



REA Submission: Spring Statement 2024 – Stakeholder Representation

The Association for Renewable Energy and Clean Technology (the REA) is a not-for-profit trade association, representing British renewable energy producers and clean technology and promoting the use of renewable energy in the UK. It has around 550 corporate members, making it the largest renewable energy trade association in the UK. More info available at www.r-e-a.net.

Summary (200 words max):

The renewables and clean tech sector is a vital part of the energy system and UK economy more widely. Overall, investor confidence must still be steadied following the experiences of the previous administration and the measures taken in response to the energy price crisis, especially the EGL.

The UK's response to the US Inflation Reduction Act and similar measures in the EU must be a major part of the Spring Statement, as alluded to in the Spring statement last year and must be ambitious and attract stable long-term investment in UK supply chains.

REA call for specific measures that will grow the sector - with the right support, jobs in renewable energy alone could reach 210,000 and contribution to the UK economy could double to £46bn, by 2035.

Such measures include: a new CfD for heat decarbonisation projects and Geothermal Development Incentive; investment allowances for renewable projects; support for regulators and local government to deliver ambitious recycling and composting targets; more ambitious RTFO targets for road transport fuels; Electric Vehicle rural infrastructure; and a repowering CfD for renewable power projects.

The REA would like to make the following recommendations on behalf of our members.

Cross-cutting renewables and clean tech industry policy recommendations

Asks

Overall, investor confidence must still be steadied following the experiences of the previous administration and the measures taken in response to the energy price crisis, especially the EGL.

The UK's response to the US Inflation Reduction Act and similar measures in the EU must be a major part of the Spring Statement, as alluded to in the Spring statement last year and must be ambitious and attract stable long term investment in UK supply chains.

The government must with support of industry, develop and coordinate a comprehensive programme for green jobs training including re-skilling from existing industries, beyond the North Sea transition deal, which is in place and operational across multiple sectors by 2026 to ensure there are enough skilled staff available to rollout and maintain Net Zero technologies at scale in the UK.

Government must assist in the move to an industry that grows strongly on market drivers and enjoys strong public confidence, by helping drive strong standards across all parts of the renewables and clean technology industry, from investments to the operation of assets, as part of policy development with the following measures:

- ***Treasury and DESNZ must establish the UK's Green Taxonomy by the end of 2024*** which will introduce strong definitions for UK green financial activities. This will ensure a transparent definition for 'green' investments, as well as further UK global leadership in green financial products.
- ***Government must establish a commission to identify any gaps in existing guidance, building on the strength of existing regulations, to ensure best practice in relation to installations, supply chains and maintenance and operations for all renewable and clean tech technologies.*** This will deliver high public confidence in the sector and address any existing technical deployment barriers.
- ***Treasury should also review the Green Book methodology,*** and ensure full integration of the findings from the 2021 Treasury Net Zero Review.

Cost effectiveness

The REA has projected that, with the right support, jobs in renewable energy alone could reach 210,000¹.

We also project our sector’s contribution to the UK economy could double to £46bn, by 2035.

