Bryt Energy

INSIGHT

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BrytEnergy

SUMMARY

INVESTING FOR NET ZERO IS CENTRAL TO RECOVERY

RENEWABLES ARE RESILIENT TO THE GLOBAL PANDEMIC

FLEXIBILITY AND STORAGE FEATURE IN GLOBAL RECOVERY PROPOSALS

WHY EUROPE'S GREEN DEAL IS IMPORTANT TO UK BUSINESSES

IMPACT OF UK CARBON POLICY RESTRICTED BY IMPORTS

GOVERNMENT CONSULTS ON CLIMATE CHANGE AGREEMENTS

CHANGES AHEAD FOR LOW CARBON HEAT SCHEMES

NO SHORTAGE OF POWER EXPECTED THIS SUMMER

MAY IN SHORT

Welcome back to May's edition of Bryt Insight, where we've summarised the top energy and sustainability stories of the month and what they mean for your business.

Entering into the second phase of the UK's lockdown, the challenges posed by Covid-19 are still very present. We're continuing to take active steps to support our customers through this difficult time and have recently published advice on how businesses can optimise their electricity usage and avoid unnecessary costs as we all continue to adapt our usual routines. You can learn more on our Knowledge Hub, **here**.

As another month comes to a close, we're proud to still be able to support businesses on their sustainability journeys. This would not have been possible without our customers, partners and staff, whose unfaltering support allows us to continue to work as normal. As a result, in total last month we helped British businesses save over 23,000,000 kg of carbon, which is the equivalent of filling up Wembley Stadium with CO2 three times!

If there are any topics you'd like covered in future issues, just let us know by getting in touch at **insight@brytenergy.co.uk**.

Ian Brothwell, Managing Director at Bryt Energy

WHO ARE BRYT ENERGY?

Bryt Energy, part of the **Statkraft Group**, is a passionate, future-focused energy company, on a mission to take their community on a carbon-reducing journey. Bryt Energy's power is **zero carbon and 100% renewable**, using only **Wind, Hydro and Solar** energy sources to power British businesses.

Whether it be on-site generation, battery storage or optimisation controls, Bryt Energy are at the forefront of the **clean energy technology revolution** with solutions that maximise value from customer electricity supply contracts.

PURE POWER

LET US KNOW

Send your thoughts on topics you would like covered in future issues or any other suggestions to **insight@brytenergy.co.uk**.

INVESTING FOR NET ZERO IS CENTRAL TO RECOVERY

Politicians and industrialists across Europe have been quick to restate their continuing commitment to reaching net zero emissions by 2050. They say the drive must remain central to the recovery programmes from the pandemic, which are now taking shape. Britain and Europe are firmly signed up to the Paris Agreement and pressure is now building to ensure investments are directed towards achieving a greener, cleaner future on both sides of the channel.

Commitments to net zero

Speaking in a key climate event, EU President Ursula Von der Leyden described the recently agreed European Green Deal as "our motor for the recovery." A sentiment echoed by Chancellor Angela Merkel in her address, when she confirmed Germany's commitment to raising the EU's emissions reduction target for 2030 from 40% to 50-55%[1].

Similarly, Alok Sharma, BEIS Secretary of State and President Designate for the COP26 UN Climate Summit, said that the energy transition and moving to zero emission transport are two of the key campaigns that the UK is focusing on in the lead up to COP26. Speaking at the Petersberg Energy Dialogue event, he said "to meet the goals of the Paris Agreement, we need to decarbonise the global economy about 3-5 times faster over the next decade than we did over the last two decades[2]."

Other internationally important voices in support include French President Emmanuel Macron, who is calling for an EU-wide carbon price floor and carbon border tariff for countries not signing up to the Paris Agreement[3].

