

The politics of renewable electricity in the UK: The roles of policy feedback and institutional context

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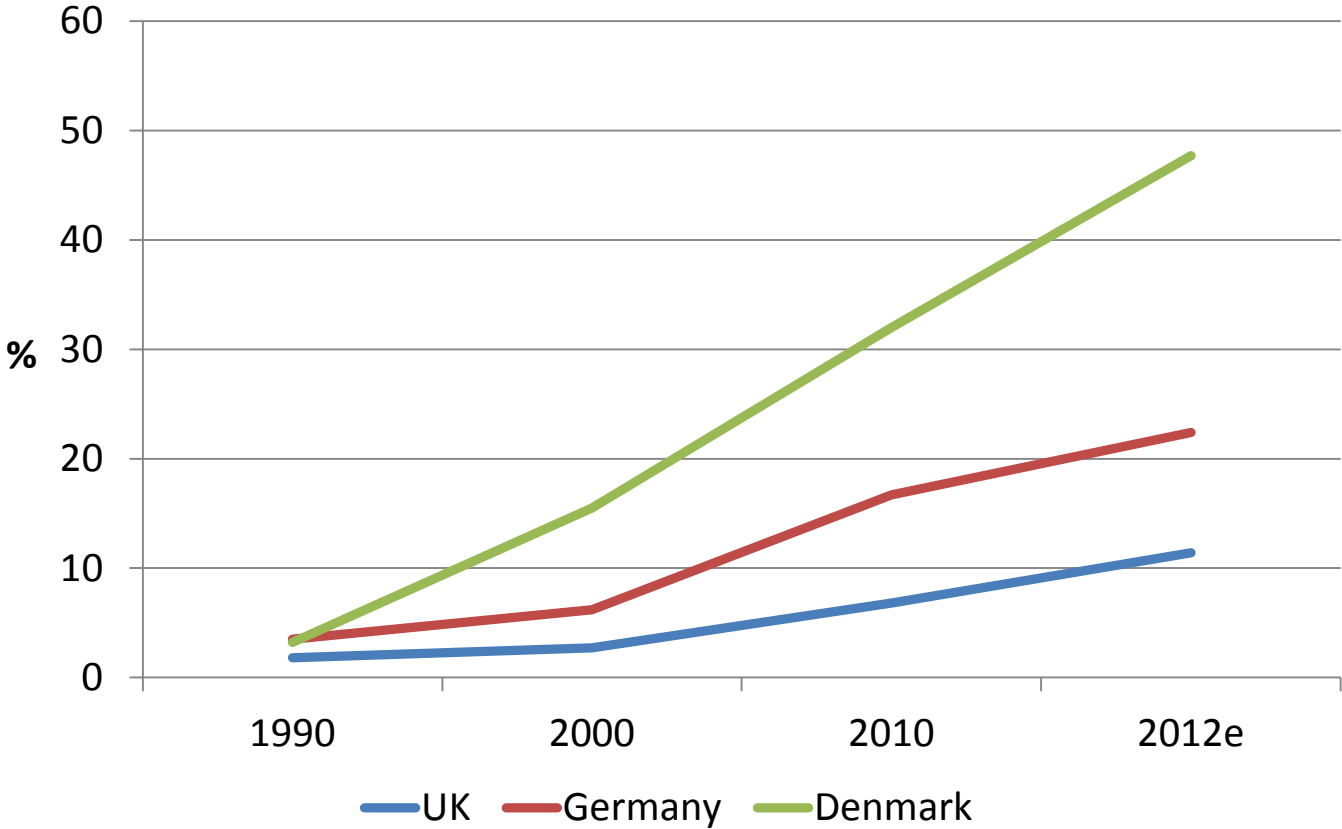
March 2015



