

Energy and Climate Change Committee

Oral evidence: [2020 Renewable Heat and Transport Targets](#), HC 173

Wednesday 13 Jul 2016

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Members present: Dr Daniel Poulter (Chair); Rushanara Ali; Mr Alistair Carmichael; Glyn Davies; James Heappey.

Questions 150-213

Witnesses

I: Lord Bourne of Aberystwyth, Parliamentary Under-Secretary of State, Sarah Redwood, Deputy Director, Heat Team, and Jerome Glass, Deputy Director, DECC Strategy, Department of Energy and Climate Change; Andrew Jones, Parliamentary Under-Secretary of State, and Rob Wakely, Head of Low Carbon Fuels Division, Department for Transport.

Examination of witnesses

Witnesses: Lord Bourne of Aberystwyth, Sarah Redwood, Jerome Glass, Andrew Jones and Rob Wakely.

In the absence of the Chair, Dr Poulter was called to the Chair.

Q150 **Chair:** Thank you for attending the Committee's final evidence session on the 2020 renewable heat and transport targets. I am sure all of you are known to us already, but for the record, I invite you to state your names and positions, please.

Jerome Glass: I am Jerome Glass, deputy director for strategy in DECC.

Sarah Redwood: I am Sarah Redwood, deputy director for the renewable heat incentive in DECC.

Lord Bourne: I am Nick Bourne, Lord Bourne, Under-Secretary of State for the Department of Energy and Climate Change.

Andrew Jones: Andrew Jones, Parliamentary Under-Secretary of State at the Department for Transport.

Rob Wakely: Rob Wakely, head of low carbon fuels at the Department for Transport.

Q151 **Chair:** Thank you, and thanks for coming. I would like to open the session with some fairly general questions before passing over to other members of the Committee.

First, the UK's 2020 renewable energy target is 15%, with a sub-target of 10% for transport. The Government aim to reach 30% in electricity and 12% in heat. Throughout this inquiry, nobody has told us that the heat and transport targets will be met. Do you think that is fair?

Lord Bourne: First, with renewables, on electricity, we are heading on current projections for 35%, but you are right to say that 30% has been stated previously. In relation to the heat and transport parts of the ask, certainly they are challenging—I think we are on record as saying that—but there is an awful lot of work going on, on both heat and transport, to up our performance, and I am very happy to talk about those. I think it is a fair summary that other people have identified that they are certainly challenging.

Andrew Jones: We have a target for 2020, and we think we are going to hit it. We think that progress has been very positive so far, and that we are on track to deliver. We are working up policies to achieve that.

Q152 **Chair:** Picking you up on that comment, the Secretary of State last November told us that there was "insufficient evidence that we were going to make the target for 2020, unless we take certain action". She was particularly concerned about action being taken on transport. Why do you think she was raising these concerns?

Andrew Jones: I can't answer for anybody else. What I can say is that this issue is being taken very seriously in transport. We have comprehensively won the argument across Government that electric vehicles, for example, in the passenger car fleet are a critical part of the future, and we are doing everything we can to accelerate the take-up of those vehicles.

We are also working up our policies on biofuels, because we will need liquid fuels for HGVs, potentially for decades to come. We are doing positive work, and you can see the progress that is being made. We are the second-largest market in Europe for electric vehicles, and we have the largest charging point network in Europe, so you can see how seriously the Department is taking it.

Lord Bourne: In support of that, the pace of innovation is massive in this area. I attended a clean energy ministerial conference on this in California, and seeing the work that is being done there on low emission vehicles and



HOUSE OF COMMONS

electric vehicles, both by companies and in universities, does indicate that we are on a fairly steep trajectory to meet the targets we have. I know that a lot of work on this is going on in Government, across different Departments. There is certainly a budget committed to this from the Department for Transport, as well.

Q153 Chair: I want to press a little bit on this, because those were fairly strongly worded comments by the Secretary of State at our evidence session in November 2015. I will quote directly from her and ask Andrew Jones to reply these comments. She said, "I am concerned about the work that is being done on transport and on heat to make the additional targets", and "It is going to be challenging to make the rest of the target." That would clearly indicate some concerns. I know there has been some ministerial correspondence on these matters as well. What are you specifically doing to address those concerns, which were raised very publicly in this forum? Why do you think the Secretary of State raised those concerns?

Andrew Jones: Well, we are all concerned about the agenda and hitting our targets. The issue of reducing carbon in our transport fleet is very important. What are we actually doing? Let me run through this quite speedily: we have a £600 million budget to support electric vehicles; we have a significant rail electrification programme; and we have been working on biofuel policy to make sure that we are taking carbon out of liquid fuels. There is whole raft of policy areas, so I think the argument has been pretty comprehensively won.

Is it challenging? Yes, of course it is. However, I think we are at a tipping point in the take-up of electric vehicles among the passenger car fleet, and that is quite fundamental to achieving our progress. We are at a tipping point, I think, because people's acceptance of the vehicles is growing all the time. We will see new generations of batteries, which will make the vehicles even more attractive, and more models will become available, so they will meet more people's motoring needs. I think we are at a pretty exciting point in a rapidly changing marketplace.

Q154 Glyn Davies: In my mind, there is still the Secretary of State's concern. She made the comments that the Chairman mentioned, and I certainly took that as her having some concern about achieving the targets we want to achieve. On the 2020 target, the reason I am quite interested is the Minister's confidence that you might reach this target. I somehow feel like I am looking for people to tell me that we will reach the transport target, in particular, by 2020. In the answers you have given us, you made a lot of reference to the development of ultra-low emission vehicles, like electric cars, yet I also read somewhere that electric cars will have made very little difference by 2020. In the future, beyond that, I can see electric cars making quite a big difference, but when we are specifically talking about the 2020 target, I just don't feel that electric cars are a sufficiently comprehensive answer to make you quite so confident that you are going to reach the target.



Andrew Jones: Well, we are seeing almost exponential growth in the sales of ultra-low emission vehicles; we have sold more in 2015 than in the previous four years put together, for example. We also know that we have had 70,000 claims for the plug-in car grant. We know that there will be new generations of vehicles coming on sale within months, which will transform the range that these electric vehicles can drive, so I think we should feel very optimistic about electric vehicles.

Obviously, there are still significant issues here, in terms of sheer numbers, and there are also other issues to address—we know that there are things like public range anxiety, but these are being overcome as people see and try the vehicles. They have gone from sort of science fiction to there being one on your street. It's a big change.

Q155 **Glyn Davies:** I find this a really fascinating subject. I agree: I think that electric cars have tremendous potential for the future. I went to Reading to drive them, and I thought, "This is a tremendous boost here". However, I have also read—I am pretty sure it is part of the papers I have read—that the 2020 target is predicated on probably only about 5% of it being on electric cars; about 95% of it would be on biofuels. The electric car issue, it seems to me, is that it is not geared to delivering much by 2020. Clearly, by 2050, probably every car in Britain will be an electric car.

