

ENERGYEYE

Sue Ferns, Prospect deputy general secretary, outlines some of the immediate challenges facing the energy sector and how the union plans to make its impact felt

UK energy policy has been in the news again recently though not necessarily for the right reasons.

For example, whatever its merits, the proposed energy price cap was undoubtedly announced in response to immediate political pressure, not on the basis of sound evidence and evaluation of practical impact.

The government's Clean Growth Strategy was published to general approval in October, despite having nothing to say on the critical issue of skills.

Professor Dieter Helm's review into the cost of energy, also published in October, proposed some radical changes to energy market regulation that were largely overlooked in reporting and could surely have benefited from consultation prior to publication.

But there can be no doubt that the sector is changing and that, as a leading energy union, Prospect must both adapt to these changes and seek to influence them.

Age of renewables

Electricity consumption has fallen by 11% over the past decade. The share of renewables in electricity generation has grown from less than 5% to about one quarter, whereas coal's share has shrunk from 38% to less than 10%. This has profound implications for energy networks, leading to assertions that the concept of baseload power is outdated.

There will be opportunities, including the forecast expansion in jobs, expected to reach 221,000 by 2025. We need to understand what this means for existing work, as well as what new jobs will evolve and where they will be located.

This is an important time for both the rejuvenation of UK energy infrastructure and for delivering the energy mix the UK will need in order to meet its carbon budgets. It has never been more important to attract people into

Where is the UK energy sector headed?



■ **Ferns – we can make a compelling case for better long-term planning**

engineering and energy industries to ensure we have the skilled workforce to meet our policy ambitions.

Prospect's energy survey, which attracted more than 5,500 responses from across the union, provides us with useful guidance including confirming strong support for a balanced energy policy.

However, reflecting wider public opinion, our members think that the energy market is broken and that there should be a stronger role for the state. Few believe that Brexit will be good for the energy sector and 85% favour retaining strong links with Euratom.

Fit for the future

This month Prospect is holding an event in Parliament to mark the contribution of the UK energy workforce and to set out our credentials for shaping the

future of energy policy. I am delighted to have been given the opportunity to lead Prospect's work in this key sector, building on the progress already made by my friend and colleague Dai Hudd, including our pamphlet 'A New Deal for Nuclear'.

It is because of the expertise and experience of Prospect representatives and members that I believe we are uniquely placed in the trade union movement to make a compelling case for better long-term planning and technically sound decision-making. We must also have a strong voice in any review of market regulation and reform.

At our Parliamentary event we are launching a new phase of work with the theme of "Energy policy fit for the future". I hope that all energy branches will get involved.

OUR FANTASTIC UNION COMMUNITY

REVEALING that in October, when Union Week was held, Prospect recruited more than 1,600 new members, Mike Clancy, secretary general, said:

"Whether you ran an event, stood at a recruitment stall, spoke to your colleagues, or shared a photograph on social media, we could only make this week happen with your support,



and it proves once again what a fantastic community we are and can create."

See more photos in our Union Week Facebook album: http://bit.ly/UW_photos

■ **Pictured l-r: Prospect researcher Nick Kardahji and Uniper rep James Masters, Donna Ferguson and Cait Hughes at Ratcliffe power station for Union Week**

ENERGY BRIEFS

Cross-party amendment on Euratom welcomed – A new cross-party amendment to the EU Withdrawal Bill that requires the government to draw up an action plan, backed up by a Parliamentary vote, before the UK finally leaves Euratom, has been welcomed by Prospect.

Mike Clancy, general secretary, said: “Leaving Euratom presents real danger to the UK nuclear sector. The sector provides thousands of highly skilled, highly productive jobs as well as playing a vital role in keeping the lights on.”

Members can contact their MPs urging them to back the amendment through a special tool on the Prospect website: <http://bit.ly/zhtlTgW>

Unions and E.ON discuss pension changes – Prospect, UNISON, Unite, and GMB have held a series of meetings with E.ON as the company explores making changes to its pension schemes.