New Thinking For Energy



Electricity from renewable sources



Source: IEA

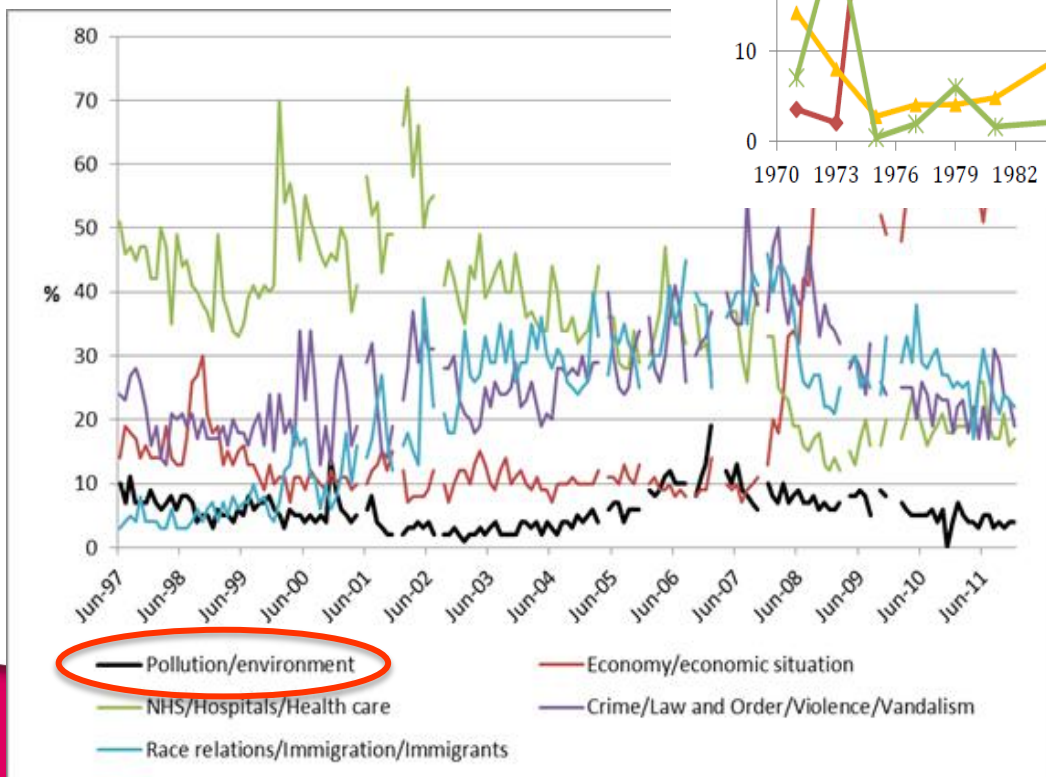
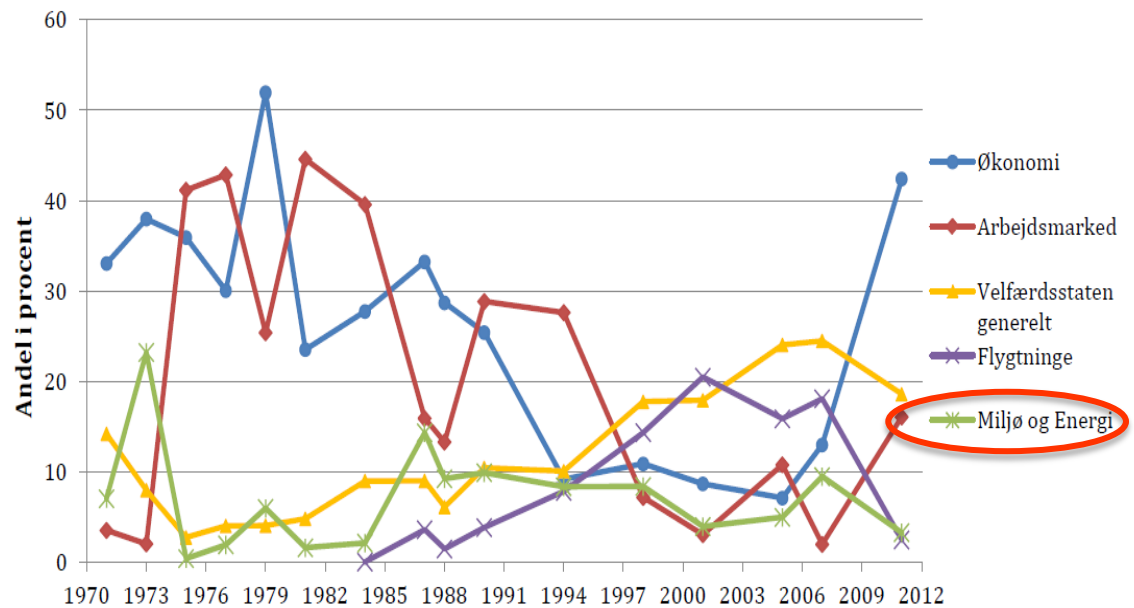
A political puzzle....