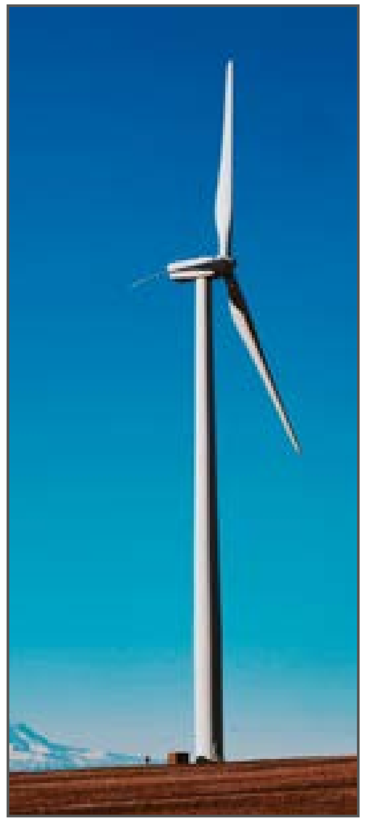
Business Leaders Confirm Support

Representatives from industry, commerce and finance used the timing of the Petersberg Dialogue to reaffirm their commitment to a cleaner future. A combined approach from 68 German companies called for ambitious climate targets to be adopted in line with the Paris Accord and for the implementation of the EU Green Deal[4].

A separate report from the European Corporate Leaders Group also calls on EU leaders to put decarbonisation and green jobs at the core of their coronavirus recovery strategy, whilst fully committing to the European Green Deal[5]. The Group says the EU Green Deal will have additional benefits to meeting the key environmental objectives, including increasing employment and building a strong recovery to guard against future shocks to the economy.

Support has also come in an open letter signed by thirty plus European trade associations[6]. They call on the EU Commission to: fully integrate the proposed economic stimulus packages with the Green Deal, bring forward the necessary investments for rapid recovery and ensure the on-going supply of clean energy and investments in the energy transition can continue during the current pandemic.

Britain Set to Follow?



The government's Political Declaration to the Brexit agreement confirms both the UK's and the EU's commitments to international agreements to tackle climate change[7]. There are references also to non-discriminatory access to networks, a framework for technical cooperation, and consideration given to linking emission trading systems.

Meanwhile the Climate Change Committee (CCC) has made clear its views, stating in an open letter that "reducing greenhouse gas emissions and adapting to climate change is integral to the UK's recovery"[8]. The CCC puts forward six principles:

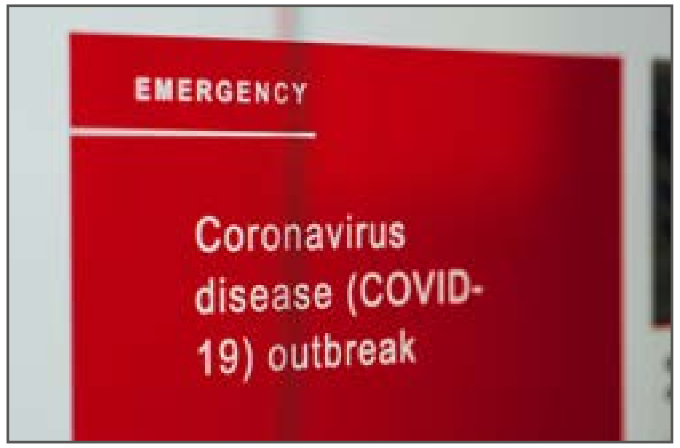
- Use climate investment to support jobs and the economy
- Lead a shift towards positive long-term behaviours
- Tackle the wider resilience deficit on climate change to avoid a disorderly transition to net zero emissions
- Embed fairness as a core principle to avoid costs burdening those least able to pay
- Ensure the recovery does not embed greenhouse gas emissions or increase risk, by offering support to carbon intensive industries without them giving real commitment to tackling climate change
- Strengthen incentives to reduce emissions when considering tax changes

The CCC reminds the government that it will be hosting COP26 next year, the most important climate summit since the Paris Agreement. "The risks we face as a globalised society are now in sharp focus. UK leaders must act decisively on a climate resilient recovery."

Across Britain and the EU, it's clear both politicians and businesses are firmly committed to achieving net zero emissions by 2050 at the latest. There's a consensus that this target must be central to the recovery from Covid-19, to ensure a cleaner and more sustainable future on the other side. The Energy White Paper, due this spring, should provide more detail on just how we are going to get there.

1. **Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany**
2. **HM Government Petersberg**
3. **Euractiv**
4. **Stiftung 2**
5. **Corporate Leaders Group**
6. **European Trade Associations Open Letter**
7. **HM Government Political Declaration**
8. **Committee on Climate Change**

RENEWABLES ARE RESILIENT TO THE GLOBAL PANDEMIC



Renewable generation will have been the only energy source to grow globally this year, as the pandemic triggers reduced demand on a scale not seen since WW2. According to a major new study, world energy demand is expected to fall by 6%, with major reductions for oil, coal and natural gas. Gas consumption is expected to be 5% lower this year, which will bring an end to a decade of uninterrupted global growth.