Andrew Jones: That is true; they are still a very small part of the mix—and we have made great progress with biofuels, too, so it is not a question of there being one silver bullet to solve the problem of carbon in transport. This has to be tackled by mode, and by different policy areas for the different needs within modes. That is why we have biofuels. We already have B7, which is in diesel; up to 7% is bio-diesel. We're at E5 in fuel, and I actually have some data on the amount of litres of biofuel that are already in our marketplace. So my point is that there is a lot happening in all directions here; there is not one silver bullet.

Q156 **Chair:** I have one more question. I'm sorry to press you on this Andrew, but there is a concern. I think it was raised directly by the Secretary of State for Energy and Climate Change, and Lord Bourne outlined what I thought was a fairly realistic position that there is concern about reaching the target. Given that the transport sub-target for the renewable energy target is 10%, it seems to me that transport has a key role to play in this. While there is not one silver bullet, it does not seem that many of the bullets are going to contribute sufficiently to help to deliver that target by 2020.

Andrew Jones: I agree entirely that this is challenging; no one is suggesting otherwise, but biofuels currently make up around 3% of road transport fuels and we have been working up a very comprehensive biofuel policy. I hope to be able to consult on that quite shortly—that is a policy development, not a career comment. We are almost ready to go with this. I would very much like to get it out so that people have some certainty. What we are trying to do is provide certainty in the marketplace so people will be able to invest.

Chair: Indeed. I hope that was also a career comment.

Q157 **James Heappey:** I just want to push a little further, Andrew and Mr Wakely, on the proportion of the emissions savings intended to be made by transport that will be achieved through biofuels and the proportion that will be achieved through EVs. My understanding, and I think it is also the Secretary of State's, from the evidence she gave to the Committee, was that it was overwhelmingly going to be achieved by the increased use of biofuels and that EVs actually represented a relatively small part of the decarbonisation of transport for 2020. Can you confirm exactly what proportion is being achieved by each?

Rob Wakely: Perhaps I can help with some of that. The contribution to the 2020 targets will be mainly from biofuels. The contribution from electricity will be there, but we are looking at somewhere around 1% from renewable electricity being used in rail and electric vehicles.

Q158 **James Heappey:** So 1% of the 10% reduction is to be achieved through electrification and 99% of the 10% reduction is to be achieved through biofuels?

Rob Wakely: The renewable energy target for 2020 is about the percentage of renewable energy in the transport energy that is used. It is not about reducing greenhouse gas emissions directly. There is another target that does that, but I don't think that is the concern of this Committee.

Q159 **James Heappey:** I understand. In a leaked letter that the Secretary of State sent to colleagues last year, she predicted that reaching the 10% sub-target for transport "requires...doubling the current levels of renewable fuels between 2017 and 2020 (adding around 2 pence per litre on pump prices)." Given that you have just confirmed that the majority of the heavy lifting on this is being done by an increased use of biofuels, is her analysis right that the cost of this is an increase on pump prices?

Rob Wakely: In terms of the increase that is required, we are currently at about 3% bioenergy, and in order to hit the 10% target we will need to more or less double that to 5% to 6% bioenergy. The current cost of the RTFO is about a penny a litre, so that is already being paid through pump prices, and we expect that doubling that would add another penny a litre.

Q160 **James Heappey:** It is just an extra penny, beyond the one already being paid. Okay.

Finally, if I may, while electrification represents a relatively small proportion of achieving the 2020 target, could you just reassure us that the green generation capacity is going to be available to meet that increase, so that we are not actually meeting the transport system electrification requirements through dirty fuels on the generation side? That might be more a question for DECC, I suppose.

Lord Bourne: I come back to the point that I think these are challenging, as I have said, but they are achievable. It is our belief that there is

sufficient capacity to ensure that we have these clean fuels which, as you say, would make up a large part of meeting the sub-target for transport.

Q161 James Heappey: And in terms of the additional generation capacity to meet the additional electricity requirements of an electrified transport system, that generation capacity will be achieved through renewables, rather than through fossil fuel systems.

Lord Bourne: There are two points to be made there. The first point to be made is that—this is obviously a consideration in meeting this sub-target—we do have to ensure that it does not put a massive load on the grid at any one time, hence the work on batteries and storage that is going on. In relation to the second point, perhaps—

Jerome Glass: In terms of the pressure it puts on the grid, it tends not to be a capacity issue; it tends to be a local issue in terms of the local infrastructure of the grid. Clearly, when we get to the point we all expect where electric vehicles are a much larger proportion of the car fleet, there may be some capacity questions at that point, but at the same time overall electricity demand is in some ways coming down because of other things, such as smart meters and so on. It is quite a complex picture, but the key point about where we are getting to for 2020 is that we are currently at about 25% renewable electricity and, as the Minister said, we expect that to be about 35%. We are trying to make sure that it is as green as possible by 2020.

Chair: I have further questions from Glyn Davies on the impact of Brexit.

Q162 Glyn Davies: I wonder whether you might curtail your answers to less than half an hour each. It is early days in terms of reaction to Brexit, and I suspect that every Committee is looking at the implications of that decision, but can you give us a bit of an idea? We know that the target, which I think is 15%, is a European target that is being incorporated into British law, but the other targets are not. What are the implication of this as you see them for the different types of targets—the ones that are European and the ones that are not?

Lord Bourne: As you rightly say, Glyn, the first point is that it is early stages to be coming to any definitive conclusions on how the negotiations on Brexit will go and what the particular timescale is. As a Department and as a Government, we are still working to the 2020 targets as something that we are seeking to honour. Clearly we have other targets to meet anyway that are domestically set under the Climate Change Act and the carbon budgets, the fifth of which we recently set. In addition, there are the challenges of Paris. As regards the particular focus on 2020, we are still seeing those targets as binding on the United Kingdom, certainly in the interim. That is the governmental view. That is the basis on which we are working.

Q163 Glyn Davies: Do you see leaving the European Union as reducing in some way the commitment to achieving the target that we are currently working towards? We are working towards 15% by 2020. Will they remain as it stands—the British commitments on heat and transport? I do



HOUSE OF COMMONS

not think they are European targets; they are British targets. I guess that we are aiming to stick with those. A commitment to stay with the European targets if we are not members of the European Union is an interesting issue for us.

Lord Bourne: I have a couple of points. First, our domestic targets are generally at least as challenging as the EU targets, which may be challenging in their ways, but the general thrust of the policy to meet our domestic obligations and our Paris obligations would remain very much in line with what we are seeking to do here. The second point is that until we know precisely how Brexit plays out in terms of the energy union—there are countries that are part of the energy union that are not part of the EU—it is difficult to say exactly how things will play out. At the moment, however, we are certainly working on the basis that the targets remain relevant and binding on the United Kingdom.

Q164 **Glyn Davies:** You can see why the Committee would be interested. We talked earlier about the doubt in the Secretary of State's mind about whether we might meet the targets. When we are leaving the European Union, are we going to stick with the targets? In transport, you are confident that we are going to achieve the targets. I was encouraged by the confidence with which you told the Committee that. Is that level of confidence across the board for all of our targets?