Prioritise Behavioural Change by Funding Waste Recycling Education

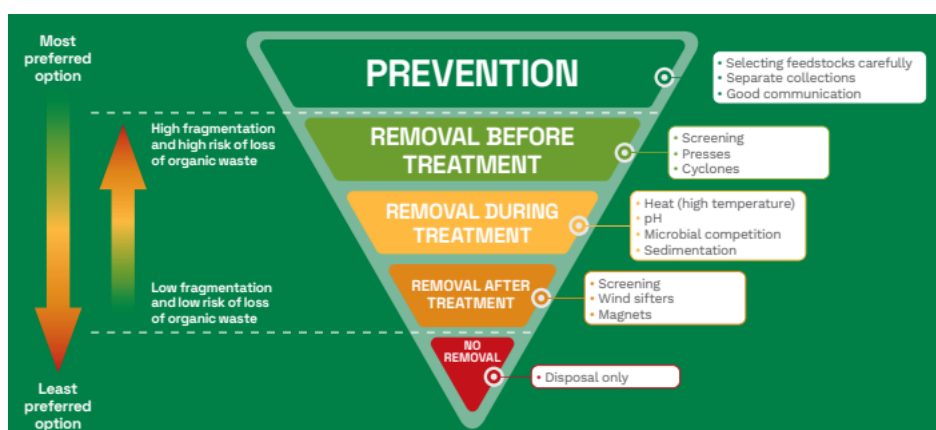
Ask

Commit to fund Local Authorities to deliver local targeted communications for public behaviour change for food and garden waste collections, as well as funding centralised waste management campaigns run by DLUHC and Defra to deliver high performing collections.

Background

The UK has demonstrated a commitment to increasing resource efficiency and recycling rates, but that is not possible without a parallel commitment to influencing behavioural change. The Simpler Recycling reforms are very welcome and will change what materials are collected from households and businesses. Organic waste recycling facilities are experiencing issues with feedstock contamination because many individuals don’t properly separate their waste. While advancements in recycling technologies and infrastructure are crucial, the success of these systems ultimately hinges on the active participation and conscientious choices of individuals and communities. A [recent report from the International Solid Waste Association \(ISWA\)](#) includes an contaminant management hierarchy (see Figure 1) which sites prevention as the most important step in preventing contamination of organic waste and improving recycling rates. One of the three components of prevention cited in the report is the “frequency and quality of information and awareness raising in order to educate and facilitate behavioural change” (ISWA 2023).

Figure 1: The Contaminant Management Hierarchy from the IWSA 2023 Practitioner’s Guide





Encouraging behaviour change involves fostering awareness, instilling a sense of responsibility, and promoting the understanding that each person's actions contribute to the larger environmental picture, and local authorities play a pivotal role in shaping public behaviour towards responsible waste disposal. Local authorities are on the frontline of waste management, engaging directly with communities to encourage responsible disposal practices. However, many localities face resource constraints that hinder the implementation of effective communication strategies. Recognising the need for a strategic approach, REA calls for a commitment to fund local authorities in delivering targeted communications for public behaviour change related to food and garden waste collections. By allocating specific funding to support these initiatives, we can empower local authorities to tailor messages to their communities, enhancing the likelihood of positive behaviour change.

In addition to localised efforts, centralised waste management campaigns run by the Department for Levelling Up, Housing and Communities (DLUHC) and the Department for Environment, Food & Rural Affairs (Defra) can amplify the impact of behaviour change initiatives. These national campaigns provide a unified message, ensuring consistency and clarity in waste management communication across the country. Centralised campaigns can leverage economies of scale, reaching a wider audience and contributing to a more cohesive national approach to waste reduction.

Environmental Benefits

Funding targeted communications at the local level enables authorities to communicate directly with residents, addressing specific challenges and cultural nuances. This personalised approach enhances public awareness, fostering a sense of community responsibility for proper waste disposal, particularly concerning food and garden waste. Supplementing this local education with national campaigns reinforces key principles and creates a consistent national message on recycling. This dual approach makes individuals more likely to adopt appropriate waste disposal practices that minimise recycling contamination and increase recycling rates. This contributes directly to goals outlined in the Resources and Waste Strategy for England which aims to reduce landfill waste, lower carbon emissions, and foster a more sustainable and circular approach to consumption.

Economic Benefits

The economic benefits of these educational campaigns are multi-pronged. First, educational campaigns can teach consumers how to responsibly purchase groceries, leading to food waste reductions. According to the [2021-22 Household Food and Drink Waste Report](#) from WRAP, UK householders wasted £17 billion in food (or £250 per person per year) in 2021/22. Changing habits that cause food and drink waste could put this money back in consumers pockets.



