Energy Self Sufficiency?

Today I publish four answers I have received to energy questions. They reveal a slow and painful transition to a more realistic stance on UK energy capacity and needs. On the positive side the government is now recognising the need to replace the current nuclear capacity it is closing. It had already committed to the expensive Hinkley C which should come on stream this decade and will offset part of the loss of capacity from nuclear plant closures. It now wants to put in Sizewell C which is also likely to be very expensive and is unlikely before sometime in the next decade. It is also working up plans with Rolls Royce on small modular nuclear reactors. These could be in series production in the next decade and could make a useful contribution to capacity. They are currently thought to be considerably cheaper than large nuclear. That still has to be grounded by establishing a scalable prototype.

The government's estimate of how much electricity we will need this decade reveals relatively slow rates of growth after 2025 and practically no growth for the first half of the decade. This may be realistic, but it implies the government does not expect many additions to the electric vehicle fleet or to electric home heating before 2025 and a slow rate of climb thereafter. I would have thought they would want to have more capacity available in advance of the breakthrough in the electrical revolution they urge, to reassure potential users that there will be sufficient power for the explosion in demand they want to engineer.

Their approach on gas has shifted a bit, with more recognition of the importance of gas to our current energy needs, and recognition of it as a transition fuel. I believe Ministers also now see the need to produce more domestic gas instead of burning imported gas. However, this answer still leaves open the probability that the Regulators will weight the need to run down gas more highly than the obvious need at the moment to produce more of it at home. They clearly still want to end the three coal power stations that have kept the lights on at times of little wind this winter, which is worrying. Officials seem wedded to energy insecurity as a policy allied to maximising imports. Ministers need to press harder.

I will continue to press the issues of our vulnerability, both because we rely too much on imports and because their forecasts of growth in demand are so small. We need more domestic capacity.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of trends in electricity demand in the UK up to 2030. (105322)

Tabled on: 17 January 2022

Answer:
Greg Hands:

The table below shows the Department's latest published projections of total electricity supplied by UK generators from the year 2021 up to 2030, net of storage and imports. Supply is modelled to meet projected demand and takes account of demand trends.

Year	Total electricity supplied (net of storage & imports), TWh (terawatt-hours)
2021	313
2022	313
2023	312
2024	313
2025	315
2026	319
2027	323
2028	328
2029	334
2030	340

These figures are based on central estimates of economic growth, fossil fuel prices and contains all agreed policies where decisions on policy design were sufficiently advanced to allow robust estimates of impact as of August 2019. Further details can be found at https://www.gov.uk/government/collections/energy-and-emissions-projections. Figures provided are extracted from *BEIS Energy and Emissions Projections: Net Zero Strategy baseline (partial interim update December 2021) Annex J, Total electricity generation by source.*

The answer was submitted on 25 Jan 2022 at 17:16.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what plans he has to grant permits to allow companies to develop new gas and oil fields that have investment plans and proven reserves; and what the timetable is for the granting of those permits. (105318)

Tabled on: 17 January 2022

Answer:
Greg Hands:

The UK offshore oil and gas sector is important; it continues to heat homes, fuel cars and underpin security of supply while the Government grows its renewables sector and develops its low carbon infrastructure. As the Government moves to a low carbon future, the sector needs a managed transition, to avoid losing the employment and expertise which will help us achieve the energy transition.

Before proceeding to consent, proposals for field development are subject to extensive scrutiny by regulators: the Oil and Gas Authority and the Offshore Petroleum Regulator for Environment and Decommissioning. The Government does not comment on individual projects undergoing the regulatory process. Any decisions made by these regulators are published in due course.

The answer was submitted on 25 Jan 2022 at 17:09.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will ensure that the coal power stations currently used when there is little wind will be kept available until the UK has more reliable domestic generating capacity to cover a shortage of wind energy. (105320)

Tabled on: 17 January 2022

Answer:
Greg Hands:

The Government is committed to phasing out unabated coal generation by October 2024. The Government is confident that the Capacity Market will ensure there is sufficient capacity to offset the retirement of the remaining coal plants. The most recent Capacity Market auctions have already secured the majority of Great Britain’s capacity needs out to 2024/25.

National Grid Electricity System Operator has the ability to manage electricity supply and demand, including at times of low wind generation. It can call on a wide range of technology types to do this, including gas, batteries, interconnectors and demand-side response.

The answer was submitted on 25 Jan 2022 at 17:06.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what plans he has to make up for the reduction in energy derived from nuclear power in this decade as the current fleet of nuclear stations close. (105321)

Tabled on: 17 January 2022

Answer:
Greg Hands:

This Government is committed to nuclear power in our future diverse energy mix:

- Hinkley Point C will supply 3.2GW of secure, low carbon electricity for around 60 years, meeting around 7% of GB’s current electricity requirements. Hinkley has roughly the equivalent output to three of its predecessors.
- The Government are progressing negotiations over Sizewell C in Suffolk.
- Our £385m Advanced Nuclear Fund, the Government have awarded £210m to Rolls-Royce SMR to develop their SMR design and are supporting AMR development.
- The Government also announced a new £120m Nuclear Enabling Fund to provide targeted support to address barriers to entry for future nuclear,

- Later this year the Government will publish a nuclear roadmap setting out the government's strategy in more detail.
- The Nuclear Energy (Finance) Bill will reduce the obstacles to financing new nuclear projects.