Lord Bourne: I come back to the basic point that we have a target of the reduction of carbon emissions by 80%, by 2050, based on 1990 levels, as a domestic obligation. To achieve that, we would be looking at honouring those obligations. It would throw us off kilter if we were not to go for them. I do understand the Committee's interest in these, and we as a Department and a Government are obviously interested as well. Nevertheless, I don't think there is any great conflict here between what we are doing in Europe and what we would have to do domestically anyway if we weren't part of the EU energy market.

Andrew Jones: I support that. To build on what Lord Bourne said, we have underlying principles that are consistent between the UK carbon budget and the EU. We are at the start of a long and complicated process here, but I don't think we will be seeking to row back on our carbon commitments. We have our own Climate Change Act. We only set the carbon budget 5 a few days ago. The benefits that we will see, particularly as we roll out and see the growth of things like electric vehicles—the emissions and clean air benefits—are very significant. I would want those benefits to come to the people of this country as soon as we can get them. We should recognise that things are changing but not row back on our aspirations to improve the quality of life in our country.

Q165 **Chair:** I will bring in Rushanara in a moment. Looking at the recent Paris summit, the agreement that was reached from a UK perspective was largely dependent on the fact that we agreed to act at the European level. This early after Brexit, it is difficult to understand what that is going to mean in its entirety, but the energy union may well have played a part in meeting our obligations and commitments. Do you think that the



HOUSE OF COMMONS

impact of how that plays through Brexit is one of the key issues from a carbon reduction perspective, and also perhaps from an energy security perspective?

Lord Bourne: You are right that it is something we need to look at. I don't think it really throws up any fundamental questions of our obligations under the treaty. It is right that we negotiated there as a European Union block. The Secretary of State, Amber Rudd, was a prime part of that negotiation and the lead EU negotiator was Pete Betts, from our own Department of Energy and Climate Change, so we were very much in the vanguard of those negotiations. Nevertheless, member states of the European Union have individual obligations under the treaty. We were there separately to sign the treaty in New York, for example. There is work to be done on the effort-sharing negotiation but as a country, we ratified independently of the European Union, while being a part of that ratification process. There are questions to settle but I don't think there is a fundamental one about the liabilities, the responsibilities and the benefits that accrue from that treaty, as far as the UK is concerned.

Chair: Rushanara has a follow-up question and then we are going to ask some more detailed questions on renewable heat.

Q166 **Rushanara Ali:** I wanted to ask a question about leadership—not about political leadership here, but in the context of the European Union and Brexit.

Both your Government and previous Governments have played a major leadership role in the European Union and internationally. How do you see that changing? The Secretary of State quite rightly made clear her role and the Prime Minister's role and the British leadership role in getting the Paris agreement. Where do you see that going? What you have said so far is a very defensive response—us doing our bit to meet the targets and the domestic legislation that helps us to do that—but I cannot see how we address the leadership question and the influencing role that we have had. Our officials, diplomats and so on have played a very important role—our diplomats and so on. Can you give us a sense of how you are going to make sure that we find a way of maintaining or rebuilding that in the post-Brexit context? That is for both Lord Bourne and Andrew Jones.

Lord Bourne: First, I am certainly not intending to be defensive—rather the reverse. I think successive Governments—

Q167 **Rushanara Ali:** No, sorry; I didn't mean you being defensive. I meant "it being defensive"—a defensive strategy, a defensive position in the light of Brexit, inevitably, because it is about trying to do the things that we are supposed to do, as opposed to having a role in the European Union to influence the future direction of energy policy across the European Union and globally, which is a very important role Britain has had; and Brexit changes that very dramatically, and we are shrinking back. I want some reflections on how you see that being addressed in the post-Brexit context, and what your Government strategy will be.



Lord Bourne: I take that point, but I come back to the point that I do not think it is defensive, because the position that we had was a very strong position domestically, which influenced the European position, because we had such a strong record with the Climate Change Act.

Q168 **Rushanara Ali:** Precisely. So how is that going to be done in a post-Brexit context? We are withdrawing—we will be.

Lord Bourne: Well, we are not withdrawing from our own domestic policy. If you are meaning internationally—

Q169 **Rushanara Ali:** I am talking about our influence in Europe and internationally.

Lord Bourne: That is a question for the other 27 states perhaps, but I do not think there is any suggestion that they would want to row back on what they have agreed, influenced by us and influenced by our negotiator, and so on. I think our influence there was as Britain, not as a member of the European Union, particularly. We were able to set out a very strong position of what we are doing.

Our presence and our influence at Paris was not limited to being a member of the European Union. We were in a strong position through the Commonwealth, a strong position in the vanguard where the present Prime Minister—the outgoing Prime Minister—put us as championing the small island developing states. We were allied very closely with them. We were members of the high ambition coalition, which certainly extends well beyond Europe, to South America, and so on. There is no suggestion that that would change. We would still be part of all of those, seeking to influence world opinion. Is it different? Yes, of course it is different. We are not going to be a member of the European Union, but that is not the only bloc that is influencing world opinion on climate change.

Q170 **Rushanara Ali:** Could you take us through how you see it going forward? You are speaking in the past tense. I know it is difficult to speculate, but while you are in the current positions it would be very useful to get your reflections on the work you have both done so far and on where we head in this uncharted territory.

Lord Bourne: They are reflections in the sense of reflecting on what was happening at Paris, but, as I say, there is no suggestion that we would not continue to be members of the high ambition coalition or strongly in support of the small island developing states. We are obviously still a very formidable part of the Commonwealth, and can speak to the Commonwealth countries and build alliances. That will go on.

What is changing, admittedly, is the position within the European Union. I cannot really crystal gaze as to how that position is going to evolve. We are at the start of the process of Brexit, not even having served an article 50 notice, so it is very early to speculate on how that goes on. Early signs: certainly, I think the first visit overseas post the referendum result was the G20 on energy, when I did have a chance to speak to some of our key allies who were at the G20—particularly Germany and the Commissioner;



HOUSE OF COMMONS

and they see us very much as still very important in terms of developing energy policy. So I can only say that, as regards our allies—and I am sure the position would be ours as well—we will still want to speak to European allies, but we will be doing it outside the European Union. That is the way it will evolve but, as to giving the particular policy mix, that, clearly, is something for the Prime Minister and members of the Cabinet, when they are appointed.

Q171 **Rushanara Ali:** Andrew, did you want to come in?

Andrew Jones: Well, just to support what Nick has been saying: this is a very early stage. Yes, we have been leaders and an example in transport would be the fact that we were the first in Europe to introduce the renewable transport fuel obligation, and other countries followed us, but much of what happens in terms of vehicles happens at international level anyway, because vehicles are developed for broader markets. So things like emissions standards—we have been involved in setting those. We have been involved in leading some of the conversations about the introduction of real driving emissions. The exact format of conversations that will take place with other European countries is frankly a chapter still to be written.