Prospect national secretary, Steve Thomas, said: “Members will know that the company has made the case for change to deal with significant challenges but we are working with them every step of the way to ensure that they come up with the best and most equitable solution. Our first priority is to protect our members’ interests.”

Further talks are scheduled later this year and any agreement negotiated between the unions and E.ON will be put to a ballot for affected Prospect members to vote on, most likely early in 2018.

Brexit impact on civil nuclear sector – Prospect has forwarded its submission to the Business, Energy & Industrial Strategy Select Committee on the civil nuclear sector, as part of its inquiry into Brexit and the implications for UK business.

The union states: “The government must ensure that the UK’s civil nuclear industry does not face a ‘cliff edge’... Such a scenario would be disastrous for Britain’s nuclear sector and could lead to the suspension of civil nuclear activity in the UK until new arrangements are concluded.”

Download the full submission from the Prospect library: <http://bit.ly/zyHeBqg>

Ofgem price control consultation – With the current price control framework ending in March 2021, energy regulator Ofgem has been seeking views and engagement on its replacement, the RII0-2 price control.

The submission by Prospect addresses issues such as the unprecedented rate of change that energy networks are experiencing, the skills shortage in the industry and high rates of ill-health.

Download the full submission from the Prospect library: <http://bit.ly/zzGpGv3>

Speaking up for members in SSE and Npower merger



PROSPECT has vowed to protect its members interests following the recent announcement that SSE and Npower, two of the UK’s largest energy providers, are looking to merge their retail operations.

David Avery, Prospect negotiations officer, said:

“As a leading union in energy, Prospect is engaging with both SSE and Npower, as well as the regulator, to understand the impact this change will have. As we do this we will be speaking up for our members during the sale and seeking to protect their interests.”



“The move is clearly in part prompted by the government’s price cap policy. It shows the far-reaching consequences for jobs and livelihoods that this policy will have. These impacts must be mitigated by a proper long-term strategy for the future of the UK’s energy and nuclear sectors.”

Prospect also called for the regulatory bodies to avoid any action that will undermine the ability of both companies to deliver change.

This includes any pressure to reduce staff numbers given the government’s commitment to the smart meter installation programme, and that both companies are responsible for installing millions of these meters.

Pay and conditions talks underway at National Grid

TALKS have begun between Prospect and National Grid over pay and terms and conditions for its members working at the company.

Prospect, together with three other unions, are negotiating a new agreement to follow on from the current multi-year pay deal which ends on 30 June 2018.

Prospect have presented a claim that seeks a consolidated increase in base pay and associated allowances; champions the need for a fair system

of progression; and looks to make improvements in a range of terms and conditions and policy areas.

National secretary, **Steve Thomas**, said: “Further talks are scheduled and we expect negotiations to continue into the New Year. We will keep members updated with any significant progress.”



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Industry tackles perils of driving

AMONG the risks and hazards faced by members in the electricity industry, driving is probably quite low down the list — but where it is a major part of work activity the risks need to be properly managed.

Almost 900 people are injured in road accidents every week while driving at work. The pressures of work-related driving, such as high mileage and fatigue, are likely to place even confident drivers at risk.

The industry's Health, Safety and Environment Committee (HESAC) has started a discussion on how to reduce road-related accidents. The Energy Networks Association is working with a range of organisations to deepen their understanding of the factors that increase risks to drivers.

Northern Powergrid has introduced a data analytical tool, Telematics, to identify behaviours that may increase risk.

However, not all hazards are down simply to driving. Work fatigue is related to the long-hours culture in the sector and responding to work-related mobile phone calls can be a distraction to driver concentration.

Prospect will be providing our input into the development of a set of safe driving principles for consideration by HESAC. Union involvement is critical in ensuring that the principles adopted are balanced and appropriate and have the confidence of the workforce.



Energy prices too high, finds Helm review

AN independent review into rising energy costs by Oxford University professor Dieter Helm has found that the current regulatory system has resulted in “higher prices than is needed to be charged for the efficient delivery of energy services”.

