

UK Renewable Energy Policy Since Privatisation

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This paper reviews the progress with increasing renewable energy supply in the UK since 1990 with a particular focus on recent developments. The UK is regarded as a country where the considerable potential for renewable energy, relative to other major European countries, has failed to be realised. It is also frequently suggested that the UK needs to change its policies to renewables to look more like that in Germany or Spain.

The aim of this paper is to look at the UK's renewable energy policy in the context of its overall decarbonisation and energy policies. This will allow us to explore the precise nature of the 'failure' of UK renewables policy and to suggest policy changes which might be appropriate in light of the UK's institutional and resource endowments. Our focus will be on the electricity sector both in terms of renewable generation and to a lesser extent the facilitating role of electricity distribution and transmission networks. However we will highlight the interactions between the electricity, heat and transport sectors in the UK within the overall decarbonisation policy context.

We will suggest that the precise nature of the failure of UK policy is rather more to do with societal preferences and the available mechanisms for encouraging social acceptability than it is to do with financial support mechanisms. Radical changes to current policy are required, but they must be careful to be institutionally appropriate to the UK. Calls to 'just do it' with respect to delivery of larger quantities of renewables are economically irresponsible and highly likely to backfire in terms of achievement of ultimate policy goals such as decarbonisation and energy security. What we suggest is that current policies exhibit an unnecessarily low benefit to cost ratio, and that new policies for renewable deployment must pay close attention to cost effectiveness.