Q172 **Rushanara Ali:** Thank you. I will move to specifics in relation to low carbon vehicles. The Low Carbon Vehicle Partnership told us that the introduction of E10 fuels will be a critical element to developing and meeting the 2020 target and might contribute about one percentage point of the transport target. What is your view on the importance of E10?

Andrew Jones: E10 is an opportunity for us. The fuel suppliers already have the legal right to go up to E10 if they wish to now but they have not done so. It is part of that broader biofuel policy referred to earlier, which is so important. There have been lessons from other European countries on the introduction of E10 that have shown that progress can be made. I would see it as a very likely part of our biofuel future.

Q173 **Rushanara Ali:** Could you say a bit more about where you have got to in terms of rollout and timing?

Andrew Jones: We are not rolling it out; it would be the fuel suppliers who would be rolling this out.

Q174 **Rushanara Ali:** Yes, but when do you expect that to happen?

Andrew Jones: They have the right to do so now and have not chosen to do so. I think what will happen next in this policy area is that people will see the consultation that we hope to launch very shortly and see that this is about providing some certainty into the marketplace for E10 and all other biofuels.

I can tell you the underlying principles of the biofuel consultation. I am expecting to see that we will have a bias towards biofuels derived from waste. We will consult on the crop cap. I expect a bias towards waste but we will see what the marketplace thinks where that crop cap should be.

We would seek to include aviation within this and have a bias towards advanced biofuels—you have seen some of our incentivising programmes to help develop these. I would expect the whole of the biofuel marketplace, hopefully, to be put very shortly on to a more positive and clear agenda for the future.

Q175 Rushanara Ali: What does “shortly” mean?

Andrew Jones: I cannot give you a timescale for when we are going to be able to launch the consultation. I wish we could do that, but we are very nearly there.

Q176 Rushanara Ali: We have heard that the disparity between the funding available for biomethane used for heat compared to renewable transport makes it “commercially impossible to convert feedstocks into biomethane to replace diesel”. What are you doing to address that?

Rob Wakely: We changed the rules last year, so from April 2015, to increase the reward through the renewable transport fuel obligation for biomethane in transport. What is now possible is that each kilogramme of biomethane qualifies for 1.9 renewable transport fuel certificates. If it is made from waste that is doubled to 3.8 certificates.

The certificates are traded on the market so prices vary but they currently may be around 20p. That is around 80p a kilogramme for biomethane, which is quite a considerable incentive. We think that will provide a basis for using biomethane in transport. It is something that has not really taken off at all yet, but we think it can be quite a valuable part of the mix, both from a carbon and potentially air quality point of view.

Lots of other things need to be addressed like infrastructure, vehicles and issues around making sure that methane does not escape during refuelling and things like that, but we think it has potential and we have already encouraged it. There may be other things that we can propose in the consultation that will further encourage it, and we are considering those alongside DECC, in terms of how that fits with the other incentives available through their schemes.

Q177 Chair: Can I ask a couple of questions about the renewable heat incentive consultation and renewable heat? The RHI consultation does not make it clear whether or not the proposed changes will allow the UK to meet its renewable heat target. Can you confirm whether the proposed changes will allow the UK to meet the 2020 target?

Lord Bourne: We haven’t yet responded to the consultation you referred to. The consultation, I think, commenced in March and ended in April, so on that basis, we have not yet come up with settled conclusions on the response. But my understanding is that spending is going to rise from £430 million on RHI in 2015-16 to £1.15 billion in 2021. This will be equivalent to heating 500,000 homes in 2021.

Sarah Redwood: Can I build on that? There is not a set formal sub-target for heat, unlike on transport, where there is one. In the consultation that we issued and the accompanying IA, we predicted that with the reforms



we would expect to see about 23.7 terawatt-hours of renewable heat generated by 2021, and we think that would make up approximately a quarter of the overall renewable energy target.

Q178 Chair: In the RHI consultation, regarding biomass it stated that biomass offers a good “value for money route to delivering renewable heat generation”. However, the consultation also predicts that your proposed changes will mean that the number of biomass installations will reduce from 3,023 to 63 per annum by 2021. Can you outline why that may be the case? Do you think that is good progress towards a 2020 target and more broadly, towards renewable heating being encouraged or incentivised in the UK?

Sarah Redwood: There is a difference—it is worth thinking about what the types of installations are that the RHI is supporting. When we talk about numbers of installations, that goes from supporting someone’s cottage in a rural area right through to a really large biomass plant that might be heating a heat network, for example. I think it is more important to think about the actual amount of terawatt-hours that it is contributing, as opposed to the number of installations.

Through the RHI to date, we are seeing that the deployment of biomass has really been very successful. We are seeing a significant deployment of biomass, particularly in the non-domestic scheme and in the domestic. We are looking to re-tilt the deployment, so that we see more deployment of those technologies that have not been so successful to date—so particularly, heat pumps.

Q179 Chair: So in terms of terawatt-hours, how do you envisage that changing with the reduction in the number of installations?

Sarah Redwood: It will all depend on exactly what reforms are agreed following the consultation that we are considering at the moment. In terms of the impact assessment that accompanied the consultation, we predicted that about 8.3 terawatt-hours would come from biomass out of a total of 13.6 terawatt-hours, which is the new deployment that we are looking to see from the reforms of the scheme—so just over half.

Q180 Chair: Just one more question on this before I move on to Glyn, who is going to talk about biofuels. One challenge of biomass technologies has been challenges at a local level with the planning processes. Is that something you feel has been adequately taken into account in the consultation? Is that something that there needs to be greater interdepartmental working on with DCLG, in terms of reaching out, encouraging or incentivising local authorities to support this agenda?

Lord Bourne: It is fair to say that there are challenges on the biomass front. You are right to identify planning consent as one, but there is obviously a very fundamental one with regard to sustainability, which we look at as well and which is an important consideration. We are keen to ensure that any biomass that is used is sustainable and offers the best possible value for money. So therefore a lot of the biomass that is used at the moment is actually imported biomass, I think it is fair to say.



HOUSE OF COMMONS

Sarah Redwood: Particularly for renewable electricity.

Q181 **Glyn Davies:** You are fairly straightforward about your view of biomass sustainability. I have had people from America coming to talk to me about the devastation, supposedly, that using biomass in Britain is causing to forests. There is a lot of negativity about biomass generally. Biofuels need fossil fuels for harvesting, processing and transport. Can you say categorically that you see biomass as a good renewable, sustainable source of energy?

Lord Bourne: The driving policy is to ensure that it is sustainable and that it does represent value for money in decarbonisation, so that is the guiding light. You are right that many people raise questions about this, but it is also fair to say, because I have seen some of them over here, that quite a lot of Americans are very keen that we buy this and are seeking to convince us. I suppose they do convince us or we would not use it, but this is sustainable. You are right that a part of that is to ensure that it is transported in a sustainable way, so if it is a large load on a ship, that may mean it is sustainable, but there are other issues as well relating to fertiliser and so on that have to be weighed in the balance as well. It is often, which surprised me, more sustainable to use timber from biomass coming from overseas than to use our own.

