

Written evidence submitted by E.ON (LRS0026)

About E.ON

E.ON's strategy in the UK is to lead the energy transition. We currently supply almost 20% of all homes and businesses in the UK and we offer our customers smart, sustainable and personalised solutions. Since June 2019, we have supplied all of our residential, and since early 2020 all of our SME customers, with electricity from 100% renewable sources, as standard.

We are at the heart of tackling the big issues the UK faces in meeting its ambitious Net Zero by 2050 target. Over the past decade E.ON have invested more than £2.5 billion into large scale, renewable energy projects throughout the country, and the UK is now well on its way to decarbonising the power sector, burning 50% less fossil fuels in 2020 than it did in 2010.

Our focus now is on helping homes and businesses in their transition to Net Zero. We have installed more than 1.3 million energy efficiency measures in over 460,000 homes across the UK since 2008, helping reduce both our customer's carbon emissions and bills. We are proud to offer households and businesses whole house/site solutions, from insulation to boilers, Building Energy Management Systems (BEMS) to LED lighting and the 2 million Smart Meters we've installed help maximise these benefits.

We believe that the UK's Net Zero ambition will only be met by maximising the role local authorities will play. As we emerge from the Coronavirus pandemic we will need to meet the challenges our economy faces head on, making sure that any recovery creates jobs, benefits our regions and is green.

Sustainable local economies

How could a green economic recovery stimulate local economies and embed upskilling at a regional level?

Key to any effective post COVID-19 stimulus strategy will be how quickly investment reaches the supply chain, how soon jobs start to be created and when the Government starts to see a return on its investment. We know that investment in established green technologies and mechanisms at the local level will see increased productivity, more jobs created and increased local spending.

Energy efficiency is a good example of infrastructure we know can deliver and whilst existing housing stock across the UK needs improving, there is a strong case for doing this via a regional approach. There is already an existing supply chain that works and has room to grow, the upgrades and installations themselves are known to us and quick to get off the ground and the bill savings from warmer homes means more money spent on local goods and services.

Research from the Energy Efficiency Infrastructure Group (EEIG) has shown what is needed in each region of the UK to make sure all homes meet EPC C by 2030 (figure 2, below). Investment in energy efficiency will drive local supply chains, creating demands for local workers to improve local housing stock. It will also provide opportunities for reskilling and upskilling workers as expanded on below.



Figure 2: Total investment (public and private) and annual full-time equivalent (FTE) jobs needed to improve all homes to EPC C by 2030²²

Targeted regional investment

How could 'shovel ready' growth projects in England drive local growth and jobs?

Shovel ready opportunities will play a vital role in driving local economic growth and jobs, however we must be certain that the opportunities which are being supported are indeed shovel ready. In the aftermath of Coronavirus, it will be integral that the infrastructure and technologies which are shown support are those which have an active supply chain, existing delivery mechanisms and which bring quick and real benefits to its recipients.

Investing in certain types of green infrastructure will bring substantial benefits. The UK Energy Research Council (UKERC) estimate that for every £1 invested by the Government in domestic energy efficiency, GDP could be increased by £3.20 and tax take by £1.27. Better insulated and performing homes also brings with it lower bills and thus more spending on local goods and services and EEIG data shows that a programme to renovate all homes to EPC C by 2030 would bring average

gross value added (GVA) to the UK economy of over £3.5 billion over the next 10 years. This can be broken down on a regional basis as shown below (table 2).

Table 2: gross value added of renovating all UK homes to EPC C by 2030, by region and devolved nation

Region	Average annual GVA		Present value of GVA to 2030 ⁵⁷	
East	£	330,000,000	£	2,700,000,000
East Midlands	£	260,000,000	£	2,200,000,000
London	£	420,000,000	£	3,500,000,000
North East	£	150,000,000	£	1,200,000,000
North West	£	410,000,000	£	3,400,000,000
South East	£	460,000,000	£	3,800,000,000
South West	£	310,000,000	£	2,600,000,000
West Midlands	£	330,000,000	£	2,700,000,000
Yorkshire and the Humber	£	320,000,000	£	2,700,000,000
Northern Ireland	£	70,000,000	£	600,000,000
Scotland	£	270,000,000	£	2,200,000,000
Wales	£	180,000,000	£	1,500,000,000
UK	£	3,510,000,000	£	29,100,000,000

Investing in green infrastructure will also embed jobs and skills in the areas that need them most. For example, the Committee on Climate Change (CCC) have said that to meet Net Zero we will need to install 19 million heat pumps in UK homes by 2050. That means 630,000 heat pumps every year, more than 1,500 per day, for the next 30 years. In this scenario, focused spending on heat pumps provides an opportunity for those who have lost their jobs to be retrained as heat pump engineers, as well as for those who are currently employed but wanting to upskill (for example the 120,000 gas engineers in the UK). Programmes and investment in our future workforce, for example the creation of more engineering levels 2-4 apprenticeships overseen by local educational facilities, will also drive future job growth in the different regions of the UK. Similar numbers will also be needed to install Electric Vehicle (EV) charging points, solar panels and battery storage units in homes and businesses throughout the UK if we are to meet Net Zero. The potential to level up our regions through green infrastructure investment is therefore considerable and should be backed by long term investment. This should be a cornerstone of the forthcoming Comprehensive Spending Review, ensuring that large scale delivery materialises throughout the rest of this Parliament.

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