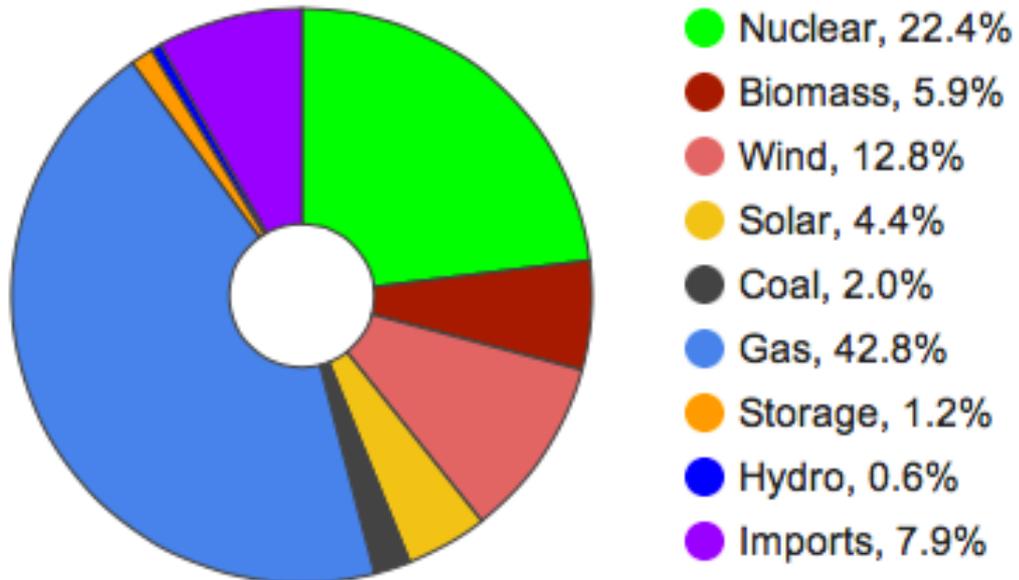


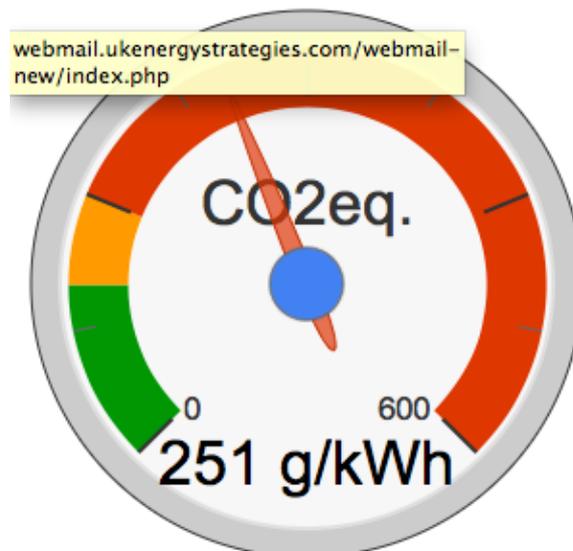
## UK Energy Report 11 May – 18 May 2017

### GB electricity generation, last 7 days



Source: charts provided by [www.mygridgb.com](http://www.mygridgb.com)

### GB carbon emissions, last 7 days



Source: charts provided by [www.mygridgb.com](http://www.mygridgb.com)

## HEADLINES

### CONSERVATIVE MANIFESTO

The Conservative Manifesto, launched this morning in West Yorkshire, made few commitments on Energy policy. The manifesto includes the following pledges:

- Ensure critical national infrastructure is protected from foreign ownership;
- Commission an independent review into the cost of energy;
- Move towards the UK to have the lowest energy costs in Europe;
- Develop the shale industry;
- Establish an application and regulator for the shale gas industry;
- Implement changes to the proposed Shale Wealth Fund for increased benefit to communities;
- Introduce a 25 Year Environment Plan;
- Ensure all households and businesses have been offered smart meters by 2020.

Please see Portcullis Public Affairs' full summary [here](#).

### LABOUR MANIFESTO

Labour's official manifesto, published this week, is similar to the leaked version discussed last week. The manifesto includes pledges to:

- Ensure by 2030 that 60% of the UK energy mix is from zero-carbon or renewable sources;
- Ban hydraulic fracturing for shale gas;
- Continue supporting nuclear power as part of the UK's energy mix;
- Introduce an immediate energy price cap to ensure average dual fuel household energy bills remain below £1,000 annually;
- Maintain access to the EU internal energy market and remain in Euratom as a priority; and
- Provide a strategy to protect North Sea assets and jobs.

Please see Portcullis Public Affairs' full summary [here](#).

### LIBERAL DEMOCRAT MANIFESTO

The Liberal Democrat manifesto made significant pledges about the energy sector, environment standards and co-operation with the EU on climate and energy policy. The manifesto includes pledges to:

- Introduce a Zero-Carbon Britain Act which would make reducing net greenhouse gas emissions by 80% by 2040 then 100% by 2050 legally binding;
- Allow the Swansea Bay tidal lagoon project to commence;
- Introduce an Air Quality Plan;
- Stop public subsidies for new nuclear power stations;

- Maintain membership of Euratom; and
- Pass five green laws that create a framework to maintain and continually improve environmental protections and energy efficiency standards in products.

Please see Portcullis Public Affairs' full summary [here](#).