Q182 **Glyn Davies:** Is there a kitemark or stamp or anything like that that gives you some idea of how sustainable each form of biomass is? My son is putting a biomass boiler in the house—it isn't biofuels—but I don't know whether to congratulate him and say, "You did a wonderful job" or to say, "Wait a minute. This is causing some devastation somewhere because it is not really sustainable." Is there a measure that he can use so he can turn round to me and say, "Look here, Dad. Look at that sign that says it's okay"?

Sarah Redwood: Absolutely. We have introduced sustainability criteria for biomass and bioenergy that is used, so that it has to have a minimum of 60% life cycle greenhouse gas initial savings. So, particularly for the renewable heat incentive, installations will not receive support unless they can prove that their fuels meet those requirements. One way in which that can be done is if fuel is purchased from a supplier that demonstrates that it is on the biomass suppliers list, which is exactly that sort of mark that provides reassurance to customers that their fuels will meet sustainability requirements.

Q183 **Glyn Davies:** Can I ask about the crop cap? Is it the EU that suggested a maximum crop cap of 7%, and the crop cap that you and the Ministry have is 1.5%? That is what we have been told. What does that do for investor confidence? Is that unnecessarily restrictive? Does it stop investment in biofuels?

Andrew Jones: The indirect land use directive, which was agreed last year, set a contribution from crops at 7%. It must not exceed 7%. I am clear that there have been some problems with indirect land use, and I do not want to see this. The most recent report from the Commission, published only earlier this year, suggested that some crop biofuels can



HOUSE OF COMMONS

have higher emissions than fossil fuels. I have been anxious to avoid this because it is clearly a nonsense. If you have been to some parts of the world where you have seen the devastation of forests for the production of, say, palm oil, it is appalling. I am very keen therefore that we do not have problems with indirect land use.

Within our RTFO, all biofuel supplied must meet mandatory sustainability criteria, which is then subjected to independent verification. If the criteria are not met, it counts towards the supplier's obligation.

We have been looking at where we should have our own crop cap for the future. That will be part of the biofuel consultation. Personally, I think we should have a bias towards biofuels derived from waste to minimise any risk of indirect land use change. It would also be an easier sell, and the public will buy into it more when they can see that waste products are being turned into something positive. I have had a very clear bias towards waste, but I am keen to see exactly where the market thinks we should be on this, which is why we will have a range, but personally I strongly lean towards the lower end and waste based.

Q184 Glyn Davies: We genuinely have sympathy with the points that you are making, but don't you think that establishing a comparatively low crop cap, compared with the EU's 7%, will drive investment and confidence out of the UK if the Government are not really committed to this?

Andrew Jones: No, I do not think that is the case at all.

Q185 Glyn Davies: It is not a concern at all?

Andrew Jones: I get the question. I think the biggest issue that is impacting on investment is the lack of certainty. If we can provide certainty, people will see the prospect, many years ahead, of getting a return on their investment. I don't think we should be going down the route of a very high crop cap for the reasons I have just given, but let's hear what people say. There is capacity for this to be very helpful. We have 1.5% as our current cap.

Q186 Glyn Davies: This will be part of the consultation?

Andrew Jones: Yes, it is. I want to hear what people say, but I am just telling you what I think, which is low end and biased towards waste. I have met some of the bioethanol producers, and they think that we should be having a high crop cap. I have met the NFU, and they think we should be going towards a higher crop cap, too. But I still feel that waste is the right direction here.

Talking about investment, I have been up to see a farm that is currently under construction at Stanlow in Cheshire. That is a £75 million investment, and it will take fatbergs from sewers and create biodiesel products from them. We will see investment, but not necessarily in exactly the same form that you see everywhere.

Q187 Glyn Davies: I think that is fair. It is obviously part of the consultation, but I think the level of the crop cap is an interesting issue. Clearly, if you



HOUSE OF COMMONS

are consulting on it, you are open to people's opinions, which is all we can ask for at this stage.

Andrew Jones: Yes, it will be a very genuine consultation. I want to hear what people say. I wouldn't have met the various providers if I wasn't interested in what they had to say. I am just telling you my view.

Lord Bourne: Could I come in on that? I support what Andrew says about bio-waste, and we share that view. On the RHI consultation there is a bias in favour of using bioenergy from waste.

Q188 **Glyn Davies:** I must admit that I don't know that much about advanced biofuels, although I have been trying to get a bit more information into my mind over the past couple of days. What contribution are what are generally called advanced biofuels making towards the development of policy?

Andrew Jones: We see quite a significant role for advanced biofuels. We have run a competition within the Department to provide development funding, and it has been quite exciting because this is an area of significant change in the marketplace. I went up to Edinburgh to meet a company that is creating biofuels out of a waste product from the Scotch whisky industry—fantastic, and probably of much interest to people in the audience. The point is that these wings will develop.

Rob Wakely: We do not think that it is going to be a huge contribution for 2020 but the indirect land-use change directive does allow us to set a sub-target, specifically to encourage advanced biofuels. The level that we propose for that sub-target will be part of the consultation. That will also include our ideas about exactly how those biofuels should be defined for the UK.

We are funding three projects that are just getting off the ground in establishing UK production of and expertise in advanced biofuels from different kinds of waste in different parts of the country using different technologies. That is something that we really want to encourage and see grow.

Q189 **Glyn Davies:** We have talked a lot about 2020 targets today. They have featured throughout our discussions. The EU have a non-binding target for advanced biofuels. Is that something that the Department will subscribe to as a target in Britain as well? Clearly, on the European level, it is non-binding on Britain. Is 0.5% from advanced biofuels a target that you intend to match by 2020?

Rob Wakely: Yes, we are looking at including a proposal on that in the consultation.

Q190 **Chair:** I have one quick question on ground source heat pumps. Heat pumps seem to be the primary focus of the Department's heat electrification strategy. What contribution will heat pumps make to the 2020 targets?



Lord Bourne: The consultation was certainly based on them making a more significant contribution than they had previously. We see great scope for heat pumps; hence, we set the tariffs at a higher level. They currently contribute significantly but the contribution could be upped. I am impressed by ground source heat pumps. I have seen some installed in the Trent and Dove housing association on a visit to just outside Burton upon Trent. They are very good.

One of the policy grounds we have to act on is financial, and we are doing that through the consultation. The second major downside at the moment is that people think that the installation of heat pumps is very disruptive. It isn't. I was amazed at just how straightforward it was. It does not involve major changes in most cases, and can be done speedily and satisfactorily. I met several householders, who were all full of praise about how this had been done in 24 hours. They welcomed the opportunity for somebody to come in, chat to them about what they were going to do, and then do it in short order.