Second, education campaigns will lead to reduced contamination in organic waste feedstocks. The IWSA report shows that every one tonne of contamination removed from organic waste by processors costs between 160 and 200 pounds. Reducing contamination could lead to considerable savings given UK households produced 6.4 million tonnes of food waste in 2021/22 (WRAP 2023).

Finally, behavioural change around recycling is likely to lead to broader economic expansion. Improving the UK recycling sector through improved recycling habits will lead to investment in recycling and waste management industries. This leads to more jobs across the UK. Improved recycling and waste management also reinforces the UK's move towards a circular economy and increases resource efficiency – reducing costs for industries that rely on raw materials for production. Implementing education around circular practices will also lead to a more resilient and self-sufficient economic system. Reducing the amount of waste in landfills also prevents soil, water, and land restoration costs.

Ensure the Government's Collections and Packaging Reforms are Delivered

Ask

Ensure Defra is adequately funded to increase capacity for delivering the Simpler Recycling, Extended Producer Responsibility for Packaging and the Deposit Return Scheme in ways that achieve the Resources and Waste Strategy for England targets.

Background

The [Resources and Waste Strategy for England](#) set out plans to preserve material resources by minimising waste, promoting resource efficiency, and moving towards a circular economy in England. It includes targets to halve food waste by 2030, recycle 65 percent of municipal waste by 2035, and eliminate avoidable plastics by 2042. The Collection and Packaging reforms are intended to deliver these targets.

The Collection and Packaging reforms include Extended Producer Responsibility (EPR) for Packaging, Simpler Recycling, and the Deposit Return Scheme. Each of which is delivered by Defra. The Infrastructure and Projects Authority (IPA) conducted reviews on the deliverability of the collections and packaging reforms in June and September 2022. The IPA gave the collection and packaging reforms a 'red' rating both times, indicating that the reforms are 'unachievable.' The IPA noted significant concerns about project management, implementation, budget, and benefits of delivery. The Public Account's Committee has also expressed concerns about the viability of the collection and packaging reforms in a [recent report](#).



The IPA and PAC both noted significant delays in reforms, inadequate data collection, and lack of clarity on programme details. Each of these issues can be traced back to inadequate resourcing for Defra. In 2023, Defra had the 5th lowest funding of all Government departments. Adequate funding is essential to empower Defra to enhance its operational capabilities and effectively carry out the collections and packaging reforms. Without sufficient financial resources, the ambitious targets set in the Resources and Waste Strategy for England risk falling short, impeding progress toward a circular economy and a substantial reduction in environmental impact.

Benefits to the United Kingdom

Adequately funding Defra positions the UK as a leader in global sustainability efforts. The successful implementation of the collections and packaging reforms will reinforce the UK's commitment to sustainability and the circular economy, setting examples for other nations. Demonstrating a commitment to supporting Defra's work will also enhance public confidence in the government's ability to deliver its environmental promises. This trust is vital for fostering widespread support and cooperation from the public, essential components for achieving behavioural change and sustainability goals.

Environmental Benefits

Adequate funding enables Defra to engage effectively with local authorities, businesses, and communities. This facilitates collaborative efforts, ensuring that the collections and packaging reforms are well-understood, embraced, and successfully implemented at various levels. Effective stakeholder engagement is crucial for garnering support and cooperation in achieving the strategy's goals and ensuring environmental benefits are delivered. Properly funded (and effectively delivered) reforms will also lead to improved waste management practices, resulting in increased recycling rates, responsible packaging, and overall waste reduction to contribute to lower carbon emissions, decreased landfill waste and overall improvements in environmental sustainability.

Economic Benefits

Additional funding for Defra will allow the creation of new jobs within the department and in the broader waste management sector. As Defra builds capacity by hiring new staff, they can more effectively deliver the collections and packaging reforms which will increase investment in collections, recycling, and infrastructure development. This job growth contributes to increased employment rates and economic stimulation. If the collections and packaging reforms are delivered, they are likely to encourage research and development on recycling technologies. This will create new economic opportunities for businesses involved in the waste management industry. Improving recycling rates also reduces the costs associated with landfill management, including land use, environmental remediation, and long-term monitoring. More efficient use of resources and improving the economic value of recovered materials creates additional cost savings.

