

## NEWS

House of Commons Committee of Public Accounts produces Sixth Report of Session 2005-06: Department of Trade and Industry: Renewable energy

This report is available at

(<http://www.publications.parliament.uk/pa/cm200506/cmselect/cmpubacc/413/41302.htm>)

*Statements of note:* The Government's target is to supply 10% of Britain's electricity from renewable sources by 2010, with the aspiration of doubling this share to 20% by 2020. To remove barriers to this "rather heroic 2010 target" (DTI's words) new planning guidelines, introduced in 2004, seek to increase the proportion of successful planning applications for renewable sites and will reduce the influence of local communities on planning decisions. To achieve the rapid expansion required, DTI introduced the Renewables Obligation. This will cost consumers £1 billion per annum by 2010 rising to £1.5 billion per annum by 2015. Part of the cost of the Renewables Obligation arises because the Department included under its terms renewable sites, such as windfarms and landfill gas sites, that were still being assisted under the Non-Fossil Fuel Obligation. The revenue collected by the Non-Fossil Purchasing Agency from electricity suppliers each year now exceeds the amount it pays the contractors and results in annual surpluses. The Department estimate that the surpluses are likely to accumulate to between £550 million to £1 billion by 2010. The Government has earmarked £60 million of the surpluses to promote the use of renewable energy. The remainder are likely to be paid into the Consolidated Fund and will benefit the Exchequer.

*The report contains an eleven point conclusions and recommendations section containing statements such as:* The Department: needs to decide urgently which forms of generation to support and in what ways; needs to set out the expected rate of reduction in the cost of generating energy from each of the main renewable sources and actively monitor progress; should reduce the excess support in the scheme; and should consider the relative costs and benefits of onshore and offshore wind power. Its final point is: **The Renewables Obligation has the effect of transferring substantial sums from consumers to the renewables industry – over £400 million in 2004-5, rising to £1 billion by 2010 – amounting to some £5 billion over the whole period.** But this subsidy to renewables is not authorised under the annual supply procedure and so, unlike public expenditure, is not subject to regular Parliamentary scrutiny. Requiring users to source supplies from uneconomic providers has the same effect as taxing users to subsidise the providers, but it is not as transparent or amenable to parliamentary control. The government should make arrangements for annual Parliamentary scrutiny, and the amounts involved should be reported annually to this Committee.