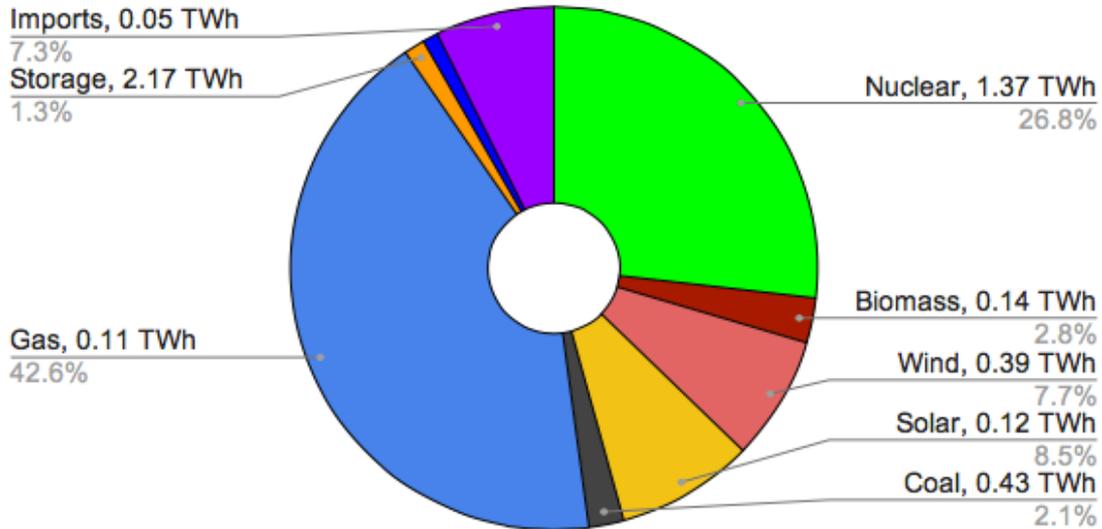


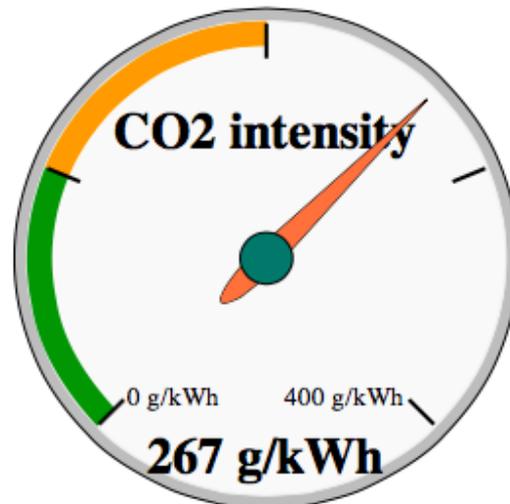
UK Energy Report 15 June – 22 June 2017

GB electricity generation, last 7 days



Source: charts provided by www.mygridgb.com

GB carbon emissions, last 7 days



Source: charts provided by www.mygridgb.com

HEADLINES

Centrica is considering options for its Rough storage site in the North Sea after determining it will need to be closed as it can no longer be operated safely due to ageing walls. The site is the UK's largest for natural gas, responsible for around 70% of UK natural gas storage capacity and is especially important during winter in peak months. Read more [here](#).

The European Commission cleared INEOS' plans to acquire Dong Energy's upstream business today. The commission found there to be competition concerns of the \$1.05bn deal. Read more [here](#).

On Wednesday 21 June the UK experienced the hottest June day since 1976. The government issued an air pollution alert after levels of toxic ozone breached EU safety limits. It was the worst ozone pollution episode in the month of June since 2006. As temperatures cool over the coming days air pollution is expected to remain at moderate levels. For more information regarding air pollution levels in London click [here](#).

London Mayor Sadiq Khan released his Transport Strategy yesterday for public consultation. The strategy includes moving towards zero emissions vehicles, reducing pollution and making sustainable transport choices. Read the full draft strategy [here](#).

POLICY AND PARLIAMENT

The below energy related questions were posed to the Prime Minister during the debate after the Queen's Speech. Find the full debate [here](#).

John Pensrose, Conservative MP for Weston-super-Mare, asked the Prime Minister to confirm the energy price protection and pro-consumer switching and transparency measures that could deliver 17m customers £100 of savings. The PM responded that the Government recognises the measures and intends to act on the issue, however it was not included in the Queen's Speech.

Tim Farron, former leader of the Liberal Democrats and MP for Westmorland and Lonsdale, announced that the Liberal Democrats cannot support the Queen's Speech that the Prime Minister set out as, among other reasons, it did not lay out 'real action on climate change and air pollution and supported renewable energy'.

Alan Brown, SNP MP for Kilmarnock and Loudoun, argued that the PM needs to take urgent action on the current energy policy. Mr Brown emphasised issues with Hinkley Point C, including that the strike price is far above market rate, the technology is not yet advanced enough and the delivery date is not guaranteed. Mr Brown called for the Government to recommit £1bn of funding for CCS, especially if the Government plans to continue pursuing biomass and for further investment into renewables.