	Cost as % of GDP in 2010*	EU 2020 package target for renewable energy	National targets	Position on national renewables targets in EU 2030 package
UK	0.06	15%	No	No binding targets
Germany	0.22-0.27	18%	Yes (2025, 2035, 2050)	30% binding target
Denmark	0.09	30%	Yes (2020, 2050)	30% binding target

* Source: OECD 2013

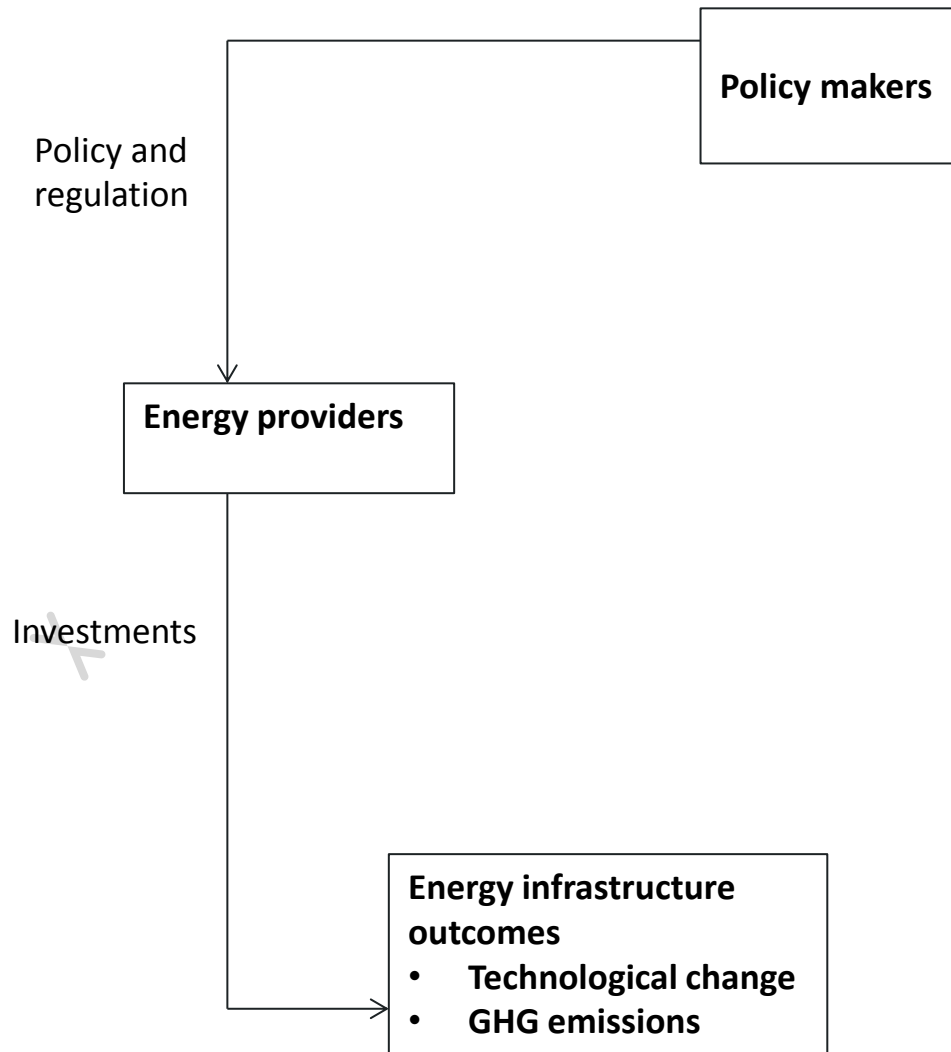
Not all about who is 'greenest'....

Source: Stubager et al (2013: 20)

