

Our energy manifesto

e.on



Globally, the energy sector is taking advantage of new technology and new ways of doing things. E.ON's aim is to be at the forefront of this global change and create a better tomorrow for everyone; to make energy simpler, smarter, sustainable, and more efficient for customers, companies, communities and cities.

Last year, we spun off our conventional, large-scale fossil fuel power station fleet across Europe. Today, E.ON's three core businesses mirror the major changes that are happening in energy today: increasing demand for innovative customer solutions, the global growth of renewables as part of the effort to tackle climate change, and the transformation to a smarter energy system.

To deliver the future of energy in Britain, we need a coherent set of energy policies and an adherence to guiding principles that will deliver the best outcomes for customers: a commitment to competitive markets that drive innovation and lower costs; evidence-based policy making; and a recognition of the vital role that energy plays in Britain's industrial strategy and in providing high quality, skilled jobs across the country.

All 10,000 of us who work for E.ON across Britain every day are committed to creating a better tomorrow for everyone by working with our customers, stakeholders and communities to deliver new solutions, products and services built around customers' needs, to help them save energy and money.

Michael Lewis, CEO, E.ON UK

To deliver this energy future for Britain, E.ON asks the new Government to:

1. Choose competitive markets as the best way of fostering innovation and delivering value for money for customers

- Competition between suppliers is the best way to deliver affordable energy bills and innovative new customer propositions that harness the benefits of the digital transformation.
- Previous interventions in the market have led to poorer outcomes for customers, for example, restricting the number of tariffs which suppliers could offer was recognised by the Competition and Markets Authority (CMA) as harming innovation. The UK is already a highly regulated market compared with others in which E.ON operates.
- Intervention in the market risks dampening competition, deterring new entry, reducing customers' incentive to switch and hampering innovation and investment in the UK.

E.ON asks:

- The independent CMA investigation produced a package of remedies principally focussed on improving customer engagement. These should be implemented and given time to work.
- We do not believe price regulation should be introduced but, if it is, it should be carefully designed to mitigate unintended consequences and have a clear exit strategy and criteria for removal.
- The burden of social and environmental obligations currently recovered through customers' bills should be moved to general taxation as a more progressive method of paying.
- Government should scrap VAT on energy bills when it is legally able to do so.

2. Enable us to deliver a smarter energy future for our customers in the next Parliament

- The UK is embarking on a digital energy revolution, with smart meters at its heart. They will end estimated bills and enable the design of new products and services with better focus on customer needs, as well as support the use of innovative technologies such as PV + Battery and Electric Vehicles.

E.ON asks:

- Government and industry should ensure that every household has a smart meter installed, except where this is not technically possible, within the next Parliament.
- Government should facilitate the digital energy revolution by requiring households to have to opt-out of smart meter installation rather than opt-in, which will help deliver the roll-out.

3. Make energy efficiency a National Infrastructure Priority to keep homes warm, businesses competitive and create skilled jobs country-wide

- Energy efficient homes are the best sustainable route to lower energy bills, so energy efficiency improvements must become a nationwide priority. Investment in energy efficiency delivers £3 of economic activity for every £1 spent, bringing local jobs and improving the quality of life for the most vulnerable.
- Heat and energy efficiency policy should be considered together, as progress on energy efficiency is key to reducing the carbon used in heating our homes and businesses.

E.ON asks:

- Energy efficiency should be recognised as a National Infrastructure Priority across the UK.
- The Energy Company Obligation should be retained at the current level of spending, targeted primarily at vulnerable customers, and extended to all suppliers in the market.
- It is acknowledged that cold homes have negative effects on certain health conditions, especially for more vulnerable people. Therefore, we would ask that Government should look at how there could be closer working together between energy efficiency measures and the health service to deliver overall improvements in this area.
- Both the Warm Home Discount and Winter Fuel Payments should be better targeted at vulnerable customers and Winter Fuel Payments reinvested in a taxpayer funded energy efficiency scheme.
- Government should introduce incentives to drive up demand for energy efficiency measures, such as personal tax breaks, and varying stamp duty or council tax, with action taken to implement the incentive scheme within the first year of the next Parliament.
- The Energy Saving Opportunity Scheme can help businesses identify the benefits from investing in energy efficiency but we call on the next Government to provide tax incentives to businesses to encourage them to act on the energy efficiency audits which will help them become more competitive in the global economy.

4. Continue to tackle climate change in the electricity, heat and transport sectors to keep the UK on course for meeting the fifth carbon budget

- The UK has made progress in reducing carbon emissions over the last decade mostly in the electricity sector. The existing EMR framework should be continued to further decarbonise the power system, but should be complemented by a greater focus on decarbonising heat and transport.
- Tens of billions of pounds of investment is needed over the next Parliament to meet the UK's future climate change commitments. The next Government must ensure the actions it takes over the course of the next Parliament will boost investor confidence.

E.ON asks:

- Government should retain the Climate Change Act 2008 and set out how it will meet the fifth carbon budget before summer recess. A clear plan for the future of electricity, heat and transport should be published to provide confidence to the investment community.
- All policy should be evidence-based and provide a level playing field for technologies to compete and produce the lowest cost, most efficient solutions.
- The Heat Network Delivery Unit should be retained and used to support deployment of District Heating from the £320m secured at the last Spending Review. A new regulatory framework will enable investment in new cost effective heat networks.
- The fifth carbon budget plan should also prioritise the roll out of lower carbon heating solutions to the new build and off-gas grid sectors through the next review of housing standards and the Renewable Heat Incentive.
- Electric vehicles can transform both the transport and power markets. The plan should maintain the ambition of having 8m of these vehicles on the market by 2030 and reconfirm the commitment for every car and van to be a zero emission vehicle by 2050.

5. Work with us to deliver a low carbon industrial strategy

- Digitalisation allows households and businesses to play a more active role in the energy system. This will provide the opportunity for communities to meet more of their demand locally, become more engaged, and provide new ways to deliver affordable secure energy.
- We will recruit 400 apprentices this year across a range of technical disciplines, as well as 500 new recruits to deliver smart meters. We do not use zero hour contracts and all our salaries exceed the Living Wage. We retain good links with trade unions and were the first company in the UK to sign up to the TUC's 'Dying to Work' campaign. This impact relies on Britain remaining an attractive place to do business in the energy sector.

E.ON asks:

- Government should commit to creating a level playing field for new decentralised and local community energy solutions, including demand side response (DSR) and energy storage, so that the market can bring forward the most efficient future energy options by:
 - Working with Ofgem and National Grid to reform ancillary services, and
 - Publishing its response to the joint call for evidence on a smart flexible energy system with a clear action plan to take forward recommendations this summer.
- Government should work with manufacturers and universities to support innovation projects to identify the next generation of heating technologies needed to transition to a low carbon energy system, by funding options that have the potential to support both greater electrification of heat and greener gas during the next Parliament.
- Electric Vehicles must play a key role in delivering better air quality, a new industrial strategy and the fifth carbon budget. Financial incentives should be retained and complemented by a diesel vehicle scrappage scheme to deliver over 1 million electric vehicles on British roads by the end of the next Parliament.
- Government should recognise the contribution of the energy sector in delivering Britain's new infrastructure over the next ten years, in supporting highly skilled jobs nationwide and the national economy with an efficient and reliable energy system.
- Government should work with the energy sector to increase the number of people choosing a career in the energy sector and to replace the 20% of our workforce that is expected to retire over the next ten years. Government should complete its plans for a coherent and attractive technical education programme to provide young people with an attractive alternative to the current academic pathway, providing British industry with the next generation of technical recruits we need.