These predictions feature in this year's Energy Review from the International Energy Agency (IEA), the international body drawn from the advanced economies[1]. The figures have been calculated on real data for the first one hundred days of 2020 and assume that the lockdowns will be progressively eased over the months ahead, bringing gradual economic recovery.

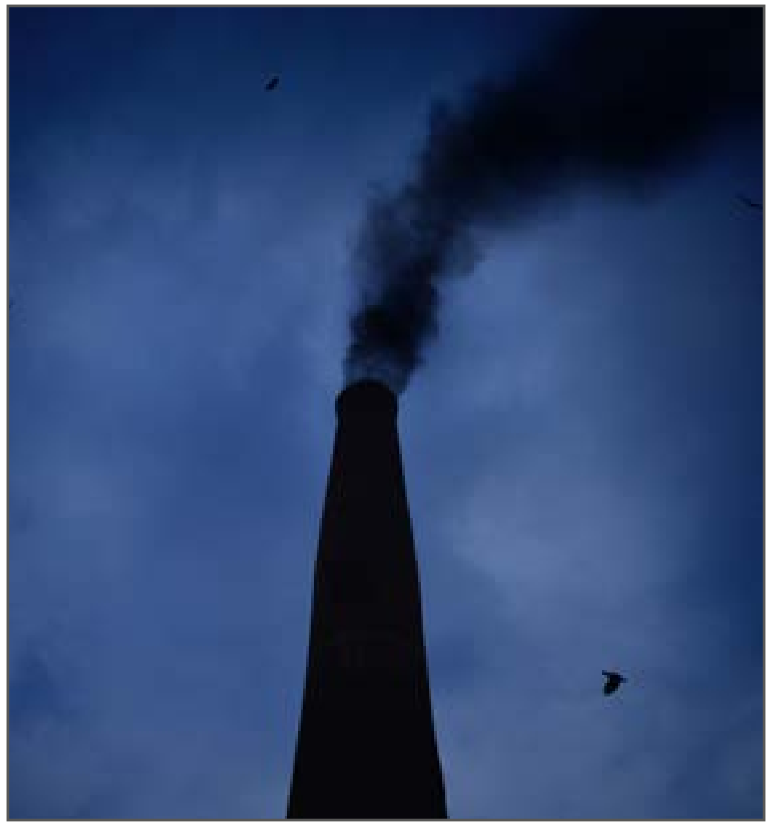
Fossil Fuel Industries May Never Be the Same Again

Global electricity consumption is expected to fall by 5% in 2020, although the impact on demand will be heavily dependent on the duration and severity of the lockdown measures taken in each country. The continued growth seen in renewable generation during this period is set to have long term influence over our energy future, the IEA believes. The report notes "Solar PV and Wind are on track to help lift renewable electricity generation by 5% in 2020, aided by higher output from hydropower." Proving their resilience, low carbon fuels are expected to deliver 40% of global generation for the first time this year!

Major Impact on Global Emissions

In contrast, the collapse in fossil fuel demand is predicted to lead to a reduction of 3 billion tonnes in carbon emissions, equivalent to 8% of the global total. This is six times the size of the previous record, which followed the financial crisis in 2009. It is also broadly in line with the reduction required every year if the net zero emissions target is to be achieved by 2050[1].

But the IEA also cautions that the funds for economic recovery should be linked with the Paris Agreement if a resurgence in emissions is to be avoided, similar to those which followed the Credit Crunch.



Coal's Decline Continues

Further evidence of coal's decline as a fuel in Europe is highlighted in the 2019 Report from Ember Climate[2]. Generation from coal fell by a massive 24% last year and now contributes less than half of what it did in 2007. With help from carbon pricing and national coal phase-out policies, wind and solar now generate more electricity - an important milestone as we work towards a low carbon future.