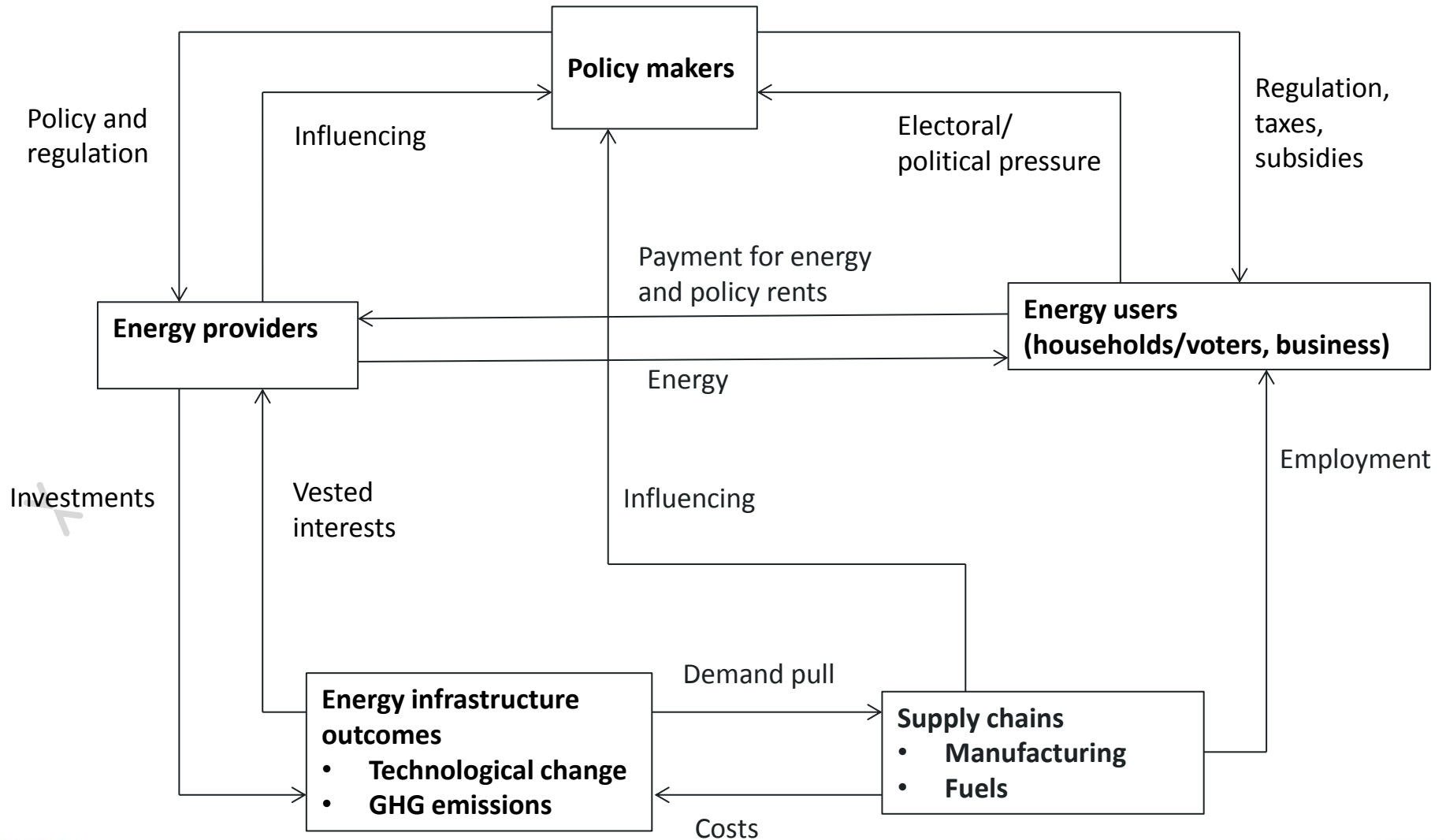


Source: Ipsos-MORI

Energy policy...



