

**Press Release**

**06.08.09**

**REF WELCOMES SOBER ASSESSMENT OF UK ENERGY FUTURE**

The former Energy Minister, The Rt Hon Malcolm Wicks MP, yesterday published his report to the Prime Minister on UK energy security.

The study acknowledges that there are real concerns over energy security, and particularly with regard to gas dependency. The study makes certain concrete recommendations, principal amongst which are that:

1. Nuclear generation should account for 30 to 40% of UK electricity in the medium term.
2. State involvement may be necessary to construct gas storage, which is not economic for the private sector.
3. While renewables have something to offer towards energy security, increases over the current targets (15% of Final Energy Consumption by 2020) would not be feasible.

REF acknowledges that this is a prudent approach in its general outlines, and we note that it makes a welcome contrast to the excitable optimism of Ed Miliband's very recent Low Carbon Transition Plan and Renewable Energy Strategy.

However, REF believes that although Mr Wicks has made a real step in the right direction, he underestimates the severity of the difficulties facing the UK, and overestimates the significance of current measures to address the problem.

Most importantly, Mr Wicks mistakenly assumes that the government's Renewable Energy Strategy is both feasible, and will reduce dependency on gas. Sadly, the truth is that the EU Renewable Energy target is likely out of reach.

Most importantly, the renewables strategy will have the grave and unexpected consequence of deepening gas dependency in the critical area of electricity generation.

The target is likely to be infeasible because Govt. has underestimated the target magnitude, by mistakenly assuming that the UK will use less energy in 2020 than it does today, in spite of a growing population and a return to economic growth.

Secondly, the renewables policy as currently designed is an accidental gas policy for the following technical and economic reasons.

Very high levels of renewable electricity, predominantly wind, may supply 30 to 40% of megawatt hours, but they will supply scarcely any reliable capacity (mega watts). Thus the level of conventional power stations needed to meet peak loads, for example, a cold winter day at 5.30pm, will not be significantly reduced.

However, renewables will take market share from those generators, and as a consequence the economics of the conventional sector will be discouraged investment in capital intensive low carbon technologies such as nuclear, and coal with carbon capture.

Instead, investors will have no alternative other than to select gas generators.

For further details on this line of argument see REF's statement on the Renewable Energy Strategy: <http://www.ref.org.uk/PublicationDetails/54>

Dr John Constable, Director of Policy and Research for the Foundation said: "Mr Wicks deserves our gratitude for opening up a serious discussion of UK energy security, and implicitly calling into question much of the emphasis of current policy under Ed Miliband. In the national interest, Parliament as a whole needs to focus on this topic, and we look to the Conservatives to demonstrate that they too understand these issues."

End

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Notes for Editors

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