



# Supercharging economic growth through decarbonisation

## Priorities for the incoming Government

The next UK Government will need to prioritise kickstarting and sustaining economic growth. The Green Transition offers the ideal opportunity to drive growth, boost energy security, deliver decarbonisation, and reduce household bills. However, increased politicisation can distract from the significant progress that has already been made, and the challenges yet to be overcome. This review of existing and promised energy policy, from manufacturers' trade association BEAMA, highlights what a new Government should introduce, continue or reform.



Policy	Current status	Recommendation for a Labour Government
Grid investment	<ul style="list-style-type: none"> <li>- A larger electricity grid is required to connect all of the renewable generation, heat pumps, EV charge points, and other low carbon technologies needed to reach Net Zero.</li> <li>- Building a larger grid requires the UK to secure additional supply chain capacity to deliver all of the necessary equipment including cabling and transformers</li> <li>- The current DESNZ Networks Delivery Forum, supported by BEAMA's Supply Chain Council, has made significant progress bringing together policymakers, networks and manufacturer representatives.</li> </ul>	<ul style="list-style-type: none"> <li>- Labour's GB Energy proposal could help promote more strategic and sustained investment in the UK energy infrastructure.</li> <li>- The scope of the Networks Delivery Forum should be expanded to cover all electrical transmission and distribution infrastructure.</li> <li>- Ofgem should be instructed to release additional network funding within the current RIIO-ED2 price control, and prepare for greater investment within RIIO-ED3 to deliver a more resilient, low carbon and affordable energy system while supporting economic investment.</li> </ul>
Securing our energy market	<ul style="list-style-type: none"> <li>- Currently UK electricity customers subsidise the cost of gas, whilst also paying additional levies.</li> <li>- UK electricity costs are far higher than many of our European neighbours, disincentivising households and businesses from making the switch to lower carbon and efficient electric.</li> <li>- The current Government promised a review of the UK energy market, breaking the connection between the cost paid for electricity and volatile international gas markets. This review has not been delivered.</li> </ul>	<ul style="list-style-type: none"> <li>- In its first Budget, a Labour Government could remove decarbonisation levies from electricity bills, encouraging consumers to accelerate decarbonisation.</li> <li>- The Energy Market Review should prioritise facilitating the connection of increased volumes renewable generation, and ensure market pricing structures allow consumers to benefit from the lower cost of renewable electricity by decoupling from volatile gas prices.</li> </ul>
Levelling the heating technology playing field	<ul style="list-style-type: none"> <li>- The latest low carbon and efficient heating technologies, like heat batteries and modern electric storage heaters, pay more VAT than traditional gas boilers.</li> <li>- By artificially subsidising older, less efficient heating technologies, the UK is discouraging households from making the switch to lower carbon electric.</li> </ul>	<ul style="list-style-type: none"> <li>- The next Government should remove the extra VAT paid by households installing low carbon heating technologies to make Net Zero the most affordable choice.</li> <li>- The Boiler Upgrade grant scheme should be simplified in process but expanded in scope to incentivise households to choose from the full range electric, low carbon heating choices.</li> </ul>
Getting smart metering right	<ul style="list-style-type: none"> <li>- After more than a decade, the UK's smart meter rollout has stalled, with only 65% of homes with a smart electricity meter installed, and 11.7 million meters installed that are not smart or not operating in smart mode.</li> <li>- The Government's approach to smart meter designs aimed at thoroughness but had the unintended consequence of limiting functionality, hindering innovation and increasing costs.</li> </ul>	<ul style="list-style-type: none"> <li>- For a smart low-carbon electricity system, consumers must have access to real-time energy use data. To do this the next Government must ensure the smart meter rollout is completed to benefit consumers and keep up with international neighbours.</li> <li>- Smart meter specifications should be revised to encourage more innovation by focusing on outcomes over prescriptive details. Rollout contracts are up for renewal, which is an opportunity to devise a more flexible and cost-effective approach.</li> </ul>



We have made representations to Shadow Ministers and would be delighted to discuss further details with the Labour policy teams.

## About BEAMA

BEAMA is the UK manufacturing trade association for the electrotechnical sector. Our activities span a broad spectrum of technology groups, from energy networks through to electrical infrastructure and service technologies in the built environment. BEAMA represents a sector currently worth £14 billion, employing 90,000, with exports worth £5 billion. BEAMA exists to support its members in ensuring that the UK has a strong electrotechnical industry which is recognised as an essential part of modern society and brings invaluable economic, social and environmental benefits. It represents directly some 200 companies in the UK electrotechnical and allied manufacturing industries advising its members on relevant technology and market developments, and providing leadership, expertise and independent influence in the areas of product safety, performance, energy efficiency, digital and sustainability.