There is massive potential for heat pumps. There is a domestic company, Kensa, in Cornwall, which produces the things and would be able to fulfil many of our needs. I see great potential here. We have not yet responded to the consultation but we will be doing that in fairly short order, I hope.

Q191 **Chair:** I have one follow-up to that before I come back to Glyn, who will ask the questions on electrification of transport. Picking up on your comment, Lord Bourne, heat pumps appear to be—as you confirmed—a primary focus of the Department's heat electrification strategy. But low carbon heating and, for example, heat pumps are only effective in well-insulated properties. But there is currently no assistance to help non-fuel poor customers improve their energy efficiency. What are you doing to ensure your Department's low carbon strategy will be effective in delivering what you envisage?

Lord Bourne: You are right. The prime focus of policy assistance will be households that are fuel poor. We have just gone out to consultation on Eco 2—or Help to Heat, as I think we are more catchily calling it. That will have the focus of providing most assistance for fuel-poor households. But so it should; we have a manifesto commitment to insulate 1 million homes in this Parliament. As I have undertaken, we will come out with policy on assistance for the able to pay later this year, but I come back to the basic point that those are the people who are able to pay. We should be focusing our attention as a Department on those who are unable to pay. Those who can afford insulation are paying for it themselves in many cases, and I encourage them to do so, because our focus is quite rightly on helping those who cannot afford it.

Q192 **Chair:** So learning lessons from the Green Deal, for example, in that respect.

Lord Bourne: Indeed.

Q193 **Glyn Davies:** Can we go back to the electrification of transport and the electric vehicle market? This is a subject that I have taken a bit of a



HOUSE OF COMMONS

personal interest in. We covered a bit of this earlier on, so to some extent this is repetitive, because we have already explored the fact that electric vehicles are going to make a pretty small contribution to the 2020 targets despite their exponential growth at the moment. I have seen 5% cited as the figure, with biofuels doing the rest. Is that the position: that by 2020 we are expecting electric cars, despite the rate at which they are expanding, to deliver a pretty minimal impact in terms of the decarbonisation of transport?

Andrew Jones: Broadly, yes. We can see growth, but you get very large percentages when you deal with very small numbers, and we are in that marketplace still. But the point is that we can see what the future looks like. We know that transport accounts for 23% of carbon emissions, and that cars and vans account for 73% of that 23%. We cannot make progress on tackling carbon in transport in a huge way without tackling the car and van marketplace. We can see what automated development is looking like, and the pace of this is accelerating. We have seen things such as the VW emissions scandal that have raised the issue even further and accelerated development. This is a rapidly changing marketplace, a very exciting agenda—this is what the future looks like.

Q194 **Glyn Davies:** We have covered this pretty well before, so I will just move on to one or two other points. One is the change in the taxation arrangements. There used to be a taxation advantage, but the Chancellor changed that; I think fuel tax is now the same for electric and non-electric vehicles. Do you think that is having a negative effect on the market? Do you think it was a mistake that discourages the take-up of electric cars and makes it more difficult for you to achieve your targets?

Andrew Jones: The sales figures don't suggest there is a problem here. We have had 70,000 plug-in car grant claims and we have seen a huge number of sales—as I said, 2015 was the same in total as the previous four years added together. We have a very positive story here, so I don't think you can say that there is evidence that it is holding back the sales. You have to look at what some of the consumer concerns about the products are. That is also researched and the Department publishes that research; it published an update on it only last week, I think, so I can supply a copy if you are interested.

We are looking at concerns about the up-front cost. The Government helps that with the plug-in car grant scheme, which offers up to £4,500 for an all-electric or hydrogen vehicle and £2,500 for a hybrid, and the plug-in van scheme, which offers a grant of up to £8,000. The Government is helping with up-front cost.

The other area of concern is to do with range anxiety—not the range of vehicles available but how far they will travel on a charge. That is changing quickly, and we will see the 200-mile single-charge Nissan Leaf available shortly, but bear in mind that 99% of vehicle journeys in the UK are less than 100 miles now. Electric vehicles can meet a lot of what people are looking for already. We have to try to communicate that some of that range anxiety is legitimate but that things are changing.



HOUSE OF COMMONS

That is why we have also put emphasis on investment in the charging infrastructure and why we are marketing things such as the Go Ultra Low Cities initiative, so that we can use different assets to incentivise take-up and communicate some of the benefits through the communication campaigns that we have. The big Go Ultra Low initiative is a joint initiative between Government and automotive manufacturers. We have been highlighting the attractiveness of the vehicles, because another concern for people is that you put your foot down and nothing happens. If you put your foot down, you get power right away; these are very attractive vehicles to drive.

Q195 Glyn Davies: The concern is that certain things militate against the development of the market. Range is one of them. I think from your answer that in many cases the issue is the perception of range. People believe that they can travel only a certain distance, and in fact they never do travel more than that, but there is a feeling that they might want to, so it puts people off. Clearly, the market will respond and bring forward greater range—we are seeing 200 miles as a possibility now for electric vehicles. Is there some way in which you are tackling the perception through education or marketing? That is a big part of this—making sure people know that they can use an electric vehicle to do what they want to do.

Andrew Jones: Yes, and the reassurance that is provided comes in a couple of ways. First, people need to feel that if they need to charge their vehicle, the infrastructure is there when they need it. We already have the largest rapid charging network in Europe and that is expanding all the time, so people will see more charging points and some reassurance will be provided by the physical sight of them. The other thing is the communication campaign. We have been running that joint initiative with the automotive manufacturers, which has highlighted some of the product benefits. So there is communication, but I think the biggest thing is people seeing the network and feeling it is there as a safety net.

Q196 Glyn Davies: My other question is about the charging infrastructure. The problem is fairly obvious: there are a lot of cars in the streets and there is nowhere to put the charging infrastructure. I read somewhere yesterday that the motorway network and service stations and the National Grid delivery, the capacity, militate against any more charging points in service stations, which are clearly something that will be pretty important. Where is the £32 million that you have earmarked for dealing with the charging infrastructure going to be spent?

Andrew Jones: Looking at the motorway network, we already have a position whereby the service areas have charging points. Some of them are incredibly busy; we need to put in more. This is generally a good thing—I would rather see them busy and people recognising that these vehicles are the right choice. The commitment we have made is that there will be a charging point every 20 miles on our strategic road network. That is the network run by Highways England rather than local highways authorities, so the motorways or the major A roads—the trunk roads. Highways England have been given a budget of £15 million to achieve this.

They are currently mapping where the gaps are and have started talking with some of the charge point companies about how they can work together to fill any gaps.

Chair: James has one or two follow-up questions and then is going to come on to some questions about the grid implications of electrification.

Q197 **James Heappey:** Thanks, Chair. On the charging infrastructure, do you have any sense of the average cost per charging point installed?

Andrew Jones: Well, this is changing. You are talking about the big public charging points?

James Heappey: Yes.

Andrew Jones: This varies by how much work is required to provide the power supply as much as anything else. The actual charging point units themselves are coming down in price as technology develops.

