

Written evidence submitted by Adam Smith International (ASI) (NPS0001)

## Evidence for the Energy National Policy Statements Inquiry

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Our evidence addresses three of the seven topics listed in the call for evidence<sup>4</sup>, namely:

- How effectively the revised NPS reflects Government's policy proposals in the Energy White Paper
- How effectively the revised NPS supports the Government's targets for net zero by 2050
- How effectively the revised NPS takes account of other aspects of the Government's plans for energy generation

We are, however, concerned as to whether these are the right questions. They assume that the Energy White Paper is the best description of the way forward and it is internally coherent and consistent. In our view, none of those aspects is correct. We therefore look briefly at the White Paper itself before responding to the three topics.

### The White Paper

The December 2020 White paper takes net zero carbon 2050 as given and minimising the cost to consumers as the primary target within that: "Our vision is of a system with consumers at its heart, able to make money or save on bills through using the new technologies net zero will require." (p.7) Introducing the paper in the Chamber, the then Secretary of State, Alok Sharma, took a different line: "Once again, a Conservative colleague talks about jobs, which is what the Energy White Paper and the 10-point plan are all about." No doubt the Treasury's rather reluctant approach to net zero carbon is minimising the cost to the Exchequer. Three inconsistent objectives.

The White Paper has no Executive Summary and brings together no conclusions. The introduction simply makes three vague assertions: "transforms energy, building a cleaner, greener future for our country, our people and our planet; supports a green recovery, growing our economy, thousands of green jobs and.... export opportunities; and creates a fair deal for consumers." (p.4) It makes various claims for the reduction in UK carbon emissions to date without mentioning that they are largely due to exporting carbon - emitting manufacturing. Most absurdly, Figure 1.4 suggests that the UK's total **energy** needs will decline to one third by 2050 – some 1750 Twh declining to 600 Twh. (p.9)

The modelling then indicates that overall demand for **electricity** could double by 2050 due to the electrification of transport and its increased use for heating. "As a result, electricity could provide more than half of final energy demand in 2050, up from 17 per cent in 2019." (p.41) The next paragraph after Figure 3.4 reads "This would require a four-fold increase in clean

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<sup>4</sup> <https://committees.parliament.uk/call-for-evidence/620/>

electricity generation with the decarbonisation of electricity increasingly underpinning the delivery of our net zero target.” Down, double, quadruple: we admit to being lost by this.

In presenting the White Paper to the House, Alok Sharma also said “We will also keep bills affordable by making the energy retail market truly competitive. This will include offering people a simple method of switching to a cheaper energy tariff and testing automatically switching consumers to fairer deals to tackle ‘loyalty penalties’”. As the Autumn 2021 gas price crisis has vividly demonstrated, switching to a lower price retailer likely means switching to one about to go out of business. Marginal savings are available but if the base wholesale costs go up, they go up for everyone. The total costs appear to be massive, perhaps £3trn. In short, Sharma’s claim is nonsense.

Given the switch of energy from other sources, mainly gas, oil, petrol and diesel, to electricity and assuming the UK intends to be self-sufficient, we estimate that electricity generation to need to increase by a large factor by 2050, a short time in a world where nuclear power needs 20 years to come on stream. to eight times its current level. The engineering consultants Atkins reckon that new capacity will need to be added to the grid over each of the next 30 years at a rate eight times faster than the last 30 years, including all the renewables.<sup>5</sup>

## How effectively the revised NPS reflects Government’s policy proposals in the Energy White Paper

These National Policy Statements (NPSs) do not include nuclear electricity generation which is the most important thing needed massively to increase if Carbon Zero is to be reached in 2050 or any other time. Renewables are important, and arguably on track, but the wind does not always blow nor sun shine. Apart from maintaining gas and biomass electricity generation, with their concomitant problems of CO2 disposal, nuclear is the only way to provide the “baseload” to cover low generation by renewables. Not only does nuclear receive inadequate attention in the White Paper, the 2011 NPS has not been updated at all: “A review of EN-6 has concluded that it will not be amended and therefore it is not part of this consultation. A new technology specific NPS for nuclear electricity generation deployable after 2025 is proposed and will be developed to reflect the changing policy and technology landscape for nuclear and support the transition to net zero.”<sup>6</sup>

The NPSs are supposed to authorise the infrastructure need to get the energy generated to its end users. As the White Paper is unclear what will be generated where, or how much, or who will use what, where, they are an exercise in futility.

There are important infrastructure issues on which government, especially the Planning Inspectorate, land owners and the general public could be assisted by greater clarity, for example, the minimisation of land use for networks, putting windfarms’ collection points (sub-stations) off-shore for joint use rather than having separate ones on-shore.

In general, these NPSs are characterised by the expression “motherhood and apple pie” rather than specificity or value to planners.

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<sup>5</sup> <https://www.snclavalin.com/~media/Files/S/SNC-Lavalin/download-centre/en/report/the-race-to-net-zero.pdf>

<sup>6</sup> <https://questions-statements.parliament.uk/written-statements/detail/2021-09-20/hcws295>

## **How effectively the revised NPS supports the Government's targets for net zero by 2050**

See above. That is not their role and they do not.

## **How effectively the revised NPS takes account of other aspects of the Government's plans for energy generation**

We are not sure of the extent to which NPSs should take care of these other aspects, pricing and new technologies for examples, because we understand them to be the authority for infrastructure approval, e.g. networks and sub-stations.

## **Conclusions**

These NPSs are undermined by attempting to build on a wholly inadequate White Paper. Primary attention needs to be given to nuclear and yet, perversely, that is the one major sector omitted entirely.

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