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

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Electricity from renewable sources

Source: IEA
A political puzzle....

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

* Source: OECD 2013
Not all about who is ‘greenest’….

Source: Stubager et al (2013: 20)

Source: Ipsos-MORI
Energy policy...

Policy and regulation

Policy makers

Energy providers

Investments

Energy infrastructure outcomes
- Technological change
- GHG emissions
... in the wider political context

Energy providers
- Policy makers
  - Influencing
  - Electoral/Political pressure
    - Payment for energy and policy rents
  - Energy infrastructure outcomes
    - Technological change
    - GHG emissions
  - GDP
- Energy users (households/voters, business)
  - Supply chains
    - Manufacturing
    - Fuels
  - Employment
  - Energy
- Policy and regulation
- Investments
- Vested interests
- Costs
- Demand pull
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

- Policy paradigms (e.g. Hall 1993)
- Policy design
- Institutional context
- Effects on interests, group formation, identity, etc.
## UK policy paradigm and design

<table>
<thead>
<tr>
<th>Policy paradigm</th>
<th>• ‘Neo-liberal’/’Market led’/’Market fundamentalist’</th>
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<tbody>
<tr>
<td>Deployment support mechanism</td>
<td>• 1990-2002 NFFO (auctions)</td>
</tr>
<tr>
<td></td>
<td>• 2002-2017 Renewable Obligation (RPS) (technology</td>
</tr>
<tr>
<td></td>
<td>banding from 2009)</td>
</tr>
<tr>
<td></td>
<td>• 2010 onwards Fixed FiTs for &lt;5MW</td>
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<tr>
<td></td>
<td>• 2014 onwards CfD FiT (auction for strike price)</td>
</tr>
<tr>
<td></td>
<td>for &gt;5MW</td>
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<tr>
<td>Grid access and charging</td>
<td>• Connection decisions and charging delegated to</td>
</tr>
<tr>
<td></td>
<td>network companies</td>
</tr>
<tr>
<td></td>
<td>• Long wait for transmission connections until ‘Connect</td>
</tr>
<tr>
<td></td>
<td>and Manage’ 2009</td>
</tr>
<tr>
<td></td>
<td>• Mixed incentives for connection for DNOs</td>
</tr>
<tr>
<td>Industrial strategy</td>
<td>• None/weak</td>
</tr>
</tbody>
</table>
# UK institutional context

<table>
<thead>
<tr>
<th>Institutional forms</th>
<th>• Large scale, centralised</th>
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</table>
| **State-producer relationship** | • 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** | • 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

| Pattern of investment | • 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  
| Political effects | • 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’  

![Image of anti-wind turbine protesters and media articles](image_url)
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?

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

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

• OECD (2013) *Effective Carbon Prices*, OECD, Paris