

CLAUSE 4 – THE RETURN



In these days of strange associations what is the connection between Brendan Barber, General Secretary of the TUC, pop star Lily Allen and Bianca Jagger? The answer is that all three have written to Labour MPs urging them to back my amendment to the current Energy Bill. They aren't alone. They join a remarkable cross-section of groups that run from engineers and housebuilders to farmers, the RSPB, country landowners and the Co-Op.

In essence, New Clause 4 would require the Government to come up with schemes that pay people directly for generating green energy. The technical way of doing this is called 'feed-in tariffs' (FITs). Such schemes have now been introduced in almost 50 countries around the world. All of the international scientific assessments that have been made conclude that these are the most effective and dynamic ways of

delivering a shift into renewables, massive carbon savings, huge boosts to employment and a real shift in each countries' ability to deliver energy security to their own citizens.

In the UK, the New Clause amendment is being supported not only by the renewable energy sector, but by great swathes of the scientific community, virtually all environmental organisations and by a complete cross-section of the political parties in the House of Commons. Oh...there is one exception. The Government are opposing the change.

Deep within the bowels of the Department for Business, Enterprise and Regulatory Reform, civil servants who remain wedded to the energy economics of the last century, cannot bring themselves to engage with the challenges of the current one. They are convinced that feed-in tariff schemes would undermine all of their current approaches. There would be some merit in this argument if the current policy framework hadn't left Britain at the bottom of the European 'renewables' league.

At the moment, the UK gets around 2% of its energy from renewable sources. The Government's best projections for 2020 are that existing measures could increase this to 5%. Unfortunately, the binding obligation that Britain has to the EU is to deliver at least 15% of our energy from renewable by this date. Nothing within the existing framework is going to take us remotely close to that figure.

There is a sadness to the ministerial arguments used to paint a dynamic face on Britain's record. Much of this relies on a cumbersome mechanism called the Renewables Obligation (RO). Almost everyone has dismissed this as an extremely expensive way of delivering very little. It has, however, given large subsidies to energy companies in exchange for very modest outcomes. Since its implementation six years ago, the RO has been responsible for delivering 2 gigawatts of new renewable energy. Much of this has been in relation to onshore wind power. It is the same amount of new energy that Germany has been installing every year during this six year period.

I'm sometimes embarrassed about continuing to make the comparisons between Britain and Germany.

It's just that they have been making real changes while Britain has just been pretending. A collection of NGOs recently illustrated the chasm that divides us in a brilliant newspaper advert. It made the contrast in a more traditional context of Anglo-German rivalry. It was a football image, in a mythical competition described as the solar shoot-out. Behind a goal full of footballs, the scoreboard read 'Germany 200 - England 1'. This is the ratio of solar energy being generated in Germany as opposed to the UK.

They could have taken other measures. By 2007, the UK had approximately 80,000 solar thermal installations. Germany had over a million similar systems. There are just over a thousand heat pump installations in Britain whereas in Germany 44,000 were sold in 2006 alone. The UK has around 2,500 solar PV systems while Germany has over 300,000 solar roofs. The UK has approximately 150 wood pellet boilers whilst Germany has over 30,000. Perhaps most significantly, Germany now has some 3,800 biogas plants whilst the UK has 17.

I want to focus on this issue of biogas because it illustrates how Britain must dig itself out of the hole we find ourselves in. I went to Munich to look at how some of these plants work. In principle it is just a process that takes decayable waste, puts it into a big fermentation tank, captures the methane gas that comes from the waste and uses it to provide heat and power from the communities that the waste came from. We can also do this using farm waste, animal waste and sewage. It takes the problem of waste disposal and turns it into an energy solution.

Half of the food we produce in Britain gets thrown away as waste. After 2010 there will be huge penalties for the landfill disposal of waste. It therefore makes economic as well as environmental sense to use waste for energy purposes and to harness and use methane emissions rather than inflict further damage on the O-Zone layer. Technically, we can do this in the UK but we have given ourselves a practical obstacle that the Germans have very neatly bypassed.

Biogas plants in the UK can only get financial help or credits if the gas is converted to energy onsite. You are then less with a sizeable problem of getting this heat to households and businesses that might want to use it. To do so involves the construction of a hugely expensive system for ducting heat back into the towns or cities that could use it. The cost makes it an economic non-starter.

What the Germans have done is apply a blindingly obvious piece of commonsense. Why not just clean up the biomethane so it is compatible with the gas network and put it back in as gas. Then you can take it out again at community-based Combined Heat and Power (CHP) plants or hydrogen fuel cells. The transmission costs are negligible. The energy losses are non-existent. And communities can even be partners in the energy generated from their own waste.

There are two by-products from this process. One is a solid waste of farm grade fertiliser. The Germans simply use this as a supply for their own farm. With fertiliser costs having doubled in the UK last year, it would make sense for us to do so too. The second by-product is a liquid waste that is a biofuel. The Germans are using this to power the vehicles that collect the waste from the estates in the first place. In a period of renewed fuel protests about escalating oil costs you have to be daft to ignore the potential that this offers.

Today's oil prices will double or even treble once it becomes clear that the world has already passed the point of peak production. Global gas markets will follow the same rising curve of global oil prices. One

lifeline may well be found in this scope for domestic biogas production from waste. A recent study in Germany suggested that if we took this seriously, the EU could be entirely non-dependent on Russian gas by 2020.

What makes the difference between the 3800 biogas plants in Germany and the 17 in the UK is the ability to get access to feed-in (or preferential) tariffs at the point of which they take gas back from the system rather than the point of which the gas is produced. This essentially is what my New Clause amendment required the Government to do.

There is an irony that will not be lost on political activists in the UK. My amendment just happened to emerge as Clause 4 to the Energy Bill. Some will remember that Labour's original Clause 4 was long seen as a totemic commitment to common ownership. In its own way my Clause would move in a similar direction.

The recent dynamism to be found in Germany, and every other country that has introduced feed-in tariffs, is that they transfer power from energy companies to citizens. People who know that their energy company has to pay them four times the market price for 'clean' energy that they generate (for a guaranteed period of 20 years) soon become the drivers of the renewable energy agenda. You move from corporate power to citizen power. This is what the energy companies are so hostile to.

In the debate that took place in the House of Commons, the Government were able to defeat the Clause because enough loyalist MPs were willing to walk through the division lobbies in support of an absurd and indefensible position that the Government has got itself into. They were allowed to do so because the Tories would not put a three line whip on their own Members to attend. The Labour 'rebels' yet again found themselves with not enough troops to secure a victory. This, however, is not the end of the matter.

The matter now moves to the House of Lords where it is quite clear that they will put a similar clause back into the Bill and force the Government to address it again when the Bill comes back. Actually the Lords hold a whip hand on this because the Government may find that lots of existing Bills will fall because they run out of time in this parliamentary session. If the Lords choose to play silly buggers, they could scupper a large part of this session's legislation. To demand an acceptance of the feed-in tariff amendment could easily leave the Government with little choice to do other than comply. The tragedy is simply that, yet again, we have a Labour Government that has to be dragged kicking and screaming into the present, let alone the future.