The answer was submitted on 25 Jan 2022 at 17:05.

The Northern Ireland Protocol

Background

The Northern Ireland protocol was a difficult part of the Withdrawal Agreement which looked forward to the future relationship in ways the EU otherwise said were not allowed. The UK signed it, promising to improve it and tackle outstanding problems in the final Agreement on future trading. That Agreement did not in the end change some important contradictions and ambiguities of the original Protocol.

The EU has decided to assert authority and to implement with excessive detail and complexity the bits of the Protocol it likes. This has violated the parts of the Protocol the UK inserted to protect itself. The UK government agrees the EU has now broken the Agreement, and is arguing for revision . This was provided for by Article 13.8 which foresees the need for substantial change in the arrangements.

Urgent political need

The majority community in NI feels badly let down by the Protocol and resents the way the EU is taking over their part of the UK , diverting trade from NI/GB and requiring strict observance of a widening range of EU laws which they cannot influence. Sinn Fein is currently in the lead in opinion polls for the May Assembly elections. The Unionist parties are desperate for support and action from the UK government that would seek to rebuild the UK internal market in NI and reassert UK sovereignty and democracy as the form of government. The Unionists think the Protocol has upset the political balance and has undermined their Union with GB.They have now taken action to rectify some of the faults of the Protocol.

The UK case under the protocol

There are good parts to the Protocol which the UK wants enforced.

“The Good Friday Agreement….should be protected in all its parts” Instead the EU has lost the consent of the majority community by alienating NI from the UK

“determined that the application of the Protocol should impact as little as possible on the everyday life of communities in both Ireland and NI” Instead it has gravely damaged GB/NI trade and the legitimacy of NI government

“NI is part of the customs territory of the UK and will benefit from participation in the UK’s independent trade policy” This is impeded by EU rules and controls

“the importance of maintaining the integral place of NI in the UK’s internal market” The position has been badly affected by gross restrictions on GB/NI trade

“shall use best endeavours to facilitate the trade between NI and other parts of the UK” They have done the opposite

This is why the UK government thinks they can exercise rights under Article 16 to redress the damage being done by the current lop sided interpretation and enforcement

How to proceed

Make one last attempt to persuade the EU to adopt mutual enforcement. The UK will control the GB/NI trade, whilst legislating to ensure no GB to NI goods can find their way into the EU if they are not compliant with all EU requirements. The EU/Republic will be responsible for all trade flowing into the Republic and will undertake not to send goods to NI that do not comply with UK rules.

If they do not agree, the UK will go ahead and impose this system. The UK will legislate in Parliament with a money Bill to create a UK based system of regulating and taxing GB/NI trade. The legislation will instruct our courts and Customs and Excise service to obey our rules and controls on this trade, and to make it a criminal offence to send the goods onto the Republic.

It is wrong that a UK supermarket cannot send a container of varied food products to Belfast with the minimum of fuss as it can to Birmingham. Trusted traders should have no more paperwork for NI than for England or Scotland.

My intervention during the Product Security and Telecommunications Infrastructure Bill

Rt Hon Sir John Redwood (Wokingham) (Con) – I strongly welcome massive private-led investment in proper broadband, which is what we all need. Could the Secretary of State give guidance to the companies doing it that it is not helpful if they bury cables under main roads, requiring the roads to be dug up again every time they want to improve or mend a cable? Could we not do better, either in ducts or by the side of the road?

Nadine Dorries, Secretary of State for Digital, Culture, Media and Sport – An interesting point. I will certainly take that back to BDUK, Openreach and others. We need to ensure that the legal framework underpinning our digital infrastructure encourages and enables the deployment of the latest networks. In 2017, we made changes to that legal framework. Implementing reforms to the electronic communications code—this goes to the point made by Ben Lake—requires installation agreements between landowners and telecom operators. The aim was to make it easier for digital networks to be installed, maintained and upgraded, and now we will go even further. The Bill will update the electronic communications code to deliver on the Government's ambitions for digital connectivity and levelling up. Specifically, it will do three things: make the most of existing infrastructure; encourage stronger and more collaborative relationships between telecom operators and site providers; and build on previous measures to tackle the issue of non-responsive landowners.

£50 Million Funding Announcement for Dentistry

I have received the below letter from Maria Caulfield, Parliamentary Under Secretary of State for Primary Care and Patient Safety at the Department of Health and Social Care:

Dear Colleague,

£50M Funding Announcement for Dentistry

Today, we are announcing that we will be investing an additional £50 million to urgently give more people access to high quality dental care.

