

Freedom brings opportunity

The civil service seems ever keen to implement every last rule and regulation from the EU before we leave properly at the end of the year. For many years now there has been a large official legislative programme routed from Brussels by eager officials. Some of it may even have been encouraged by UK officials with doubtless some Ministerial sign off. Some officials realised a long time ago they could legislate through Brussels without any effective UK Parliamentary scrutiny, or without objections from any major political party or from most of the media. There was a conspiracy of silence about most wide ranging EU legislation, with successive oppositions unwilling to oppose it.

For officials it was a much more comfortable way of legislating. Some Ministers went along with or welcomed it. Any critical Ministers of either the process or of particular bits of legislation were usually told they had to accept as the UK was unable to stop it.

Some of the lengths they have gone to are absurd. The EU cumbersome data laws were incorporated into UK law by the general legislation continuing all such laws as good UK laws once we left. Nonetheless officials were so keen to keep exactly the same bureaucracy they got Ministers to legislate directly into UK law as well. As someone who values data privacy and sensible controls over data, it seems odd that this particular version should be so revered, with an obvious effort to try to prevent us seeking something better .

This government was elected to get Brexit done. It was returned with a large Parliamentary majority to take back control of our laws, our borders and our money. Ministers now need to get the civil service working on how we, the UK voters and MPs, wish to use the new freedoms we will gain on 1 January 2021. We have wasted 5 years putting off enjoying the benefits thanks to undemocratic political forces.

We need to revise our tax policy to get rid of some of the VAT and other EU impositions we do not agree with. We need a new fishing policy that is kinder to both our fish and our fishermen and women. We want a new energy policy that ensures national resilience and lower prices. We want proper control of our borders, so we decide who to welcome here, and how to keep ourselves safe. We want our own trade policy, with lower and fewer tariffs on trade with the rest of the world than the EU makes us impose. We want more local and home grown and reared food, with fewer food miles. We want to cut the huge import bill from the rest of the EU, restoring some of the market share in our own market that we lost under EU rules and tariffs.

Leaving the EU is full of opportunity. It is vital the government gives no more ground. The French and others are threatening us with tariffs and the EU Commission is telling us we will suffer if we leave without a deal. It shows how worried they are that we will do better once we have our freedom back. With the huge surplus on trade they enjoy, they would be unwise to impose tariffs on us as it could jump start more domestic production in the affected areas if they do. We could impose tariffs on them, and cut tariffs for the rest of the world through a series of trade deals , offering better

terms to those many countries who want to improve their trade with us and who do not threaten us.

Letter to the Business Secretary

UK energy policy has always had three aims. There is the need to ensure sufficient capacity to keep the lights on at all times. There is the need to keep prices down so energy is affordable for families and competitive for businesses. There are the environmental objectives.

Successive UK governments have achieved a lot in shifting to low or no carbon forms of generating electricity. Success in decarbonising must now shift to the parts of the world where there are still large increases underway in coal, oil and gas extraction and use. China is currently planning an additional 250 GW of coal based electricity capacity, more than 6 times the UK's total electricity output from all sources. India is planning a substantial expansion of her coal industry, and China aims to add another 900m tonnes of annual output, compared to our total use of some 10 million tonnes a year.

Policy has not been so successful in ensuring future self sufficiency in energy. Current plans assume a growing dependence on imported power from the continent, which makes no sense. The continent runs a lot of coal still in its mix, is very dependent on Russian gas, and may not have cheap power available when we need extra supplies. The policy is literally playing Russian roulette with our energy supply.

In order to balance a system which now contains a lot of interruptible renewables the government needs to create conditions for more pump storage flexibility, and for more combined cycle gas stations to provide base load when the wind is not blowing or the sun is not shining. It is an urgent requirement to examine the resilience of our system, to reduce its import dependence, and to ensure sufficient growth of power provision to take account of possible growing demand from transport and home heating.

There is also the question of cost. Some of the marginal power introduced into the system is expensive and requires substantial subsidies to maintain it. The system needs revision to bring down excessive subsidy costs, and to send the right financial incentives to those who can produce more power at low cost on any normal cost attribution and pricing system.

I would be happy to go into more detail of how the UK could rebuild self sufficiency, and offer more cheap power to consumers and businesses. The government has rightly said it wishes to encourage more industry in the UK, so it needs to ensure a plentiful reliable supply of competitively priced power to business. It does not currently do that, encouraging industry to locate in places like China where they keep power costs down by burning

plenty of coal. This makes no sense for the environment or for our economy.