Professor Helm focuses on the ownership and regulation of electricity networks in his review for the Department for Business, Energy and Industrial Strategy.

The main points in the Helm review:

- Government policies have made energy prices much higher than they need to be
- A key problem is too much regulation and intervention, with investment decisions effectively nationalised through mechanisms like the Contracts for Difference auctions
- Ofgem should be downsized and given a reduced role (there should be no further RIIO periods and network regulation should be simplified), and new independent national and regional system operators should take the lead in regulating a more simplified and streamlined market
- The distinction between generation, transmission, distribution and supply is outmoded and should be scrapped; DNOs should be allowed to generate and sell electricity
- The price cap is not the best way to deal with energy costs. It recommends the government setting a maximum margin for suppliers
 - The government has chosen the least cost-efficient means to achieve decarbonisation; a single universal carbon tax should be introduced to promote decarbonisation in the most cost-effective way.



‘Ofgem should be downsized and given a reduced role’

National Grid

The review also proposed stripping National Grid of its role as operator of the national electricity system, which distributes demand and supply across the network.

However, in August, Ofgem had already decided on the less radical solution of setting up a separate company within National Grid that would operate the electricity grid system, keeping it distinct from National Grid's other role as the electricity transmission owner.

■ **Prospect's news story on the changes at National Grid:** <http://bit.ly/2zFdvIB>

■ **Find out more about the Helm Review:** <http://bit.ly/2A3V5sb>

NDA NEEDS MORE INVESTMENT, NOT BLAME

THE mishandling of one of the largest contracts ever awarded by the government raises “serious questions” about the ability of the Nuclear Decommissioning Authority to manage large and complex procurements, according to a report by the National Audit Office.

It found that mistakes in awarding a 14-year £6.2bn contract for the clean-up of

the Magnox sites had cost the taxpayer £122m.

Prospect is calling for the government to provide the nuclear sector with the resources it needs and to make a clear public commitment to the future of nuclear in the UK.

Mike Clancy, Prospect general secretary, said: “The NAO report raises serious questions about the ability of government and the

NDA to manage such large and complex projects.

“With pressure across the public sector to contract out services it also raises questions around the ability of government to handle these cases, especially after seven years of cutting staff and funding.

“The NDA cannot be held solely responsible for its inability to attract key procurement expertise. Government cuts on

recruitment and continued limits on pay increases have also taken a heavy toll.”

NDA pensions submission

Prospect has completed its submission to the NDA Pension Forum on proposed improvements to defined contribution pension arrangements in the NDA estate.

■ **Download the submission:** <http://bit.ly/2jxoqqd>



Survey results: your voice in energy

Prospect research officer **Nick Kardahji** has been pulling together the results of the energy survey and processing that together with what we know to be some of the pressing issues affecting the industry

PROSPECT has more than 26,000 members in its combined nuclear and wider energy supply sectors. These members are not just a core part of this union, but they are also an essential part of the UK's vital infrastructure and economy.

That's why over the summer we ran a survey inviting our members, across all Prospect branches, asking for their opinions and thoughts on the union's energy policies and other related matters.

We had a fantastic response to the survey with more than 5,500 members

taking part.

In broad terms, the results show solid support for the union's current position of a balanced energy policy, with a mix of generation that can meet our carbon emissions targets. This is welcome; however the survey also covered other issues of policy.

Nick has written a detailed report on *Future Trends in the UK Electricity Supply Industry*, which is available to download from the Prospect library here: <https://library.prospect.org.uk/id/2017/01567>

However, here we concentrate

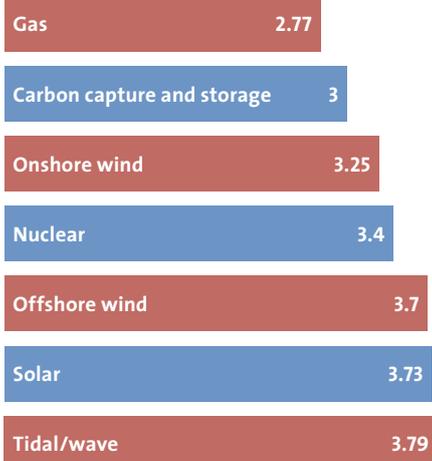
on the main findings of the survey itself and outline five policy recommendations that we believe are necessary to ensure that the energy and nuclear industries are able to meet the UK's future power needs.