Measures to decarbonise the power sector cost effectively

Asks

Task the National Infrastructure Commission to deliver an annual progress-report on efforts to speed up grid connection lead times, monitored against the recommendations made by the Electricity Networks Commissioner this year and the Government upcoming spatial plan for energy infrastructure, to be presented to Parliament and requiring a government response.

Provide dedicated capital allowances for investments in new low carbon generation technology, akin to those already available for oil and gas sectors. This will help respond to the US Inflation Reduction Act, which is attracting low carbon investment away from the UK

The Electricity Generators Levy (EGL) must also be reformed (for currently operational projects) to provide a level playing field with oil and gas projects, by only being liable on profits, not revenue as at present.

While we welcome the move to suspend the scheme for new projects from November 2023, REA has repeatedly highlighted how, while many existing sites' revenue has increased in line with higher energy prices, such sites have seen increased operational and input feedstock costs, thus cancelling out any additional profits. The Levy as such is a risk to investor confidence and some plants ongoing financial viability in the UK.

Continue to implement a cap and floor support mechanism for long duration energy storage - by the end of 2024, we support the recent consultation on this measure, which is vital to support deployment of critical technologies needed to decarbonise and balance the power system.

Finalise and allocate the Power Bioenergy Carbon Capture and Storage (BECCS) Business Models as soon as possible, supporting projects at all scales, ensuring the delivery of negative emissions in the power sector by 2030.

Provide interest free loans, for households and businesses to install onsite renewables and clean tech, helping them lower their bills. There must be renewed focus on buildings' energy efficiency.

Support 'repowering' of renewable projects so that existing projects continue to operate when their original support ends and our energy security is not put at risk. Many technologies have significant ongoing capital and operational costs. The first wave of projects under the Renewables Obligation loses support in 2027. These include the vast majority of landfill gas generators, where the benefit is both in renewable electricity and reduction of methane going to atmosphere. Government has proposed



support via the Contracts for Difference mechanism, but the only details published so far are limited on onshore wind only, for Allocation Round 7. This must be urgently broadened to include the full range of renewable technologies affected, such as Landfill Gas, and other bioenergy plants.

Time is running out for investment decisions, so the industry needs to see a detailed proposal, designed to enable a very high proportion of existing assets to continue operation.

Background

To reach Net Zero we need stable policy that will facilitate a fully decarbonised, secure, and affordable electricity system. The REA Strategy has previously stated this can be achieved by 2032. Such a system requires both a rapid increase in the deployment of all renewable technologies and flexible assets, such as energy storage, which will help the electricity grid balance both low-carbon electricity generation and increased energy demand. Renewables are now the cheapest forms of generation and remove the UK's dependence on international fossil fuel imports. However, the next government must now ensure the infrastructure for such generation is in place to manage both decentralised generation and increased demand.

Measures helping householders pay for installation of money saving renewable devices is critical – interest free loans have been provided in Scotland for example for the past number of years and are effective at tackling barriers to uptake and therefore saving consumers considerable sums.

Measures to decarbonise the heat sector

Asks

Incentivise large scale industrial heat decarbonisation projects through establishment of a Heat Contracts for Difference mechanism. Allocation should be open to all low carbon technologies and all industries, with the first allocation round in 2025.

Expand the Boiler Upgrade Scheme by the end of 2024 and make it more flexible, to cover a wider range of project sizes. This should ensure all technologies are at least able to access the new higher grant level of £7,500, including biomass, and support energy efficiency measures. This should be accompanied by a low interest government-backed loan to pay for the remainder of the installation. Reinstating ambitious fossil fuel boiler phase out dates should also be reconsidered here.



Work with the finance industry to deliver low carbon heat financial products that promote renewable installations, such as green mortgages.