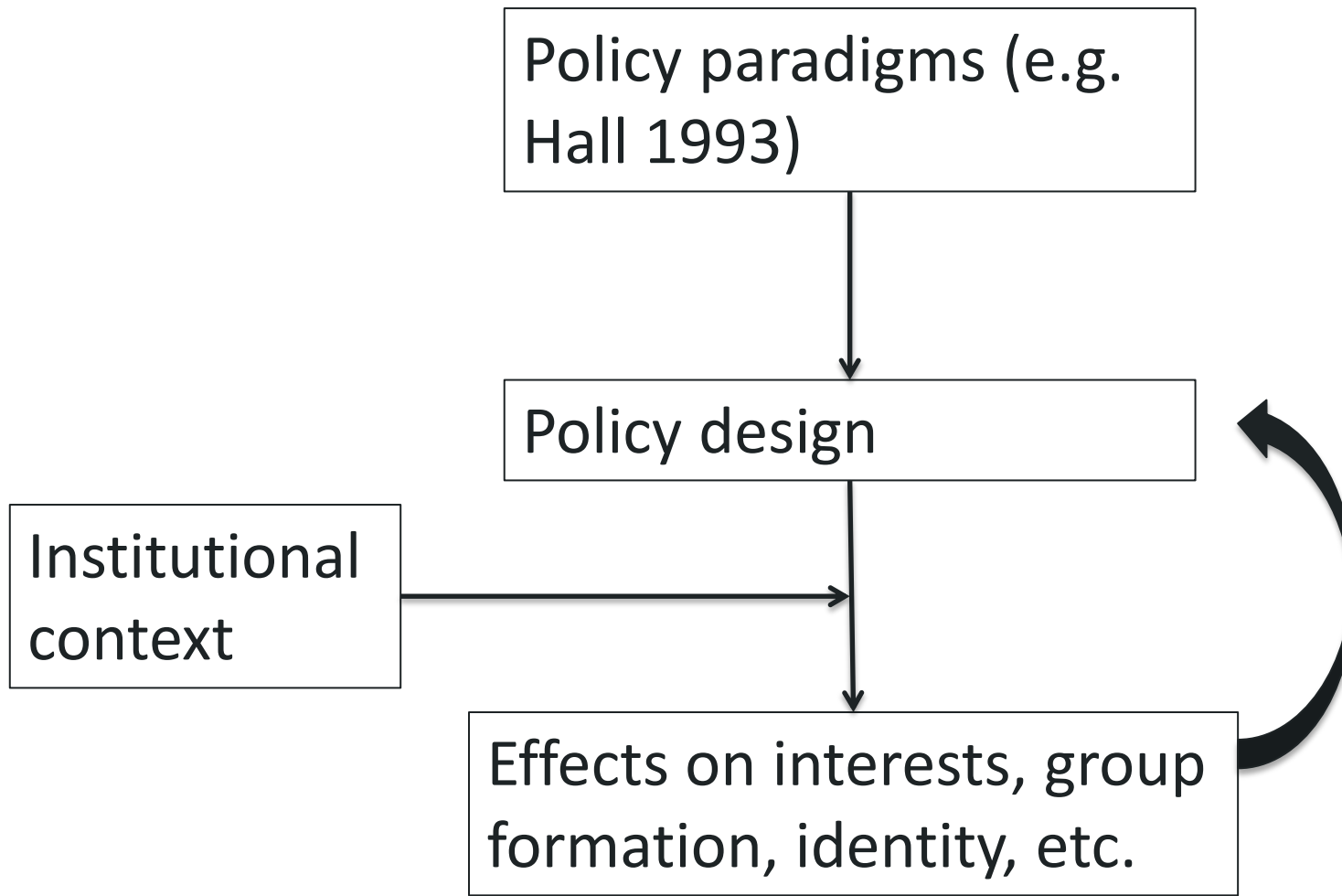
... in the wider political context



Role of 'policy feedback'

- Idea that policies create political effects that in turn underpin or undermine the viability of the policy
- Positive policy feedback (e.g. Pierson 1993, Béland 2010) creates increasing political returns and lock-in (Pierson 2000)
- Low-carbon policies inevitably create *negative* policy feedback through costs (financial, landscape...), so need to create offsetting positive feedback effects
- Possibility of increasing returns implies path dependence and divergence

Determinants of policy feedback effects



UK policy paradigm and design

Policy paradigm	<ul style="list-style-type: none">• ‘Neo-liberal’/’Market led’/’Market fundamentalist’
Deployment support mechanism	<ul style="list-style-type: none">• 1990-2002 NFFO (auctions)• 2002-2017 Renewable Obligation (RPS) (technology banding from 2009)• 2010 onwards Fixed FiTs for <5MW• 2014 onwards CfD FiT (auction for strike price) for >5MW
Grid access and charging	<ul style="list-style-type: none">• Connection decisions and charging delegated to network companies• Long wait for transmission connections until ‘Connect and Manage’ 2009• Mixed incentives for connection for DNOs
Industrial strategy	<ul style="list-style-type: none">• None/weak

UK institutional context

Institutional forms	<ul style="list-style-type: none">• Large scale, centralised
State-producer relationship	<ul style="list-style-type: none">• Arms-length: privately owned firms connected by markets or via delegated regulation• Concentrated market and lobbying power in vertically integrated firms (Big 6)• Technical capacity and data largely in private sphere• Splintered renewables lobbies
State-consumer relationship	<ul style="list-style-type: none">• Majoritarian voting (for Westminster); weak 'green' voice• Low welfare/high inequality• Household cost concerns strong in public debate - fuel poverty problem and excess profit narrative