A new approach to overseas aid

Now the government has decided to unite our foreign policy with our overseas aid policy, there is a great opportunity to rethink what we do and what it achieves.

41% of our aid is currently routed through multinational bodies where we have little control over how well it is spent or who receives it. The Department has worked closely with the EU all the time we were a member, allowing them to spend some of our money as well. Surely now we need to unite our efforts behind policies that work and give to countries where we wish to help.

Given the big pressures on public spending brought on by the CV 19 crisis, the government should announce the new budget figure for spending this year, as 0.7% of GDP will now be a lower figure than the Treasury thought a few months ago. We should begin winding down our indirect commitments of aid, and work up a great UK programme which achieves more.

The UK has done some good work on clean water, on medical services and economic development. It should concentrate its efforts in areas where we have special expertise, whilst always being ready to be generous with disaster relief. We have the ships and manpower to make an important contribution when disaster strikes a country.

We know that many countries on our aid list have been poor for any decades, and know that past aid programmes have not succeeded in breaking the evil spell of poverty. We also know that trade is more powerful than aid at raising living standards, and know it is better to teach a person to fish than to send them fish when we remember to.

Over the days ahead I am going to sketch out some ideas on how we can achieve more for countries crying out for help with development with new approaches to the support and the investments we make. I invite your comments as I do this work. One of the ways forward could be to help finance economic development projects and business development that generates sustainable jobs whilst providing returns for investors.

We need more energy

Several informed people contacted me following my speech on importing

electricity in the Commons on Monday.

One wrote:

"I listened to your speech yesterday in the House and I completely agree with point that you made regarding the inter connectors.

I have worked in the industry for 35 years

The inter connectors serve a purpose to balance the European system but each country has its own energy policy and agenda. The U.K. is a dumping ground for other countries for their excess generation.....

I fear that the Interconnectors will used and abused post Brexit negotiations and that the British public will suffer.

The point is that we can manage without the interconnectors if we focus on U.K. home generated power

Furthermore, why we are paying entities to stop importing power and wind farms to curtail their output is beyond comprehension." (I have removed references to his detailed involvement as he wished to remain anonymous).

I also was reminded of work done by the Centre for Policy Studies revealing the dangerous gap opening up in the amount of domestic power available, and the way that was going to be filled by imports. According to CPS research in 2012 the Coalition government estimated imports of 6 terawatt hours of power by 2030. The plan was to build 26GW of new gas plant to replace retiring coal and act as back up for intermittent renewables like wind. Instead we will build under half that. By 2016 the forecast was to import 77 terawatt hours of electricity by 2025, almost one fifth of our needs.

There are many drawbacks to importing so much. I think we need our own resilience with our own supplies that we control for strategic reasons. We also need to watch out for price rises as and when the continent gets round to ending all its coal power and retires much of its nuclear. They could end up short of electricity. In the meantime the Greens should be campaigning against this interconnector power, as it may well be coming from coal or gas generators. It is all very well the UK claiming it is having coal free days, but it may well be importing coal generated power from the continent for days it thinks are coal free.

The interconnector power is given all sorts of advantages, including no carbon floor tax or transmission charges which the UK competitors face.

It is high time we had a new energy policy suitable for us. It should end our dependence on continental imports, especially given continental growing dependence on Russian gas. That is neither green nor wise, leaving us open to threats of disruption to supply.

My contribution to the debate on the draft Electricity Capacity (Amendment etc.) (Coronavirus) Regulations, 15 June 2020 (edited)

I am very concerned about the regulation, its provenance and whether it will limit our freedom of manoeuvre in ways we do not wish from the beginning of next year. I hope we will be redesigning an energy policy that is fit for purpose to meet our three main priorities.

The Government have been very clear on their environmental priorities. They are not the subject of our debate today and I have no wish to go into them. The Government have always said that they have two other crucial priorities that matter a great deal as well.

One is to have good value power—power that people can afford in their homes and which can make us more competitive in industry and commerce—where I think we have room for improvement.

We also wish to pursue a policy of independence, so that we have resilience and reliability in our system. I therefore find it extremely worrying that we have responded to a state aid challenge upon us in the dying days of our membership of the single market, or its rules, when we are no longer a member of the European Union which sponsors it.

We are setting forward a trajectory that says we will increase our imported power from 4% to 9%, mainly from the continent of Europe—from the EU—as part of our defence against historic allegations concerning state aid. These claims would presumably go away from 1 January once we have left the European Union completely and once we legislate to make our own position clear.