Key results

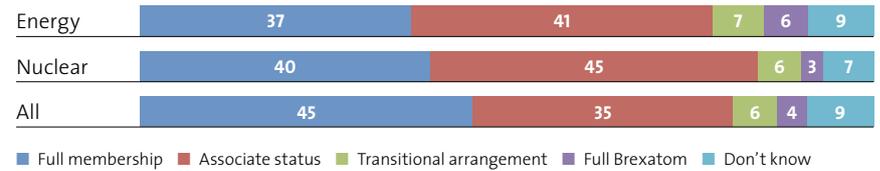
- Prospect's current balanced energy policy has strong support (95% of respondents)
- Respondents thought the energy market is broken, prices are too high and regulation isn't working
- Respondents wanted to see the state

Priorities for future energy mix

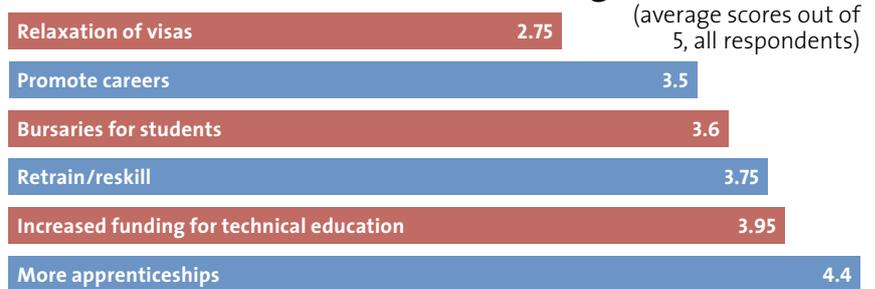
(average scores out of 5, all respondents)



Views on UK Euratom membership post-Brexit (%)



Views on how to tackle skills shortages



more involved in the energy sector

- Respondents favoured more emphasis on renewables, with a place for nuclear
- Overall, respondents favoured retaining energy links with Europe post-Brexit

Role of the state

There was a range of views on the specific role the state should have in the energy market.

A plurality of respondents support nationalisation (36%), compared with 34% who support the current system of a regulated private market.

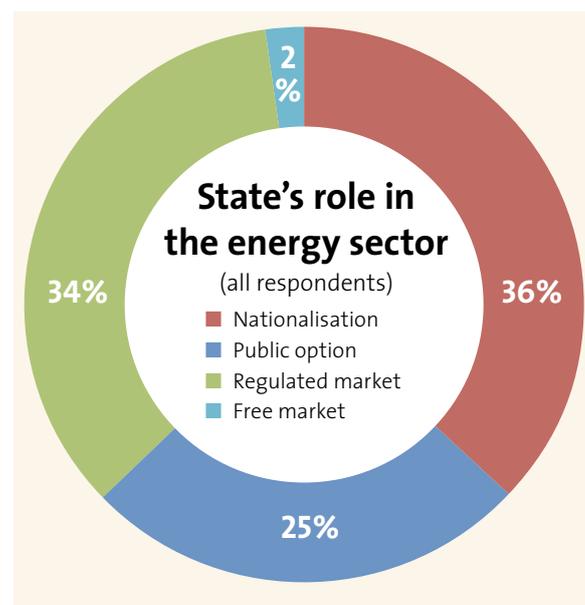
Support for reducing regulation was unsurprisingly extremely low (2%). However, there are undoubtedly differing views about what nationalisation may mean in practice.

Future energy needs

Respondents were asked to rate on a scale of 1 to 5 how much of a priority different energy sources should be in the future energy mix.

Tidal/wave generally scored best (average score of 3.79 out of 5), closely followed by solar (3.73) and offshore wind (3.70). Nuclear had an average score of 3.40.

