



Rt. Hon. Edward Davey MP
Secretary of State for Energy and Climate Change
Department of Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

2 November 2012

Re: Power sector decarbonisation

Dear Secretary of State,

As trade associations representing the three key low carbon energy technologies we very much support the Government's objectives for reforming the electricity market. If we are to meet the UK's energy security and climate change targets it is vital that the momentum is maintained in building new low carbon generation. We believe the proposed reforms should help raise the necessary investment. Like Government, we believe that a diverse energy mix is likely to be the most cost-effective pathway to largely decarbonising the power sector, which means investment in nuclear, renewables, and fossil fuels with carbon capture and storage.

We also support the recommendation by the Committee on Climate Change that the power sector will need to be largely decarbonised by 2030 if the UK is to meet its long term emissions targets. If a reference were included in the Energy Bill to this objective, this would not only reassure potential investors by lowering the perceived political risks, but could also reduce the cost of capital for decarbonising the power sector. We therefore believe that this could be very important for investment going forward.

Alongside this, it is important that the Government's reforms are implemented as quickly as possible if companies are to plan their investments efficiently in these vital low-carbon energy projects. It is therefore essential that the Energy Bill should proceed without delay, with Royal Assent as early as possible in 2013. Any significant slippage could result in investment being

postponed, with major implications for associated new industrial development and jobs in a high-tech, high growth sector.

Yours sincerely,

Maria McCaffery
Chief Executive
RenewableUK

Jeff Chapman
Chief Executive
Carbon Capture and Storage Association

Keith Parker
Chief Executive
Nuclear Industry Association

Copied to:

Prime Minister, The Rt Hon David Cameron
Deputy Prime Minister, The Rt Hon Nick Clegg
Chancellor of the Exchequer, The Rt Hon George Osborne
Secretary of State for Business, Innovation and Skills, The Rt Hon Dr Vincent
Cable MP
Minister of State at the Cabinet Office, The Rt Hon Oliver Letwin