Q198 **James Heappey:** So the money allocated by the Government's programme should be sufficient, in your expectation, to achieve your aim of one every 20 miles on the major road network?

Andrew Jones: Yes. We already have over 11,000 public charge points now in the UK, and there are 60,000 domestic charge points. Most people, of course, charge their vehicles overnight—just a trickle charge when it's cheap.

Q199 **James Heappey:** Just give me a sense of how many of those public charging points have been provided by the market and how many have been provided through subsidy or entirely funded by Government.

Andrew Jones: That's a tricky one, because some of this is going out through local councils and I am not fully sighted on all the stuff that the councils have done, but overwhelmingly this is a private industry initiative. There may be a little bit of partnership working; it is a mixture of national and local. We have some more data for you in the Department. We can check that out and write to you.

Q200 **James Heappey:** The thrust of my concern is to ensure that the rollout of the network is sustainable and is now happening, and does not require continuous Government intervention—that there is a market being created and that this will happen as a result of that.

Andrew Jones: There is absolutely no desire at all for government to stay in this marketplace in the longer term. This is a pump-priming exercise. People often ask me which comes first: the charging point or the vehicle; the chicken or the egg. Often the two go in parallel. But this is a robust industry developing good-quality products. It is evolving quite rapidly. I do not view the Government having a long-term role in this industry at all.

Q201 **James Heappey:** We spoke in a Westminster Hall debate last week about electric vehicles. Not everybody from the Committee was there, but I highlighted some research by the House of Commons Library that there are 30 million cars on the road driving 400 billion kilometres a year,



HOUSE OF COMMONS

meaning an average of about 13,200 kilometres per vehicle, 760 litres of petrol and therefore about £460 of fuel duty per vehicle on average going to the Treasury. My concern was the degree to which the Treasury is ready to forgo that amount of money. I am sure you will say that is a matter for the Treasury. I know you will say that—

Andrew Jones: I might say that, yes.

James Heappey: But what I think it would be useful for us to know is exactly what discussion has happened so far between the DFT and the Treasury in this area; who initiated that discussion; and what discussions you might expect in the not too distant future about the plan for replacing that lost fuel duty with some other sort of transport tax.

Andrew Jones: There are many points within that. First, you used the word “forgo”. I am not entirely sure that the Treasury would wish to forgo a very significant source of income. This will clearly be on their radar, but as a Department we have not been asked to work out proposals for alternatives.

Q202 **James Heappey:** To be clear, the Treasury has not asked you at all to consider—

Andrew Jones: We have not been asked. We have not commissioned any work on this subject. Equally, you only have to look a little bit further ahead. I am quite sure this is something that is being worked upon within the Treasury, but as you correctly predicted, I will tell you that is a matter for the Treasury. Our success in EVs is going to raise all sorts of policy questions, and I am absolutely sure that our Treasury colleagues are very tuned into it.

Q203 **James Heappey:** And your view is that consideration, for example, of a road pricing scheme where you pay per kilometre driven would not be DFT business; that would be something that HMT would devise and then leave it to you to enforce.

Andrew Jones: I should imagine that if that were a concept for the future, there would be implications in lots of different ways that would involve multiple Departments of Government. For example, the DFT through Highways England manages less than 3% of our network, so a lot of local highways authorities would have to be engaged in this process, and DCLG would therefore have to be involved in it. There is clearly a financial implication as the excellent product—an electric vehicle—is rolled out and people see more of them. That has implications that will need to be worked through, but we are not at that point yet.

Q204 **James Heappey:** But you agree that whatever replaces fuel duty would need to be a tax on consumption and that it would be wholly unfair to increase the tax on individual vehicles to seek to replace some of the lost fuel duty.

Andrew Jones: That, James, is way above my pay grade and in a different Department.



James Heappey: Maybe for today, but not tomorrow.

Andrew Jones: We already have a kind of road pricing system. We do not charge to go on to the roads; we charge the means to go on to the roads, and you pay more the more you go on them, because you pay more for fuel. I think that principle is entirely understood by the British public.

I come at this from the point of view that we need to maintain tax revenues to deliver quality public services, but I am also, as a Conservative, somebody who believes generally in lower taxation and fairer taxation. Those, I am sure, will be the principles.

James Heappey: We will come back to cross-departmental working later on, so I will move on to electrification of heat.

Chair: I think we covered that in your absence when you had to nip out to your DL Committee.

Q205 **James Heappey:** So straight on to energy systems? We're galloping onwards. The My Electric Avenue project found that local electricity networks in some areas will struggle to cope with the charging of electric cars. What work is DECC doing to help tackle this issue?

Lord Bourne: You are right: there are potentially grid implications somewhere down the line in relation to electrification of vehicles. I have indicated that work is happening within DECC through the innovation budget on looking at battery storage, for example. We have an innovation budget for this Parliament of £500 million. In fairness, roughly half of that is committed to nuclear innovation, but some of the £250 million that remains will be looking at battery storage projects. In the meantime, as Jerome indicated earlier, there are of course things that are acting to free up the grid, or release pressure on the grid: smart meters, demand side reduction, the presence of interconnectors and so on.

You are right to identify that as an issue that needs to be looked at, because we do not want to be faced with having to build many more power stations because of the peaks of demand. We seek to smooth demand through the measures I have indicated and smart grids, which will seek to transfer demand to times when there is not as much demand. That work is going on and will necessarily link up with the work that Andrew has set out that is happening in the Department for Transport.

Q206 **James Heappey:** On exactly that point, the DFT has some quite clear expectations in terms of how the charging network will increase over the next few years. Can you confirm that you have robust analysis that shows that the distribution networks are fully capable in all areas to meet the DFT's expectations for charging point installation?

Lord Bourne: That is obviously something that National Grid will be looking at, and we will be looking long term—as any Government will—at the implications of that, but it is not a sort of apocalyptic change from no demand to massive demand. We need to look at the evidence as to how



that demand is building up and how we are tackling it, but I come back to the point that it is not quite as simple as saying, "This is the position now." We do know that because of the measures we are taking on demand side reduction, for example through demand side reduction auctions, smart meters—we believe that those will reduce the demand on the grid, and the evidence is there—and the use of interconnectors, there is at the moment no possibility in the short term of this being a problem, but in the longer term it will be, hence looking at battery storage and so on. Innovation is an important part of getting the answer.

Q207 James Heappey: Is the delivery of that capacity, or flexibility, into the distribution network something that you believe the market will provide, or will it cost extra on bills, or will the Government need to fund it as an infrastructure investment?

Lord Bourne: As I say, we believe that it may be necessary, and indeed we are putting in seedcorn money to help with innovation to look at this. Work is obviously not happening in isolation in the UK. I have seen a lot of evidence of very advanced work looking at all of this, particularly in California, through Tesla and so on in the private sector. It is not as if we are insulated from developments elsewhere; we can look at what is happening elsewhere. I believe that there needs to be a little bit of help from the Government, but long term this is probably something that is going to be picked up by battery companies and so on.

