Response from Cornwall Council

Call for evidence on the role of gas in the electricity market

Date 15/6/2012, v1.0

Corporate response

Responses to questions in the Call for evidence

a) What are the main strengths and weaknesses of gas generation in helping deliver a secure, affordable route to decarbonisation through to 2020 and then by 2050?

Response: We are extremely concerned about the compatibility of the current proposals with the overwhelming need to decarbonise electricity supplies. We support the view put forward by the Committee on Climate Change (CCC) when they pointed out that *"the approach set out in the announcement… carries the risk that there will be too much gas-fired generation instead of low carbon investment."*

We also note that in 2008, the CCC recommended if we are going to hit the targets in the climate change act, the government needs to achieve a "*substantial decarbonisation of the power sector… by 2030*". However, the draft energy bill instead states on p.10 that *"power sector emissions need to be largely decarbonised by the 2030s"* which is not the same thing as 'by 2030' and is not a target.

b) What role can gas fired generation play in the future and what level of gas generation capacity is desirable?

Response: The simple answer is that we consider that early investment in renewable energy will stabilise and reduce energy costs over the longer term. Hence gas generation should be no more than the minimum needed to balance the mix of nuclear and a greatly increased supply of renewable energy.

c) What are the key factors driving the economics of investing in new gas-fired power generation and how are these factors likely to change?

Response: A key priority in the economics should be to steal the lead on other countries by developing renewable energy technologies than can be exported, and in the process, help the UK to regenerate former industrial manufacturing areas.

Another key priority should be to provide much needed jobs in rural areas associated with generating renewable energy needs, e.g. biomass, wind, photovoltaic panels, anaerobic digestion, etc.

These important opportunities will be missed if there is too much support for gas in electricity generation.

d) What barriers do investors face in building new gas generation plants in the UK? What are the key regulatory uncertainties that may prevent debt and equity investors making a final investment decision in gas generation and supply infrastructure?

Response:

e) Are there any other policy issues that need to be addressed beyond the Government's proposals for the capacity mechanism and the EPS?

Response: We are very concerned about the proposal that under the Emissions Performance Scheme (EPS), gas plants will be allowed to emit up to 450g/KWh up to 2045. Under such a proposal it is extremely difficult to see how the government can meet its medium and long term targets for CO2 reductions.

f) Given a continuing role for gas and the potential for increased volatility in gas demand, to what extent is gas supply and related infrastructure a barrier to investment in gas fired generation? What impact will unconventional gas have on the case for investing in gas generation and the supporting infrastructure?

Response:

REDACTED REDACTED REDACTED REDACTED
REDACTED REDACTED REDACTED REDACTED
REDACTED REDACTED REDACTED REDACTEDREDACTED REDACTED REDACTED
TR1 1EB
REDACTED REDACTED REDACTED REDACTED REDACTED

Are you responding as an individual or on behalf of an organisation?
Organisation
Organisation Name: Cornwall Council
Would you like this response to remain confidential? No