The survey results reinforce the fact that we are at a key moment in the future development of energy policy and that there has never been a better time for Prospect to assert our voice.



'The results show solid support for the union's current position of a balanced energy policy'

Skills

Respondents were generally supportive of a range of measures proposed to tackle skills shortages.

Just over half of respondents believe that skills programmes should be funded by the government, with about a third saying employers should pay. Less than 10% support funding via higher energy bills.

Brexit

Few respondents (7%) are confident that Brexit will have a positive impact on the energy sector, with a small majority (51%) saying the impact will be negative, and 21% saying there will be no impact.

Younger respondents were significantly more likely to think the impact of Brexit would be negative.

In terms of the negotiations over Brexit, an overwhelming majority (85%) of all respondents thought key energy relationships with Europe, such as retaining links with the common energy market and the European emissions trading scheme, were important.

Policy recommendations

So, what can Prospect do to ensure the energy sector can prosper for the next decade and beyond?

We have identified five core areas in which we can campaign around:

- **New energy commission:** long-term planning, more input from unions and decisions informed by technical expertise
 - **Action on skills:** critical skills shortages need to be addressed, especially as the workforce expands
 - **Balanced energy mix:** we cannot risk becoming too reliant on a single technology
 - **Restoring public confidence:** a thorough assessment of the private energy market is urgently needed
 - **Brexit:** it is of vital importance that the energy sector establishes working relations with the European Union post-Brexit.
- **Download Nick Kardahji's report on the results of the Prospect energy survey:** <https://library.prospect.org.uk/id/2017/01572>



CLEAN GROWTH

A strategy without a plan?

The government's long-awaited Clean Growth Strategy raises more questions than answers on how we can deliver a low-carbon economy, writes Prospect energy researcher **Nick Kardahji**

IN October the government finally published its long-delayed Clean Growth Strategy setting out how it intends to meet its emissions reduction obligations under the Climate Change Act.

At present the UK is on track to miss legally binding targets to reduce carbon emissions by 80% by 2050, and the Committee on Climate Change (CCC) warned in its annual report this year that "urgent action" is needed to close the policy gap and get the UK back on track with decarbonisation.

But are the measures announced by the government enough to achieve decarbonisation, while also ensuring the UK maintains a resilient and affordable energy system?

And, crucially, is the UK doing enough in terms of planning, investment and skills development to prepare for the major energy challenges we face?

Radical action needed

The Clean Growth Strategy puts a lot of emphasis on the progress that has been made on reducing greenhouse gas emissions, and there is certainly much to be pleased about.

The UK has achieved much greater



■ **Kardahji – there is a lack of detail in the strategy**

reductions than other G7 nations, and has seen significant growth in the use of renewable technologies.

The problem, which the Clean Growth Strategy doesn't fully acknowledge, is that progress is stalling, partly because many of the gains have been the result of one-off measures that can't be repeated.

The CCC points out, for example, that 75% of all the emissions reductions since 2012 have been achieved by a shift away from using coal to generate electricity; now that coal has largely been removed from the generation mix, progress on reducing emissions is forecast to stall.

Without some radical new thinking, we are on track to miss our carbon targets by a very wide margin. The government at least acknowledges this in the Clean Growth Strategy; even with the new measures announced in the strategy, they expect excess emissions of 167 megatons of CO₂ between 2028 and 2032, equivalent to almost a year's worth of emissions from UK industry and the power sector combined.

There's no clear plan to address this significant shortfall, and beyond some

welcome noises on innovation and energy efficiency, there is a serious lack of detail in the strategy, and, crucially, a lack of funding.

Is the Clean Growth Strategy up to the challenge?

The scale of the change we need to make by 2030 is difficult to overstate, and time is running short.

To meet legally binding targets, the UK needs to add a total of 130-150 terawatt hours of low-carbon generation output by 2030, equivalent to nearly 50% of current consumption, while also investing heavily in storage and flexibility measures like demand response, which incentivise consumers to reduce consumption at peak times.

