

Director: Rob Norreys, Director of Policy, Strategy and Communications
Author: Jacqui Warren



Report to: Green Economy Panel

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Subject: A Northern Energy Strategy

1 Purpose

- 1.1 To outline the recently published Northern Energy Strategy and explore possible opportunities for the Panel.

2 Information

- 2.1 A Northern Energy Taskforce was established in 2016 to oversee and develop an energy strategy for the Northern Powerhouse.
- 2.2 The full Northern Energy Strategy is available from the IPPR's website¹.
- 2.3 The Northern Energy Strategy aims to put the North as the leading low-carbon energy region in the UK. It aims to create a northern energy economy. To achieve this the Taskforce recommend:
- A new Northern Energy Accelerator to identify, co-ordinate and drive northern energy opportunities from early-stage innovation to commercial and social success;
 - Making the north of England the testbed for the smart grid transition and the roll out of new Distribution System Operators (DSOs);
 - Collaboration to support more flexible and permissive approaches to energy pricing and supply to support and transform the North's energy intensive industries.
- 2.4 The Strategy aims to create a local energy revolution, whereby households and businesses will be the driving force in creating a more efficient and intelligent energy system. To achieve this the Taskforce recommend:
- Local energy devolution deals where government devolves the following:
 - the receipts from the Carbon Floor Price (CFP) and Emissions Trading Scheme (ETS) to combined authorities in return for specific commitments to stimulate more decentralised approaches to energy generation and efficiency;
 - a Northern low carbon Homes Commitment for all new build properties;
 - a Northern city – region should work with Ofgem to pilot the UK's first municipally-owned energy services company (MO-ESCo);

¹ <https://www.ippr.org/research/publications/northern-energy-strategy>

- The responsibility and funding for the introduction of energy efficiency measures (ECO) should be switched from energy supply companies to energy distributors (DNOs) as part of the switch to a smarter grid;
- Local energy strategies in every area including a portfolio of investable energy projects to drive the local energy economy and clear guidelines for the integration of planning, transport, air quality, energy supply and demand and smart grid development.

2.5 The Strategy also aims to expand low carbon generation in the following key areas:

- Carbon capture, storage and utilisation
- Hydrogen
- A range of renewable technologies i.e. solar, wind, storage, biofuels
- Export Northern expertise to exploit the burgeoning European market for nuclear decommissioning; and
- Developing a northern energy skills programme

2.6 To deliver the Strategy, the Taskforce recommend that the best way to achieve this is for Northern leaders to work with central government, Ofgem and the Committee on Climate Change to negotiate a long-term Northern Energy Compact. The Compact would have 2 key components:

1. A Northern Carbon Budget binding the region to reducing carbon emissions; and
2. Negotiated freedoms and flexibilities within the national regulatory and policy framework to maximise opportunities in the energy economy

2.7 Ed Cox, Director of IPPR North, will be at the meeting to give a presentation and highlight immediate opportunities and next steps for the Panel to consider.

3 Recommendations

3.1 That the work be noted and feedback given by the Panel.

3.2 The Panel to agree areas of opportunity to pursue at future GEP meetings and through the development of the Leeds City Region Energy Strategy and Delivery Plan.