Coal's decline has had a dramatic impact on pollution. EU power sector emissions have fallen by nearly 30% in the last six years. Last year they fell by 12%, the largest single year reduction since 1990! A trend which is set to continue as seven more European countries, including Britain, are committed to ending coal generation by 2025. They will join Belgium, Austria and Sweden, who have already achieved coal-free electricity industries[3].

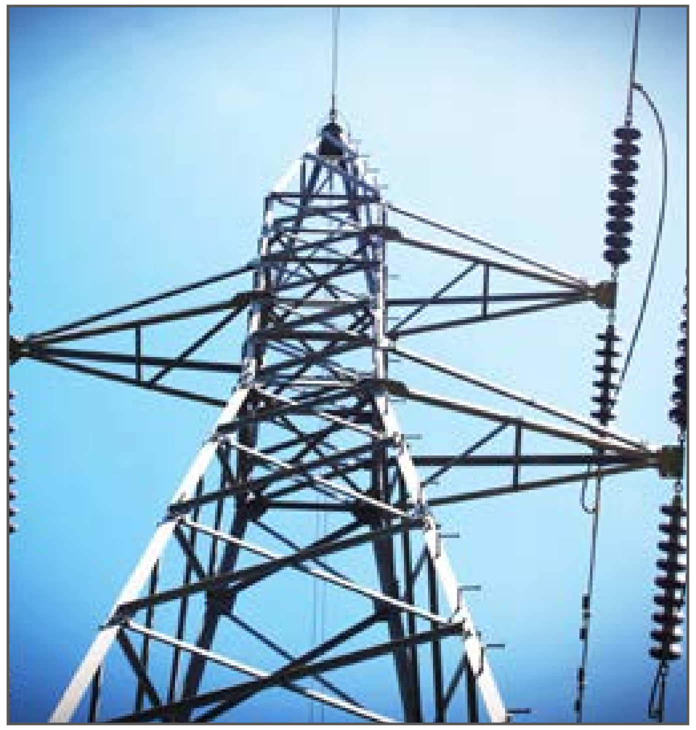
BEIS figures show that over 50% of our electricity generation in 2019 came from non-fossil fuel sources for the third year in a row, reaching a record of 54%, with renewables providing 37%[4]. Plus, with demand much reduced by the pandemic, we have now gone more than thirty days without coal generation. Only time will tell whether the UK has finally joined Europe's coal-free group. One thing's for certain – the growth of low carbon, renewable electricity generation highlights its resilience, even during a pandemic.

1. **International Energy Agency**
2. **Ember-Climate**
3. **Euractiv**
4. **HM Government**

WHY EUROPE'S GREEN DEAL IS IMPORTANT TO UK BUSINESSES

Before the virus struck, the EU Commission was reportedly seeking €1 trillion to cover the European Green Deal's first ten years. Half was assigned from the EU budget, a further €100 billion from member governments and the rest coming from private investments. The figures may be even larger now as Europe prepares to rebuild.

Expenditure on this scale has clear implications for businesses across Europe. It also raises challenges for the UK government on how closely Britain should align itself to the Green Deal, given our equal commitment to reaching net zero emissions by 2050.



European Businesses Will Be Fully Involved

'The European Green deal means every EU law and regulation will be reviewed to bring them into line with the goal of net zero emissions, and no business or industry will be untouched' says a new report from Reuters. Each business will need to assess its risks within a strategy for achieving net zero, both for its own operations and for its supply chains.

Amongst the areas likely to feature in the Green Deal's early years is the transport industry, where the Commission is targeting a 90% cut in emissions and is setting up a Clean Hydrogen Alliance. With energy production and use still accounting for 75% of emissions, decarbonising the energy industry will also be a priority. More renewable energy on the grid is planned and measures to improve flexibility, including a greater use of batteries, is expected.

Promoting the Circular Economy is also a key part of the Green Deal, designed to cut out unnecessary waste, reduce resource depletion and encourage reliance on internal EU sources. Businesses will be encouraged to embrace sustainability in their practices based on the four R's - reduce, re-use, recycle and recover.