## **PLAID CYMRU MANIFESTO**

Leanne Wood, leader of Plaid Cymru, launched Plaid Cymru's action plan on Tuesday. Plaid Cymru pledges to:

- Increase renewable energy generation, with a focus on tidal;
- Establish a national electric vehicle charging network;
- Transfer responsibility of Welsh energy generation and natural resources to the National Assembly;
- Create a Welsh energy company;
- Use profits from Welsh resources to cut consumer bills;
- Shift to a more decentralised and distributed network;
- Roll out a national scheme to improve housing infrastructure to become more energy efficient;
- Create a new Wildlife Act for Wales which protects Wales' natural environment; and
- Introduce a Climate Change Act that is ambitious and achievable by 2030 and 2050.

## **OTHER**

Greenpeace has responded positively to the Labour Party Manifesto by stating that if the plans were followed it would transform the current energy system. Greenpeace also highlighted pledges to increase the percentage of renewable sources in the energy mix to 60% by 2030, to improve the insulation of four million homes and to ban hydraulic fracturing. Read more [here](#).

Friends of the Earth also tweeted support for Labour's pledge to ban hydraulic fracturing. Read more [here](#).

## **POLICY AND PARLIAMENT**

The Houses will return on 13 June 2017 following the General Election.

## **BIOMASS**

**Flexcon Europe** announced it would have to close its Whitworth Road location if **Sainc Energy** receives permission to build a biomass plant in the area. Flexcon Europe claims that pollutants from the biomass plant would contaminate its production. Read more [here](#). Twitter: [@FLEXcon](#)

**Abel Energy** set up a sister biofuel company, **Abel Biofuels**, in East Anglia to meet growing demand for wood pellets and woodchip. Read more [here](#). Twitter: [@Abel\\_Energy](#)

## COAL

**Drax Energy** reported that coal output is down almost 30% in the first quarter of 2017 due to the retirement of nearly a third of coal plants last year. This was replaced by 3.2GW of new renewables, mainly solar power. Read more [here](#). Twitter: [@Draxnews](#)

## NATURAL GAS

**Neptune Oil & Gas** is expected to buy \$4bn worth of **Engie's** exploration and production business. The transaction would include **China Investment Corp.**, which owns a 30% stake in Engie's oil and gas portfolio, buying a stake of up to 49% in Neptune. **Engie** is in the process of reducing its dependence on fossil fuels and thermal power generation. Read more [here](#). Twitter: [@ENGIEgroup](#)

Saudi Arabia and Russia agreed this week to extend cuts to crude oil output thru March 2018. OPEC's deal agreed in December 2016 to cut output would have expired in June. Read more [here](#).

**Ithaca Energy** published earnings of \$11m for the first quarter of 2017, a vast improvement on the \$18 million earnings loss it faced in the same period last year. The firm achieved this by increased North Sea production and a reduction in costs. Read more [here](#).

Following the release of the Labour Party manifesto, **UKOOG** claimed the pledge to ban hydraulic fracturing illustrates a misunderstanding of how energy is used in the UK. UKOOG said that if hydraulic fracturing for shale gas was banned it would hurt UK energy security and job creation and raise energy bills. Read more [here](#). Twitter: [@UKOOGroup](#)

**Barclays** announced plans to sell its stake in **Third Energy**. Anti-shale campaigners applauded the decision. Barclays, however, said it still supports the industry and that it will continue to invest in fossil fuel projects. Read more [here](#). Twitter: [@Barclays](#)

## NUCLEAR

**National Grid** has shelved plans to build a 102-mile power line that would connect the future Moorside nuclear power station to the transmission network. This news is unsurprising given NuGen's struggles this past year. Read more [here](#). Twitter: [@nationalgriduk](#)

News from the continent includes a referendum in Switzerland this weekend that, if passed, would see future nuclear power plants banned and existing plants phased out by 2019. The Government would then increase its production of other

renewable energies. Many worry such a decision would significantly increase energy bills. Read more [here](#).

## SOLAR

Elon Musk announced that **Telsa** solar roof tiles will be available in the UK in 2018. The tiles can be pre-ordered and are sold with a 30-year warranty. Read more [here](#). Twitter: [@TeslaMotors](#)

**Octopus Investments** has received £300m from an unnamed investor to pursue operational renewable assets in the UK. Read more [here](#). Twitter: [@Octopus\\_UK](#)

## STORAGE

**Enel**, an Italian energy firm, acquired a 25MW battery storage project in Newcastle from **Element Power**. Read more [here](#). Twitter: [@EnelGroup](#)

## TIDAL

Tidal featured heavily in the parties' manifestos this week. There was nothing else of note to report this week.

## WIND

**Dong Energy's** wind farm off the coast of Liverpool has begun generating electricity. The wind farm is the world's largest and most powerful, with 32 turbines each 195m in height. Read more [here](#). Twitter: [@DONGEnergyUK](#)

**Lord Carloway** overruled **Lord Stewart's** decision to halt four proposed wind farms in the Firth of Forth and Firth of Tay, dismissing arguments that government failed to properly consult interested parties. The projects are expected to generate enough power to supply 1.4m homes. Opposition to the projects was led by the **RSPB**, which claimed that the wind farms would put birds including the puffin, the gannet and kittiwake at risk. Read more [here](#). Twitter: [@Natures\\_Voice](#)

## CONCLUSIONS

The party manifestos released this week have not demonstrated the clarity anticipated by the energy industry. The industry will expect improved clarity as polling day approaches. Although not all the manifestos and pledges have been welcomed by the industry, the energy sector's high billing is positive and demonstrates the major parties' continued commitment. The Conservative Manifesto, although sparse, does bode well for the shale gas industry, however, as the incumbent ruling party, there will be an increased focus on the lack of detail in their manifesto, particularly from the energy sector.