UK feedback effects

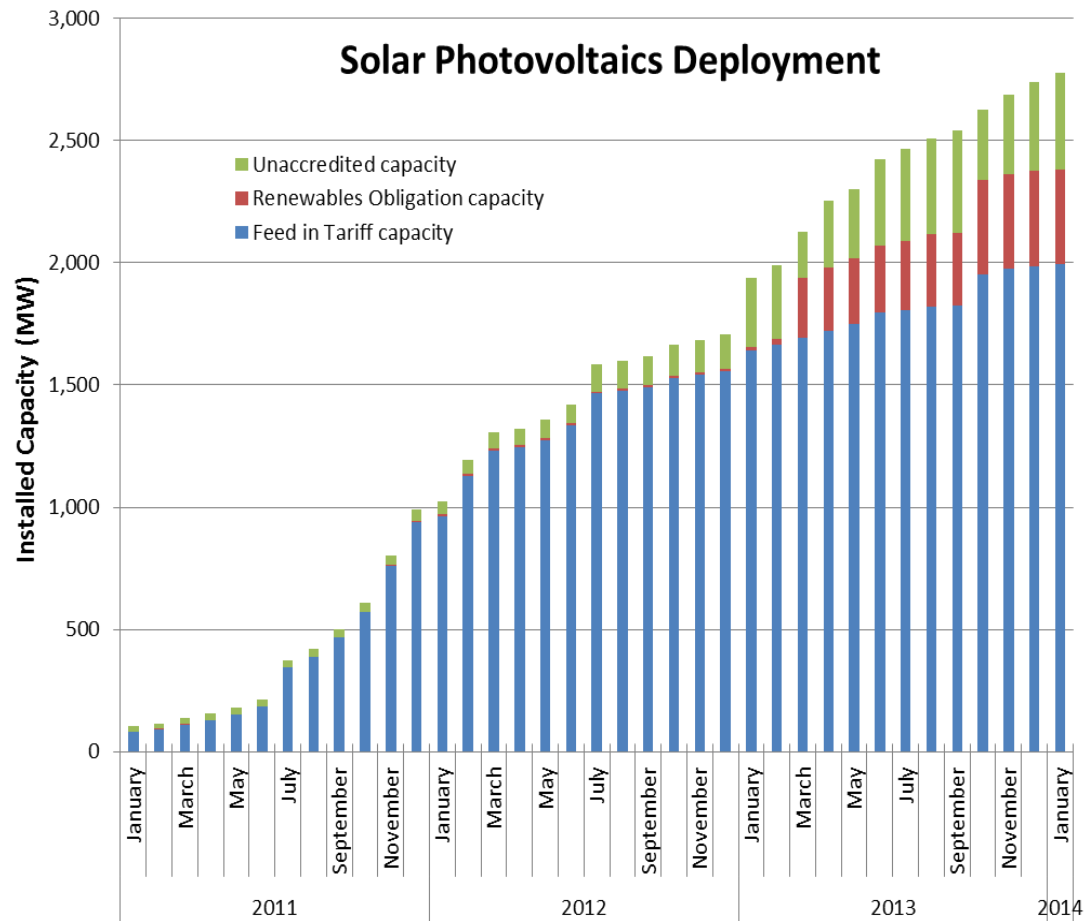
<p>Pattern of investment</p>	<ul style="list-style-type: none"> • Investment dominated by Big Six and large developers (98% in mid-2000s) • Clustering of turbines in high wind areas • Grid access delays until mid-2000s • Supply chains mostly foreign
<p>Political effects</p>	<ul style="list-style-type: none"> • Policy rents accrue to Big 6 and large developers • Local planning opposition and push to off-shore • Weak employment effects, union and industrial lobbies • Media hostility to 'green taxes'



Support for renewables in principle

- “Over three-quarters of UK adults (79%) said they supported the use of renewable energy sources to generate the UK’s electricity, fuel and heat, a similar proportion to March 2014 (80%) and December 2013 (77%).” (DECC Tracker survey June 2014)
- Problem is lack of figurative (and literal) ownership, and where costs and benefits fall

Signs of change?



Source: DECC (2014) *Energy Trends* Table ET 6.4

- ~40 energy cooperatives (including JVs) by 2014
- Community and Renewable Energy Scheme in Scotland
- Support to supply chain investments beginning to come through

Conclusions

- System change is a political process
- Policy design can have political effects
- Institutions matter
- UK has not yet locked in its renewable energy policy politically

References

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