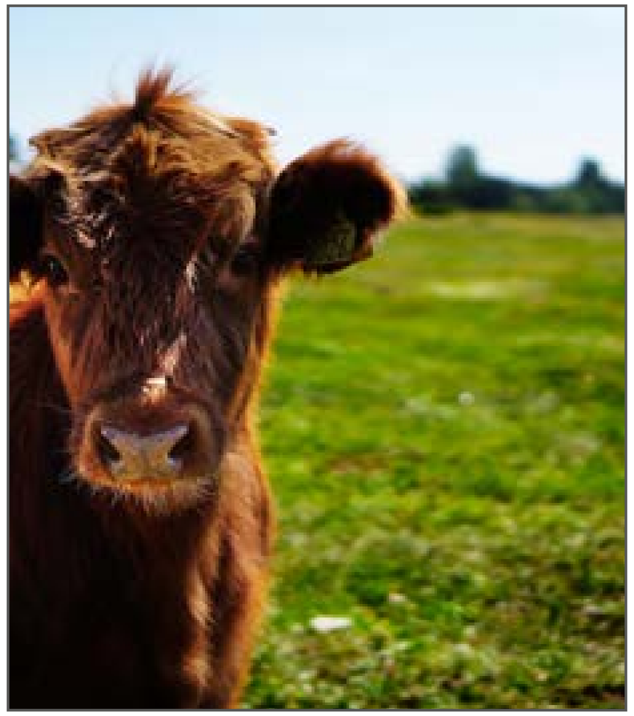
Implications for British Businesses

Companies selling into Europe will be particularly interested in following the European Green Deal, particularly its supply chain requirements. Likewise, the many subsidiaries of European organisations operating in the UK will most likely need to follow changes being brought about at the corporate level.

Whilst the UK is to develop its own climate strategy, businesses trading with Europe would be well advised to follow the EU's environmental requirements as they unfold.

Reuters

IMPACT OF UK CARBON POLICY RESTRICTED BY IMPORTS



A new report from the Worldwide Fund for Nature finds that imports accounted for 46% of our consumption-based carbon emissions in 2016, up from just 14% in 1990. Imports from the EU were responsible for 9.9% of emissions, followed by China with 7.3%. With only 54% of our carbon footprint created within the UK, this shows that government climate policy can only go so far in reducing our emissions.

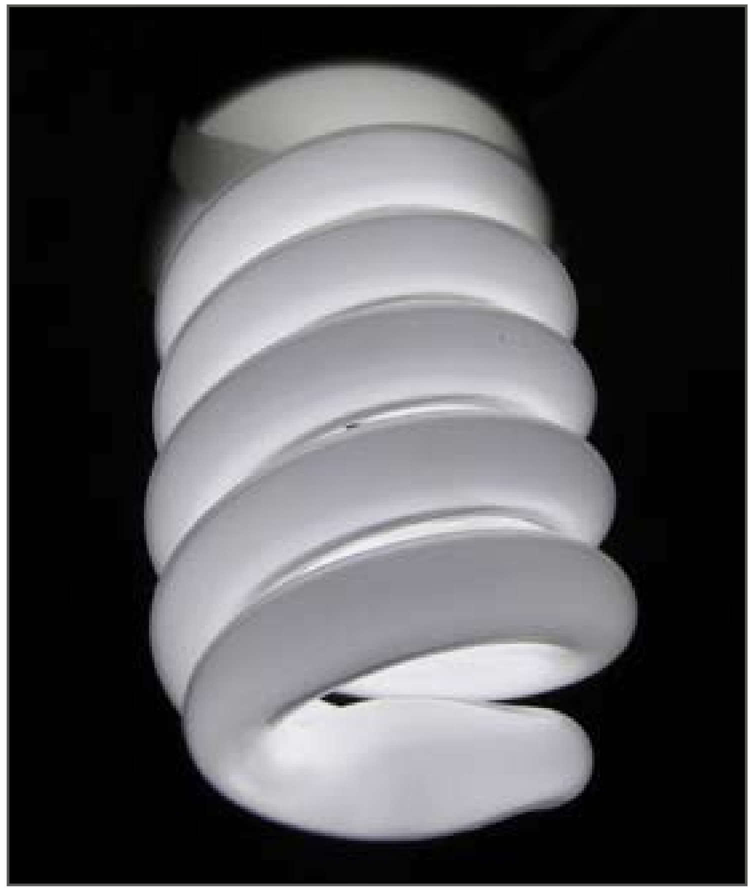
Six Sectors Account for Nearly Half of Emissions

Calculated on this basis, six sectors were found to be responsible for 46% of the UK's total footprint. The largest single source is home heating (9.9%) followed by car fuel (8.6%), electricity (8%), construction (6.7%), agriculture (6.6%) and air travel (5.7%). Air travel saw the greatest increase, up by 245% since 1990.