Jerome Glass: It is important to know that the local operators are regulated assets—as opposed to overall national capacity, which is not regulated in that way—and as part of that, they are price controlled by Ofgem. What happens in the build-up to that price control is Ofgem talks to the Department and the Department for Transport about what we expect to happen on demand for electric vehicles. There are constant conversations with the distribution network operators through the Energy Networks Association. As the Minister said, this is incremental. It is happening fast, but it is something we are aware has been happening, so hopefully some of that infrastructure is being built in. We are prepared for that to arrive.

Over the long term, because the way that electric vehicles are used tends to be that in theory you park your car overnight and so on, electric heat, if it really takes off will pose a bigger capacity question than electric vehicles. Electric heat is inter-seasonal demand as opposed to inter-day demand, so it is a bit trickier to manage.

Q208 James Heappey: Can you give us a sense of how well advanced your plans are to meet that increase in demand? The reality is that unless we can create an energy system that is localised and dynamic enough to be able to cope with distributed generation and the clustered demands that might be required from EVs and from electrified heat, it will not work and the whole plan falls down. From all the meetings I have taken, I am not absolutely certain that the distribution networks are advancing at the pace needed to meet the expectation of that innovation.



HOUSE OF COMMONS

Lord Bourne: Perhaps I can add something here to reassure you on the close working that exists between the two Departments. We have five DECC officials who work within the Office for Low Emission Vehicles. It is not even joint working—they are very much dovetailed and the work is going on in a very smooth way. We are over this, and I do not think there is any question of that. We are keeping an eagle eye on this, and although it is fast moving, it is fair to say that developments elsewhere are helping. We are looking at what is happening elsewhere and we are building our own policy here through innovation to ensure that we are on top of this, but I do not think there is any doubt that we are answering the needs at the moment. We are probably far more advanced than any other European nation, without being complacent about it. I do not think we sing that loud enough.

Q209 **James Heapey:** And the NIC's "Smart power" report has been accepted in full by both Departments.

Lord Bourne: I am not sure it is a question of accepting it; I have certainly read it.

Jerome Glass: My understanding is that it was accepted in full.

Lord Bourne: It was certainly a significant contribution to the debate. Were we asked to accept it? If we were, we would have done.

Jerome Glass: My understanding is that we accepted it. Perhaps we can write to confirm whether we accepted it.

Lord Bourne: It was a good report.

Q210 **Chair:** Thank you. We would appreciate your written reply to that question. We are beginning to wrap things up and come to a conclusion, but there are a couple of final questions for you.

Clearly if we are going to deliver on the targets we have been discussing, there needs to be joined-up, co-ordinated governmental working. I just wondered how you work together beyond coming to appear together to speak to us today. What other formal processes do you have in place to ensure there is a co-ordinated approach between your Departments and more broadly across Government?

Andrew Jones: It is a proper cross-Government piece of work. We have an inter-ministerial group on clean growth that has subsets that have tackled air quality and carbon budgets—we met frequently in the run-up to setting carbon budget 5, which we discussed earlier. We have groups on how we can promote ULEVs in our country. The Chancellor of the Duchy of Lancaster chairs this IMG. The group has met frequently but it has usually focused on a particular issue, so the members change slightly as and when. It is DEFRA, DECC, DFT, DCLG, BIS and the Treasury, and the Cabinet Office chairs. There is proper cross-Government work, and I think it has been working very effectively.

Q211 **Chair:** You did not mention the Treasury in that—

Andrew Jones: I did.

Chair: Okay. We have heard concerns that the Treasury is a hindrance, rather than a help to some of the agenda we have been talking about today. Why do you think that may be a view that is held by a number of groups that have spoken to us?

Andrew Jones: Well, the Treasury have a difficult job because there are always plenty of ways to spend public money but not quite so many ways to raise it. If various Governments in the past had had the capacity to say no, we might not be facing the public finance questions that we face. The Treasury have to be sighted on this. I have not found them to be a blockage. I think they understand the issues very well and are questioning and probing in a constructive way. I view them as valued partners in this. I have not had any difficulty and would not view them as a blockage.

Lord Bourne: I think that is fair. I see them, at these meetings, as there to ensure that we achieve our ends as cost-effectively as we can. I think that is essentially their role and I have not felt that they have been a hindrance.

Andrew Jones: They just give quite good, robust questioning.

Q212 **Chair:** Clearly, because much of the budget in DECC is pre-committed as we know, when the spending review came through the discretionary budget in particular is now fairly minimal in DECC. That must surely have some impact upon what you are able to do to pump-prime and support the development of some of the policies that you have described today in this important area and in meeting the 2020 targets.

Lord Bourne: Coming back to Andrew's point, I am sure all spending Departments—certainly my own and my own position are no different—always wish we got more money because we could do many marvellous things with it. That said, we had a very good budget settlement in terms of the innovation budget and we had a decent budget settlement on RHI and so on. We understood the need for savings. Could we spend more money usefully? Yes of course we could, but I suppose it is again a question of where that money comes from. I understand why the Treasury have to be at these meetings and have to curb some of the enthusiasms that we have.

Andrew Jones: They have many demands on budgets extending beyond our two exciting Departments.

Q213 **Chair:** Indeed. One final question. We have conducted—unbeknownst to me actually—a Twitter poll over the last 24 hours on whether the UK will meet its 2020 targets. I am not sure what data there is on how many people voted, but 91% of voters in that Twitter poll said no. I would like to hear very briefly from the two Ministers here today. What can you say to improve confidence in renewables progress among those people and the many, fairly active followers that we have?

Lord Bourne: Personally, I am on Twitter and I know just how unscientific it is. I followed it during the referendum and know just how many of its



HOUSE OF COMMONS

predictions, based on those polls, did not happen. Look, we do have a job of—obviously we have challenges to meet and I am sure we are going to meet them, but that does not mean there is not work to be done that we are trying to get on with.

Andrew Jones: I'm a little cautious about polls generally, and online polls especially, partly because they are usually a self-selecting sample and do not represent a broader picture of the population. I think there is general public anticipation of more progress on renewables. People want us, as a Government, to be putting renewable energy and general concern about our environment at the top of the agenda. For me, that is entirely reasonable.

How do we communicate that we are making progress? Part of that has to be through actions, rather than words we say here. I think judgment will come when people see charge points, that their railway line is electrified, that their neighbours, and potentially themselves in the future, have taken the purchase of an electric vehicle, or that biofuel plants are developing different parts of the country. I think actions are required, and that is how we can communicate that progress is being made.

Chair: Thank you all. I thank both Ministers for their attendance and wish them well in the next 24 hours to 72 hours. I also thank the officials very much for joining us today, because I know you work very hard on what you do and I very much appreciated your help today.

As this is the last meeting of the Committee before the summer break, I wish everybody a good rest and also thank all the Committee team and the Clerks for their hard work during the parliamentary sitting.