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UK will fail to compete with EU & USA in global energy to secure green future if EGL is implemented warns wind firm

UNITED KINGDOM , February 9, 2023 /EINPresswire.com/ -- A number of renewable industry bodies wrote to the Chancellor on 2nd February warning him that green growth is at risk. As one of Britain's largest independent green energy generators, Community Windpower fully support this view and agree that the UK will lose out in the clean energy race and that Jeremy Hunt's new vision to make the UK the next Silicon Valley won't leave the starting block.

There is a global race in the US and Europe to deliver Net Zero. We have recently seen enormous moves by the US investing $369bn (£300bn) in clean energy projects through the Inflation Reduction Act and the EU Green Deal Industrial Plan investing €250bn to scale up of the EU's manufacturing capacity for the net-zero technologies and products required to meet Europe's climate targets.

UK policy is pulling in entirely the opposite direction. It offers no incentives to invest in the renewable sector, provides zero investment allowances for clean energy and introduces a long term 45% Super Tax under the EGL.

It is estimated that the global market opportunity for UK green industries could be worth more than £1 trillion between now and 2030. This will not materialise if the Government does not change its approach and match competing nations in the global race for green capital.

Clean electricity is the foundation of all clean tech and green industries. The Government's approach to renewable electricity providers is putting 100,000s of green jobs and billions of pounds of investment at risk.

The Government urgently need to reassess their entire approach to the green energy sector. In order to compete with the US and EU regimes we must:

1. Introduce a comparable new funding package for low carbon energy investments in the UK;
2. Remove the EGL from Clean Energy projects including solar and onshore wind; and
3. Introduce an 80% Investment Allowance to encourage global capital to invest in the UK.

Rod Wood, Managing Director, Community Windpower commented:

“Make no mistake, we are in the midst of a renewable energy ‘arms race’. The US and EU are doing all they can to attract investment in renewables, yet the UK appears to be doing all it can to deter it.

“Current proposals risk mothballing a series of multi-billion pound infrastructure projects, including our own. Green investment, and thousands of linked high-quality jobs, will simply be diverted to the US or Europe where investors are being welcomed with open arms. We are calling for the Government to exclude new clean energy projects to be excluded from the EGL and an Investment Allowance of 80% in line with oil and gas to be introduced.

“While we fully support the CBI’s call to introduce an investment allowance under the EGL, this in itself is not enough for the UK’s renewable energy sector to survive.

“Put simply, the UK’s renewable energy sector hangs in the balance if the Government doesn’t listen to industry and adjust the EGL. Our alternative proposals, submitted to government, offer a way to ensure revenues are raised whilst protecting our low carbon energy sector. Our approach is backed by everyone, from the Industry Trade Bodies to the Confederation of British Industry.”

Notes to editors

About Community Windpower:

Community Windpower is one of Britain’s leading renewables businesses. It has been operating since 2001 to develop renewable energy sources to help combat the threat of climate change, and to date it has invested over £500 million, with plans to increase this to £2 billion by 2025. Community Windpower has initiated and invested £1m in a new Energy Fund to provide financial assistance to families and residents, particularly those with health issues, hardship and in need, in East Lothian over this winter. The £1 million fund has been solely funded by Community Windpower and the Government should be encouraging all energy generators to directly support consumers most in need. More information can be found at Communityadvice.

About the Electricity Generator Levy:

The levy is a 45% charge on exceptional receipts generated from the production of wholesale electricity. Exceptional receipts are defined as wholesale electricity sold at an average price in excess of £75 per MWh over an accounting period, and the levy is limited to generators whose in-scope generation output of electricity exceeds 50GWh across a period of a year. The levy will apply to exceptional receipts exceeding £10 million in an accounting period.
In addition, coal, oil and gas electricity generators are out of the levy’s scope, despite earning supernormal profits – another sign that the Government is incentivising fossil fuel generators whilst penalising and restricting investment and economic growth within the vital renewable

sector. Those businesses' operating models also run counter to the UK's net zero ambitions. If the Government seriously wants to raise revenue to help pay for household and business support, it would capture everyone operating in the market fairly. The same is true for the unexplained decision to only hit the larger generators, while allowing smaller ones to avoid the scope of the levy.

Legal submissions by Community Windpower call the levy "unfairly disproportionate, discriminatory and adverse to the Government's Net Zero Strategy", citing conflicts with a wide range of existing obligations on Ministers, including laws requiring the Government to cut carbon emissions and to promote alternative energy sources.

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