Whilst the UK could report a 41% reduction in greenhouse gas emissions between 1990 and 2016, these were within our national boundaries. This analysis shows we must address the emissions in imports to make further progress in reducing our contribution to climate change.

Worldwide Fund for Nature

GOVERNMENT CONSULTS ON CLIMATE CHANGE AGREEMENTS



BEIS is now consulting on extending the popular Climate Change Agreements (CCA) scheme by two years, allowing eligible businesses not already in the scheme to join[1]. Starting in 2013, these voluntary agreements encouraged businesses and operators to reduce their energy use and CO_2 emissions. This is in return for a discount on the Climate Change Levy (CCL) tax that's added to their electricity and fuel bills.

A Successful Scheme

The proposal to extend follows a detailed review by BEIS, which found that between 80-100% of businesses in the most eligible sectors participated in the scheme [2]. These businesses consumed an estimated 114TWh of energy in 2018, around 43% of all industry total. Electricity use on most of these sites is calculated to be at least 4% lower compared to similar sites outside the scheme that paid the full CCL. Overall, the scheme is estimated to save between 1.2-2.3TWh a year.

The main motivation for joining the CCA scheme has been cost saving. Discounts provided from the Climate Change Levy (CCL) rates are 92% for electricity and 83% for gas. The proposed extension and possible introduction of a further CCA scheme will be good news for the many businesses either currently in the scheme or possibly soon able to join. You can see the proposals and scheme review through the links below and you have until June 11th to have your say.

1. **HM Government CCA Consultation**
2. **HM Government CCA Evaluation**

CHANGES AHEAD FOR LOW CARBON HEAT SCHEMES

BEIS has opened a consultation on the options for the future support for low carbon heat, beyond the Renewable Heat Incentive (RHI)[1]. Proposals include the introduction of a Green Gas Support Scheme and a Clean Heat Grant, to encourage the decarbonisation of heat. The Department is also consulting on the closure of the Non-Domestic RHI scheme, which had provided financial incentives to increase the uptake of renewable heat by businesses[2]. The government has announced the scheme will close to new applicants from April 2021, at a time when, in March, the number of applicants had doubled.

Views on the Green Gas Future

BEIS is seeking views for the Green Gas Support Scheme, especially in terms of the sustainability criteria to use and which tariffs will best incentivise businesses. In addition, upfront funding of up to £4,000 is proposed for the Clean Heat Grant, which will be designed primarily to encourage the installation of heat pumps by small businesses and domestic customers.

Decarbonising heat remains one of the most pressing challenges for the government. Heating homes, businesses, and industry account for a third of carbon emissions and an important consultation on the proposed Green Gas Levy is expected soon. These consultations mark the first tentative steps to tackling heat. You can access them through the links below and you have until July 7th to respond to both the future support for low carbon heat and the NDRHI consultations.

1. **HM Government Consultation Low Carbon Heat**
2. **HM Government Consultation NDRHI**

FLEXIBILITY AND STORAGE FEATURE IN GLOBAL RECOVERY PROPOSALS

A report produced by IRENA, the International Renewables Association, highlights that a lot of the potential recovery measures from Covid-19 could be aligned with the Paris Agreement's long-term sustainability commitments.

Including flexible power grids, energy storage, efficiency solutions, electric vehicle charging, interconnected hydropower and green hydrogen, these low carbon investments could offer payback of eight times more than the upfront costs.

GDP Boost of Nearly $100 trillion

Transforming the energy system between now and 2050 would nearly quadruple renewable energy jobs to 42 million, increasing employment in energy efficiency by 21 million and in system efficiency by 15 million. IRENA estimate the costs of achieving full carbon neutrality at $130 trillion but would boost global GDP gains above business-as-usual by very nearly $100 trillion, highlighting that a low carbon future really does makes financial sense.

