who will pick up the costs of the disposal of waste.

To be fair to them, the Liberal Democrats were right to say that as it stands the Bill is a big-energy rather than a coherent-energy Bill. I hope that in Committee and on Report all its sins of omission will be brought forward in new clauses so that it is strengthened into a Bill that is genuinely appropriate to our time. Let us be clear about the time in which we are living. The intergovernmental panel on climate change warned the Bali climate change conference that the world has a window of opportunity of perhaps no longer than six to eight years in which to make profound changes to the nature of our energy systems. If we do not deliver those changes within that period, we are stuffed, because the feedback mechanisms of the planet are likely to outstrip any of the intervention measures that we put off until after the period has elapsed. Within the same big-picture scenario, petroleum experts argue about when we will hit peak oil and when oil output will start to decrease—will it happen in 2011, or not until 2015? The argument is now about when rather than whether.

Several Members have raised their concerns about the 15 to 27 per cent. increases in energy prices charged to UK consumers today and about the fact that the 70 per cent. increases in energy charges in the past three years have reversed the progress that was being made in the Government's fuel poverty eradication programme. At one stage, the number of households living in fuel poverty had got down to just over 1 million; now we are back to 4 million. My hon. Friend the Member for Coventry, North-West (Mr. Robinson) was right to say that as soon as the latest round of price increases kicks in, at least another half a million households will be added to those who are going back into fuel poverty.

At the same time, the Prime Minister rightly signs Britain up to the European Union target of 20 per cent. of our energy supplies from renewable sources by 2020. If, for practical purposes, we set the target at 15 per cent., that will probably mean that between 25 and 30 per cent. of that will come from renewable electricity by 2020. Our starting position is that 1.75 per cent. of the UK's energy needs are supplied from renewable sources. I have a diagram setting out the European league table, which shows the UK ahead only of Malta—a record of leadership that makes our recent submissions to the Eurovision song contest look positively inspirational. We are leading from the back in this process, and the question is how we get out of the position that we find ourselves in.

I want to spend a little time on nuclear. I do not think that a single nuclear power station will be built. The House should remember that Margaret Thatcher promised to build 10 nuclear power stations and ended up building one. In the past eight years, the world collectively has built one new nuclear power station. The problems in Finland, where the power station programme is two or three years behind schedule, reflect the fact that over the past two years there has been a 300 per cent. increase in the costs related to nuclear construction. There is a six-year waiting list for coolant pumps for nuclear reactors, and only two places on the planet produce the reactor vessels needed for nuclear power stations. It is just not going to work. When people start to see the disposal costs and who has to pick them up, the Government of the day will conclude, given the other problems that we have on our plate, that there are only so many lost causes that we can support. The nuclear programme will not materialise, but it will distract us from the more serious choices that we need to make in terms of renewables and fuel poverty.

My hon. Friend the Member for Coventry, North-West asked why the renewables obligation has not worked. I might be the only Member—or one of the few Members—who generates clean energy from my home and who is entitled to claim RO certificates, and I have to tell the House that it is a bloody nightmare to try to do so. I have been unsuccessful in making my way through the morass of regulations. In the assessment of the Audit Commission and the EU, the renewables obligation is a phenomenally expensive way of doing things inefficiently.

By comparison, the German system of feed-in tariffs works so much better. It would be immeasurably better for me and my neighbours if we knew that, as in Germany, we would be paid four times the market price for clean energy that we supplied for a guaranteed period of 20 years. If one talks to people in any of the German cities that are pioneering Germany's drive to double the EU 2020 commitment, they will say that it is citizen-driven. It would be an act of political suicide for any German political party to talk of revoking that legislation.

Germany's difficulty is in keeping up with the momentum; ours is in finding a momentum. I hope that we will do that in building a serious engagement with renewables. That must, however, include the notion of renewable heat and gas. I went to see a plant in Munich where people take domestic or crop waste and put it not into incineration plants but biodigesters, where they harvest the methane and then use the existing network to pipe the gas back to provide energy to the estates from which they collected the waste. They are credited for that as having contributed to a closed cycle of taking a problem and turning it into a solution, which they were able to do by changing the nature of the energy market. That is the significance of the feed-in tariff system—it shifts power from corporations receiving subsidies to citizens—and the driving force behind the 50 countries worldwide that have opted for the renewables obligation.

Let me race quickly through my two remaining points. The first is the need to change Ofgem. When we asked Ofgem where it stood on social tariffs and enforcement, it said that it was shining a light on the problem. I think that it meant shining a light in those areas where the sun never shines, because it does absolutely nothing in that respect. We must ensure that Ofgem puts at the forefront of its energy policy the duty to pursue demand reduction and to address and deliver on the targets for fuel poverty, renewables and cuts in carbon emissions.

Germany has reduced its carbon emissions by 97 million tonnes a year through its feed-in tariffs. In doing so, it has been able to tackle issues that relate to the poor. That is my final point. We know that 4.5 million households live in fuel poverty, but what does that mean in practical terms? Last year, 24,000 people died in this country of illnesses relating to fuel poverty. If we are to have an energy policy worth its salt, the poor have to be able to live to be part of it. If we fail in that, we have failed in everything.

Dr. Desmond Turner (Brighton, Kemptown) (Lab): I am not going to devote any of my precious minutes to the nuclear question for the very simple reason that, as my hon. Friend the Member for Nottingham, South (Alan Simpson) said, it is quite irrelevant to the scale of the challenge facing us. Even if they are built, not one single kilowatt-hour will be provided from a new nuclear station to address the coming energy gap, or to help us to meet our climate change demands.