At the same time, a significant proportion of existing nuclear capacity is scheduled to be decommissioned by the middle of the next decade, and our carbon targets require all of the remaining coal and most of the existing gas-fired generation to be phased out by 2030. This is a staggeringly ambitious objective within a very short time frame, beyond anything that has been attempted in the past.

Reducing carbon emissions: must do better

- 2006: less than 5% of UK electricity was produced by renewables
- 2016: renewables was closer to 25% of UK electricity output
- The UK reduced its carbon emissions by 27% since 2005,
- Carbon emissions are now 42% below 1990 levels

However, at the current rate, the UK will miss the legally binding target of reducing carbon emissions by 80% by 2050.



The Clean Growth Strategy seems to expect that the private sector will deliver all of this, but without a clear investment strategy and a detailed plan for achieving it, the UK faces not only excess carbon emissions, but also a serious supply shortfall.

The Clean Growth Strategy does offer £557m in new subsidies for renewables, which is welcome, but it hasn't spelled out exactly when and how the money will be available. And while this level of funding is significant, it falls well short of the sums that will be needed to achieve the decarbonisation of the power sector.

What about Brexit and skills?

A heavy emphasis on innovation and energy efficiency is also welcome, but again, problems abound.

The looming impact of Brexit, of which there is no mention at all in the strategy, is likely to be significant on the UK science and research sector as EU funding is lost and the status of UK-based EU researchers and access to pan-European research networks is threatened.

Plus, while energy efficiency is crucial, the government is being somewhat disingenuous; it is only because the coalition government

abandoned ambitious energy efficiency programmes that urgent action on this front is now needed.

One of the most critical areas in which government policy has so far fallen short is skills training and development, which the Clean Growth Strategy is noticeably silent about.

The energy sector is facing the twin pressures of an ageing workforce and a growing demand for skilled labour, which the domestic labour market is increasingly ill-equipped to meet.

The Energy and Utilities Skills Partnership has forecast that 20% of the UK utilities workforce will retire within the next decade, and the electricity sector alone will need to make 53,000 new appointments just to replace retirees and others leaving the sector, while also making an additional 10,000 new hires to meet rising demand for skilled labour.

The University of Hull forecasts that the offshore wind sector alone could add nearly 40,000 jobs by 2032.

Meeting these targets is made all the more challenging by the chronic lack of candidates with the right skills, and the energy and utilities sector has a higher rate of vacancies due to skills shortages than any other part of the UK economy.

A persistent failure to plan and deliver skills in a coordinated, cost-effective way that meets industry needs is at the heart of the problems faced by the energy industry. Delivering low-carbon growth, and winning a share of the huge global market in clean energy technologies, will be impossible without a proper, fully funded plan to grow and develop a skilled workforce.

What needs to be done?

Arguably, the biggest problem we face is the lack of a coordinated, informed, long-term approach to energy policy. The fact that the Clean Growth Strategy

is so late, and so light on details, is a clear example of this.

At the moment responsibility for setting targets, scrutinising policy, and planning strategy in the energy sector is divided between numerous departments and agencies, including the Department for Business, Energy and Industrial Strategy, Ofgem, National Grid, the CCC, and others.

At the same time, and partly as a result of this fragmented policy landscape, decisions on energy issues have too often been short-term moves dictated as much by political expediency as by a considered view of technical and economic realities.

What is urgently needed is an independent and expert body that can provide some strategic direction and effective oversight of energy policy.

An energy commission, with a strong voice for industry stakeholders, including unions, and meaningful input from technical and scientific experts, would help to inject some joined-up thinking to energy policy, provide rigorous and effective oversight of policy measures, and be able to assess the true costs and benefits of different policy pathways.

Establishing such a commission would be the first step in generating a fully costed and properly planned strategy for low-carbon growth over the next decade.

We can't afford to get energy policy wrong, and time is growing very short if we are going to meet the targets we have set for decarbonising our energy system and our economy. It's time for an urgent, serious overhaul of energy policy, so the UK can benefit from the clean energy revolution while showing true global leadership on the challenge of climate change.