International Renewable Energy Agency

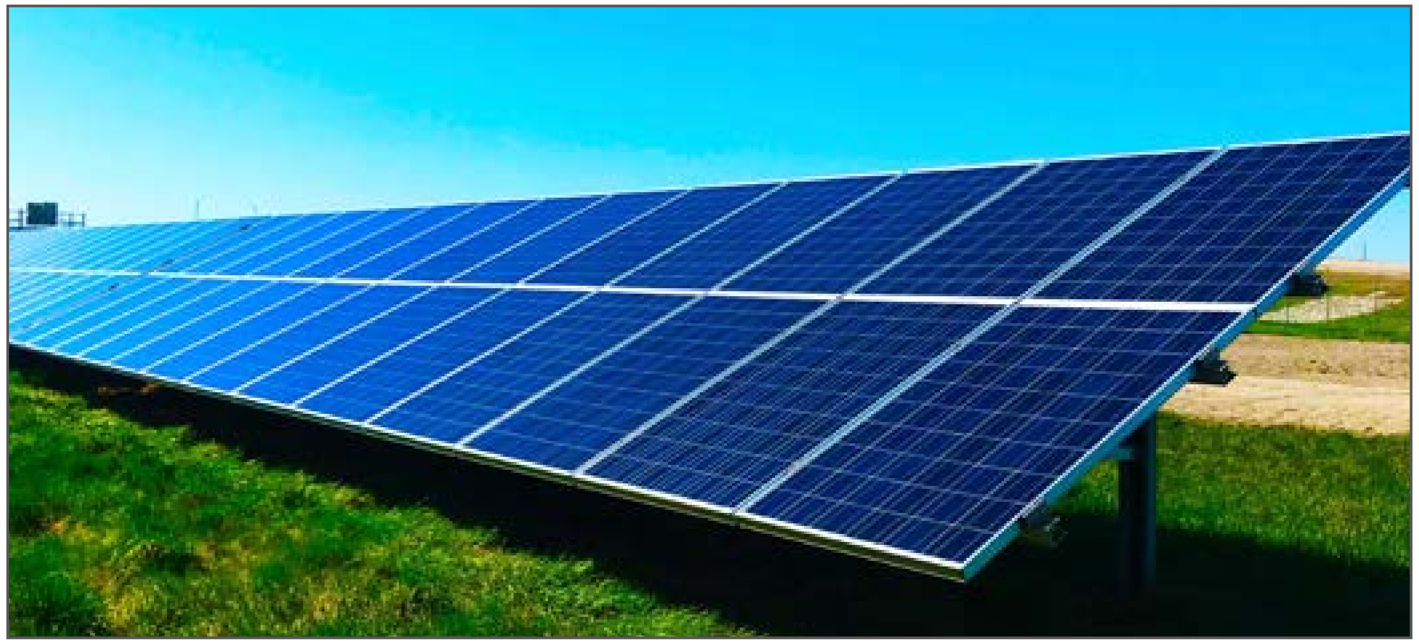
NO SHORTAGE OF POWER EXPECTED THIS SUMMER

Road transport currently accounts for 29% of the UK's total energy consumption and 25% of greenhouse gas emissions. The government's Road to Zero plan estimated that switching to electric vehicles (EVs) could increase electricity consumption by 30%. A new report from the Electric Vehicle Energy Taskforce makes five recommendations to the government on EVs, which includes standardising the charging network, promoting the benefits of smart charging and open data, and producing financial incentives for EV drivers to use storage to reduce peak demand.

Reductions in system demand of between 4-20% on normal daytime levels are being planned for by National Grid ESO for this summer. This is the range of their three impact scenarios caused by the pandemic and included in their Summer Outlook publication[1]. Working from their business-as-usual forecast for peak summer demand of 32.1GW, the low, medium and high impact peaks have now been set at 30.8GW, 27.9GW and 25.7GW, with the anticipated minimum demand down to 15.3GW.

National Grid ESO says there should be no shortage and is instead preparing to face the challenge of managing the system during periods of very low demand. Meanwhile, a new record has been set of 9.3GW for solar generation[2], suggesting renewables will help meet the UK's lower demand with ease this summer.

1. National Grid ESO
2. Solar Trade Association



Statkraft

LEADING BRITAIN TO EMBRACE A LOW CARBON, SUSTAINABLE ENERGY FUTURE; MAKING A DIFFERENCE TO BUSINESSES, COMMUNITIES AND THE PLANET

SUPPLY STORE GENERATE OPTIMISE

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