Throughout the pandemic dentists have rightly prioritised the safety of their patients and staff, including by introducing infection control measures to reduce the risk of infection from aerosols commonly generated by dental procedures. Although necessary, these measures restricted the number of dentistry appointments that the NHS has been able to offer.

Thanks to the hard work of our dedicated NHS dental teams, the levels of urgent treatment recovered to pre-pandemic levels by December 2020. However, we know some individuals still require urgent access, which is why the NHS will shortly announce that an extra £50 million is being made available to dental practices. The funding will secure up to 350,000 additional dental appointments for those suffering from oral pain, disease and infections to help them get the care they need.

This funding will be targeted at those most in need of urgent dental treatment. Children will be prioritised, as will people with learning disabilities, autism, or severe mental health problems. We aim to spend this additional funding before the end of this financial year with the funding planned to be spent before the end of the financial year.

This government remains committed to recovering and reforming NHS dentistry. We are working with the dental sector to do just this in the short term, as indicated by this injection of funding this financial year, as well as in the longer term. This includes working with partners, including the British Dental Association, to look at alternative ways of commissioning and to improve dental education and training.

NHS regions will commission additional services from contractors that have proven ability and capacity to deliver extra activity. Regional budgets are confirmed in the table below:

Region	**Budget £000**
East of England	5,731
London	7,809
Midlands	8,904
North East and Yorkshire	8,633
North West	7,310
South East	6,887
South West	4,726
Total	**50,000**

This £50 million will help with the recovery from the pandemic impact, starting us on the road to stabilising NHS dental services and giving us a firm foundation for our next steps.

MARIA CAULFIELD MP
PARLIAMENTARY UNDER SECRETARY OF STATE FOR PRIMARY CARE AND PATIENT SAFETY

The Treasury has found lots more tax revenue so it need not raise taxes

This is a copy of my article in the House Magazine.

The Treasury employs plenty of intelligent people, but their collective views and decisions are often wrong. None more so than the idea that the UK economy needs a further tax on jobs just as it is recovering from the pandemic collapse. It will make work less worthwhile and damage businesses struggling to rebuild their cashflows. Leisure, hospitality and travel will be the sectors hit worst by the squeeze on take home pay, the very sectors the health measures hit hardest.

The Treasury says they need to impose a tax rise because they need an extra £12bn. They have no idea how much extra revenue they might need, as they have no idea how much revenue the current wide range of relatively high taxes is going to collect. They had to admit their absurdly pessimistic forecast for the budget deficit this year was £50bn overstated by the half year point, mainly because they had grossly underestimated the revenue. In the latest figures they have found another £12.9bn, exactly the sum they said they would need from the tax raise!

In my speech on the last Budget I drew attention to some of the errors of the 20-21 forecast and predicted that this year "the deficit will fall very rapidly" as it has. In Finance Bill Committee I stressed how wrong past forecasts had been and how wrong this year's estimate was likely to be.

The Treasury and their Office of Budget responsibility helpers got their budget deficit forecast wrong by £91 bn last year. I can forgive them some of that, as the pandemic year was extraordinary. The policies followed meant a collapse in revenues and a surge in one off spending that was bound to create a big hole in the accounts. Even so I did warn last year that the forecasts were continuing a long tradition of undue pessimism. This year by general agreement was going to be a year of recovery. History tells us our tax revenues are very sensitive to rates of change in growth. Very strong growth such as we experienced was bound to lead to a surge in revenues. Why couldn't the Treasury see that? Why did they do their best to sandbag recovery by threatening a whole range of tax rises for next year to dampen confidence and put businesses and companies off spending?

The Treasury double up their gloom with their way of presenting the costs of the debt. They want people be terrified of the rising costs of meeting the debt burden. The large increase in debt interest costs they have put in the accounts confuse actual interest payments to bond or debt holders, and the extra cost of eventual capital repayment on the index linked bonds they have issued. Tucked away in the technical explanation they do confess that the state does not have to find the cash to service the index linking in the way it has to find the money to pay interest on conventional bonds. What will happen with the indexed debt is when it comes due for repayment it will effectively be rolled over, the government reborrowing the enhanced value . This is of course only the same debt in real terms as the initial bond issue amount. There is no need to panic about debt interest the government does not have to pay.

The government also fails to account sensibly for all the debt the Bank of England owns. They want to alarm us about the interest that the Treasury has to pay on that debt. This is a needless worry as the Treasury pays the interest to the Bank which it owns, so the interest is still to its credit and can be paid back as a dividend to the Treasury.

There is no case for a National Insurance hike. People need to keep more of their pay to meet their bills, especially given the tripartisan policy of more import dependence in energy to expose us to ever dearer and scarcer energy from the continent. The Treasury has found far more money down the sofa than they think the NI raise would yield.