■ www.gov.uk/government/publications/clean-growth-strategy

'Without some radical new thinking, we are on track to miss our carbon targets by a very wide margin'



Success on equal pay and discrimination case at UKPN

PROCUREMENT specialist Amy Arnold (pictured above, far right, with counsel David Renton and Prospect legal officer Jane Copley) has won a sex discrimination case against UK Power Networks after being denied equal pay and a promotion.

After starting at the company, Amy became aware that she was paid substantially less than male graduate trainees, who were doing the same work, and raised it with her bosses.

Over 18 months, Amy was consistently refused equal pay. Management told her she needed more professional qualifications, she needed to hit performance criteria and then, finally, that pay wasn't in their remit.

Norwich Employment Tribunal heard that not only was Amy denied equal pay, she was also overlooked for a promotion. A man who was less qualified and less experienced was given the job that she had applied for.

The judge found that she had been discriminated against and victimised for making a complaint about equal pay.

Amy said: "I hope my case highlights to UKPN and other employers that sex discrimination is a serious issue and is not something that can simply be ignored.

"I am very grateful for Prospect's support and would encourage anyone who is suffering from sex discrimination not to suffer in silence."

Prospect's legal team and negotiations officer Andy Bye, who was also a witness at the tribunal, supported Amy throughout the complaint.

UKPN has been ordered to pay compensation to Amy and the judge recommended that Amy's former team receive equalities training.

GENDER PAY GAP progress starts with stats



EARLIER this year new regulations came into force requiring all employers with more than 250 employees to report on their gender pay gaps.

Organisations are required to publish data on:

- The difference between hourly rates for male and female employees
- The proportions of men and women paid bonuses and the differences in the average bonuses paid for each
- The percentages of men and women in each quartile of the pay range.

While the reporting requirements are relatively weak, and the regulations lack a clear enforcement mechanism, they present opportunities for unions like Prospect to press companies to be more transparent about their pay structures and policies, and to further the campaign for an end to discriminatory pay practices.

So far, only one private employer in the Energy Supply Industry, SSE, has published a report (see table).

SSE's report notes that the median hourly gender pay gap widened slightly between 2015 and 2016, and attributes the significant pay gap to compositional factors: women are concentrated in lower pay grades, while men dominate the senior professional and managerial grades.

The company also notes that the engineering profession in the UK is heavily male-dominated (10% of UK engineering professionals are women, compared with a European average of about 20%), and this is reflected in the gender profile of the SSE workforce.

Positive action

The SSE report can be used to push other ESI companies, even those with fewer

SSE GENDER PAY REPORT

Hourly pay gap – men and women	2016-17	2015-16
Mean hourly pay	22.0%	22.4%
Median hourly pay difference	19.3%	18.7%
Bonus pay	2016-17	
Mean difference in bonus pay	32.5%	
Median difference in bonus pay	9.1%	
Male employees receiving bonus pay	32.1%	
Female employees receiving bonus pay	12.4%	
Pay quartiles	Men	Women
Lower quartile	57%	43%
Second quartile	59%	41%
Third quartile	78%	22%
Upper quartile	84%	16%

'Pushing employers on gender pay gap issues also offers opportunities to demand greater transparency'

than 250 employees, to follow SSE's lead and publish gender pay gap data.

Companies should be encouraged to follow SSE's lead in outlining some of the steps they intend to take to address gender pay gaps; it may be useful to highlight the potential legal and reputational consequences of not being proactive on this issue.

Pushing employers on gender pay gap issues also offers opportunities to demand greater transparency around other issues such as performance-based pay and the use of personal contracts.

For the full briefing on gender pay gap reporting at SSE, including comparisons with the Office for Nuclear Regulation's report, download the following research document from the Prospect library: <http://bit.ly/zieTigp>

Other resources:

- Equality briefing on the gender pay gap regulations: <http://bit.ly/2zCo5E8>
- SSE's gender pay gap report: <http://bit.ly/2jrYQ3B>
- ACAS guidance on gender pay gap reporting: <http://bit.ly/zmpbceb>