Today's regulation is not well described in the explanatory note. If one reads the 80-page European Commission decision document, one can see exactly how thorough their investigation has been since 2014 of our capacity market, how detailed their intervention in it has been. The Government's response went to great lengths to try to conform to the EU's wish to redesign our capacity market in a way that they find acceptable. Their way is clearly designed to promote a much wider European integrated energy market.

Now, that may well make sense for neighbouring states close to each other on the continent—between Belgium, France and Germany. That is their choice and I have no problem with that. But as we are an island nation which used to be able to generate all its own power. I have some difficulties with EU control of that.

We have many great advantages to generate wind power, wave power, solar power, hydro power and other renewable power, as well as prodigious reserves

of other types of energy where the Government wish to gradually reduce or clean their use. There may well be clean ways of burning some of that carbon, with carbon sinks and so forth, which they will need and want to use.

It seems that the proposal today is from another age when we were gradually being linked into a continental system, which, incidentally, is a lot dirtier than our own system and has been really struggling to reduce its dependence on coal. It is also in a very weak strategic position of chronic dependence on Russian gas. The last thing we want to do as a country is connect ourselves to an ever bigger possible dependence on Russian gas via power generated on the continent when we have a wish to do our own thing.

It is a pity that the explanatory note does not mention the phrase "state aid" or explain up front that the regulations arise because of a state aid case. It refers to "Commission Decision SA.35980". Those who follow these things know that "SA" stands for "state aid", but it is not as clear and transparent as it might be.

The average Member of this House probably does not follow those matters in that much detail and is not aware that we are being asked today to pass legislation because of a state aid infringement that goes all the way back in allegation to 2014. We ran that market relatively successfully from 2014 to 2018, it was suspended from 2018 until the end of last year, and now there has obviously been some sort of deal to get it up and running again.

The explanatory note states:

"Part 1 amends the description of a DSR CMU to clarify that a DSR CMU cannot provide capacity primarily by using a storage facility which reduces its import of electricity".

Is not that interesting? First, we have to translate it. "DSR CMU" is the process that the shadow Minister was telling us about. One of the responses to a capacity market auction is to bid in an offer to buy less power than otherwise would have been bought as another way of contributing to the stability and resilience of the system rather than offering to provide more power for those who want to buy it.

It is curious that the proposal is linked to any proposal that might reduce the import of electricity in the way that it does. That adds to my worries about the nature of this EU policy and intervention against the broader background of the EU's trying to create a comprehensive European energy market with us fully linked into it.

The shadow Minister said that perhaps we were found to have acted illegally. The Commission is clear that that was the case for the period 2014 to 2018. It states that in its view the UK unlawfully implemented the capacity market in breach of article 108.3 of the treaty provisions on state aid. It has now come up with a form of words at the end of its decision that says that if we do those sort of things, it will see its way to believing that we are now compliant.

I do not suppose that the House has the appetite for a serious debate about any of that today and I understand that we are considering a statutory instrument, not our wider energy policy, but we should not let this go without some things being said.

First, the regulations are the direct result of the most enormous intervention and intrusion into British energy policy and I hope that from 1 January next year, we will proudly set out our own energy policy and not need that sort of intervention. Secondly, the thrust of the policy was to make us more dependent on a European energy provision system that is neither secure nor particularly green. I strongly repeat that dragging us into more reliance on Russian gas is the last thing we want.

Craig Mackinlay (South Thanet) (Con): My right hon. Friend made a point about EU energy not being particularly green. Does he share my concern that we pat ourselves on the back and say we have burnt no coal or had no electricity derived from coal over 30 or 60 days, yet much interconnector electricity has been manufactured by those dirty forms of energy that we are trying to get out of our market in the UK?

Sir John Redwood: That is exactly right. People like to claim that we are importing nuclear energy from France, for example, but we are importing European energy in a pretty unified system, which has surplus capacity because it has not only French nuclear but an awful lot of dirty coal, Russian gas and so forth, which should cause us concern.

Thirdly, can we in future have an honest and clear explanation so that more Members of Parliament might understand what is going on and think it is a matter of some concern? I do not think that most of our colleagues realise that we are talking about resilience—our ability to keep the lights on in difficult conditions that might arise in future.

We are talking about the pricing of electricity and these very big strategic issues. And finally, we are talking about whether this country is now going to have its own energy policy, or whether we are hastily legislating so that we can, for the foreseeable future, still be effectively under EU state aid rules, edging ever closer to integration with EU energy policy.