Deliver a Geothermal Development Incentive by the end of 2025, targeted at shovel ready geothermal heat projects, to get the sector established in the UK.

Incentivise non-domestic heat for small and medium enterprises with a fuel switching tariff, to enable organisations to switch from fossil fuels to a range of low carbon alternatives including heat pumps, biomass, green gas and hydrogen. This should start by the end of 2024 and follow the end of the Green Gas Support Scheme in 2025. Support should depend on strong standards for maintenance and fuel quality.

Background

UK domestic and commercial buildings remain the most energy inefficient buildings in Europe. Successfully decarbonising all UK heat demand will need a wide range of low carbon technologies, ensuring the right technology is used in the right situation and the decarbonisation of our gas network. Current domestic heat support schemes need to be more ambitious, while the huge policy gap for non-domestic heat decarbonisation must be urgently addressed. If done correctly, more than half of UK heat demand could be decarbonised by 2035.

Capture the Economic Benefits of a Circular Economy

Asks

Ensure the Environmental Regulators are adequately funded immediately to address the considerable existing backlog of applications and issues, enabling regulations to be consistently enforced and drive out waste crime. In the longer term, the new Secretary of State must conduct a strategic review of how the environmental regulators function.

Incentivise investment in waste facilities that can biodegrade a wide range of feedstocks so that nothing goes to landfill from 2030 onwards.

Exempt from the Plastic Packaging Tax independently certified compostable plastic packaging that is also independently certified as having at least 30 % bio-based (non-fossil-derived) content. In addition, exempt independently certified compostable composite-materials packaging that is predominantly plastic by weight, that is also independently certified as having at least 30 % bio-based content.

Background

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The delivery of a circular economy and the energy transition go hand in hand. Waste must be effectively reduced, collected, processed, and used to ensure the UK can make the most of its valuable resources and deliver the best possible environmental outcomes. The next government will need to prioritise waste and resource policy while recognising its interaction with the wider energy transition.

Economic Benefits

The circular economy, particularly when focusing on circular bioresources, presents significant economic advantages. Embracing a circular approach to bioresources maximises their value throughout their life cycle. Instead of a linear "take, make, dispose" model, organic waste is repurposed and reintegrated into economic systems. This not only reduces the need for extracting new raw materials but also creates economic opportunities. Related industries, including composting, bioenergy, and biomaterial production, can flourish, leading to job creation and sector growth. The circular economy's emphasis on resource efficiency enhances cost-effectiveness for businesses, as waste is transformed into valuable inputs. Additionally, by closing the loop on bioresources, we minimise the economic impact of waste disposal and contribute to the development of sustainable and resilient economic systems. Ultimately, prioritising the circular economy aligns economic prosperity with environmental sustainability, offering a pathway towards long-term resilience and efficiency.

Both AD and composting processes organically recycle biodegradable wastes where their respective digestate or compost output meets End of Waste criteria. Capturing food waste and treating it through anaerobic digestion and/or composting will have the potential to generate up to £280 million in renewable energy sales, supplying around 682,000 homes and improving the security of energy supply. It would also provide 8Mt of organic fertiliser to the agri-food sector, with a nutrient value of £30 million⁵ or up to 4Mt of soil improvers (composts) to add much needed organic matter and improve soil health and help soil sequester carbon. The above data was published back in 2018, so some of the benefits and costs are likely to have increased considerably since then.

Environmental Benefits

The circular economy, with a particular emphasis on circular bioresources, offers significant environmental benefits by revolutionising the traditional linear model of resource consumption. By prioritizing circular bioresources, we minimise reliance on finite resources, reduce waste generation, and mitigate environmental impacts. Organic waste, such as agricultural residues and food scraps, becomes a valuable input for various processes, including composting and bioenergy production. This closed-loop approach not only conserves biodiversity and soil health but also reduces greenhouse gas emissions associated with traditional waste disposal methods. Moreover, embracing circular bioresources fosters a resilient ecosystem where organic materials are



continually cycled back into production, exemplifying a harmonious coexistence between economic activities and the preservation of our environment.