The House of Commons will continue debating the Queen's Speech over the next week during which plans to discuss the Economy and Jobs is scheduled for

Thursday 29 June. Watch the debates [here](#).

AIR POLLUTION

Sadiq Khan, Mayor of London, issued emergency alerts this week as temperatures reach over 30C and experts announced pollution levels peaked Wednesday. Recommendations included that people with lung or heart problems should avoid or reduce strenuous physical exertion, in addition to people with asthma should take care. Read more [here](#).

Jeremy Hicks, MD of **Jaguar Land Rover UK** has criticised the recently popularised call to ban diesel cars from cities claiming consumers are confused. Mr Hicks argues that diesel vehicles emit lower levels of CO₂ than petrol cars however diesel cars manufactured before 2009 emit higher levels of pollutants including nitrogen oxides, which are especially harmful. Newer diesel vehicles are abiding by higher standards – Euro 6 standards – that are comparable to petrol and NO_x is almost eliminated. Mr Hicks also stated that banning diesel cars is not the solution to addressing air pollution and that money spent on scrapping diesel vehicles could be better spent on improving London buses. Read more [here](#).

BIOMASS

Nothing of note to report this week.

COAL

News from across the globe this week sees **Rio Tinto** rejecting a bid from **Glencore** to buy its coal mines in Australia. Rio Tinto is still in talks with Yancoal, the state-backed Chinese firm that whose break fee has reportedly increased from \$24m to \$100m. Read more [here](#).

NATURAL GAS

Centrica has announced its agreement to sell two CCGT power stations to **EP UK Investments** for \$401m in cash (318m pounds). Langage and South Humber Bank power stations have a combined capacity of 2.3 GW and are part of Centrica's strategy to shift towards opportunities in flexible peaking units, electricity storage and distributed generation. Read more [here](#).

The **Environment Agency** has issued **Third Energy** a warning after emissions from one of its conventional gas wells, Knapton Generating Station, was misreported in its February compliance assessment report. Local anti hydraulic fracturing campaigners have highlighted the instance as a strike against Third Energy who are in the process of building a shale gas well nearby. Read more [here](#).

NUCLEAR

For a brief period last Sunday, a record 70% of the electricity for UK homes and business was low-carbon, as nuclear, solar and wind crowded out coal and gas. If

the UK manages to comply with the (binding!) carbon targets, Sunday should be the norm in 13 years' time. Read more [here](#).

Alistair Phillips-Davies, CEO of **SSE**, speculated this week that **EDF's** Hinkley Point C, which SSE formerly had a 25% stake until 2011, will likely to be the only nuclear power station to go ahead in the UK. Mr Phillips-Davies highlighted that the costs of nuclear power needs to be significantly decreased however he has said in recent years that the UK does not need HPC to stabilise UK energy security. Read more [here](#).

The **Energy Technologies Institute** has announced the 'Nuclear Cost Drivers Project' that aims to understand the past and future of nuclear projects. The ETI believes its analysis could show how significant a role nuclear will play in the UK's transition to low-carbon. Read more [here](#).

SOLAR

Isabelle Kocher, CEO of Engie, spoke yesterday at the SolarPower Dialogues event on solar's potential in future energy systems. As the industry goes through an energy revolution she expects that solar will play a prominent role modernising the energy system and providing affordable, reliable energy. Read more [here](#).

STORAGE

Vattenfall, Swedish energy firm, has announced it is acquiring **iSupplyEnergy**, a small gas and electricity supplier, to launch itself into the UK consumer energy market. Read more [here](#).

TIDAL

DP Marine Energy Limited's West Islay Tidal Energy Park has been granted permission by **Paul Wheelhouse MSP**, Scottish energy minister, to build a 30-turbine site off the coast of Argyll and Bute. The site has also been welcomed by WWF and Crown Estate Scotland calling it an important step in Scotland's renewable energy transition. Read more [here](#).

Atlantis Resources have announced they are in talks with the **Duchy of Lancashire**, a potential developer, for their 160MW tidal energy project off the coast of Fylde. Read more [here](#).

WIND

Carbon Brief has released data claiming that average wind power drops in cold weather but increases in very cold weather causing Carbon Brief to assert that wind power could supply UK demand in the depths of winter. Read more [here](#).

Dong Energy is working with the **Grimsby Institute** to create a three-year apprenticeship programme. It will include one year of classroom based learning at

the Grimsby Institute followed by two years working on site with Dong Energy. Read more [here](#).

CONCLUSIONS

The UK Government is experiencing further pressure to decide on the UK's future energy mix, including whether there is a future for shale gas, nuclear or biomass. The UK will also need to find a replacement, and then some, for Centrica's Rough storage site, especially if the large-scale extraction of British natural gas goes ahead. South Korea's new President has announced plans to scrap any new nuclear power plants and focus on renewable energy, the reverberations of which will be looked out for keenly by investors worldwide.