We are missing an opportunity by not taking action on food waste. When landfilled, food waste decomposes and releases methane, a potent greenhouse gas. It is associated with over 25 million tonnes of greenhouse gas emissions (8% of annual global greenhouse gas emissions), and the water footprint of household food waste alone is more than 6 billion cubic metres per year or 243 litres per person per day⁹. Food waste also has a financial cost. WRAP (2018) estimates that in 2015 the value of food waste in the UK was over £20bn, £14.9bn of it from household waste. REA supports the waste hierarchy and actions taken to reduce food waste and the redistribution of surplus food; however, it is essential that the remaining food waste is captured and treated through organics recycling.

Treating food waste through anaerobic digestion and/or composting can:

- Reduce greenhouse gas emissions from landfill.
- Reduce contamination of dry recycling, reducing reject rates at Material Recovery Facilities.
- Enable the production of biogas.
- Enable the production of carbon dioxide, a by-product of biomethane production. This can help improve resilience and security of CO₂ supplies in the UK or the carbon can be captured and stored.
- Enable the production of compost, which has multiple benefits:
 - o Excellent source of organic matter helping to increase soil organic carbon.
 - o Improves soil structure and function.
 - o Reduces erosion and increases water holding capacity.
 - o Increases soil biological activity and nutrient retention, helping to suppress plant diseases.
 - o Help grow more nutritious nutrient-dense crops.
- Enable the production of biofertiliser (digestate), which supplies readily available nutrients to crops, offsetting the use of mineral fertilisers and helping to decarbonise agriculture. Replacing manufactured fertiliser with food based digestate can reduce a farm's carbon footprint by around 20kg CO₂ equivalents per tonne of digestate applied.
- Partially replace peat in growing media using compost and fibre digestate.

Decarbonising transport to bring all along on the journey

Asks

Introduce a national car scrappage scheme by 2025, financially compensating people with the most polluting cars, and supporting them with interest free credit to buy an EV.

Provide tax breaks for rural EV infrastructure investment, supported by finance from the UK Infrastructure Bank.

Reduce the VAT levied on electricity used at public EV chargepoints in line with the domestic rate of electricity of 5%. Presently the higher rate of VAT is costing consumers without access to a driveway or cross pavement solution £1,500 more a year to re charge their vehicle. This goes against levelling up commitments and disadvantages those on lower incomes who don't have driveways.

Introduce more ambitious Renewable Transport Fuel Obligation targets, increasing the obligation beyond 2032, with clear trajectory out to 2050, which is reinforced by lower taxes at the fuel pump with higher blends of renewable fuels and make sure vehicles are suited to higher sustainable fuel use by bringing in support for E85 vehicles early, for example. A market mechanism for Recycled Carbon Fuels must also be secured as soon as possible.

Immediately introduce an EV Infrastructure Bill to ensure effective, inclusive, and widespread infrastructure. This includes mandating industry standards for universal charging and requiring local authorities to have EV charging infrastructure plans.

Agree to a match-funded industry deal to develop an EV infrastructure apprenticeship scheme led by charge point operators and delivered in conjunction with district network operators, changepoint manufacturers, energy suppliers and motor manufactures to create a pipeline of skilled workers.

Ensure an ambitious Sustainable Aviation Fuel Mandate to start in 2025 and develop equivalent policy for sustainable marine fuels by 2030.

Background

Decarbonising the transport sector requires both a rapid increase in electric vehicles (EV) and charging infrastructure - especially for road transport - and renewable transport fuels increasingly decarbonising existing internal combustion engines, as well as hard-to-treat sectors such as heavy goods vehicles (HGV), off-road transport, aviation and shipping. The REA Strategy demonstrated that with decisive action over half of UK transport energy demand could be decarbonised by 2035.



Please do not hesitate to contact us to discuss these and other measures to support the low carbon economy further.

REA, 2024