



# Energy Security of Supply

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- **Energy Review**
- **National Context**



# Energy Review

- **Announced late last year**
- **Central Review Team within DTI**
- **Public Consultation launched 23 January 2006**
- **Document accompanying consultation**
- **Responses required by 14 April 2006**
- **Everything is up for consideration**



# Why Now?

**Energy White Paper in 2003 set 4 Goals**

- 1. Cut UK emissions by 60% by 2050**
- 2. Maintain reliability of energy supplies**
- 3. Promote competitive markets**
- 4. Every home is adequately and affordably heated**



# Why Now?

- **However now we have**
  1. **More evidence of the impacts of climate change**
  2. **UK has become a net importer of gas much sooner than expected**
  3. **Also becoming a net oil importer**
  4. **Energy security has increased in importance**
  5. **Energy prices have risen sharply with obvious links to fuel poverty**
  6. **Slower than expected progress within the EU**

**AND**



# Why Now?

**A general heightening of sensitivity around global energy issues affecting perceptions of security of supply**



# Early Reaction

- **Nuclear is back on the agenda**
- **Carbon sequestration is rising in importance**
- **Low carbon technologies have a key role**
- **Security of supply and reliance on imports is a key theme**
- **Diversity of supply is the way forward**



# National Context

## Gas

**Current 40% contribution**

**UK output has declined faster than anticipated**

**UK is now a net gas importer**

**In 2004 we imported 10% of requirement**

**By 2020 this could be around 80%**

**Sources include Norway and Russia**



# National Context

## Coal

**Current 33% contribution**

**EU Directive on emissions is driving action**

**Plants scheduled to close**

**Forecast contribution by 2020 of 16%**



# National Context

## Nuclear

**Current 19% contribution**

**Installations are ageing**

**Plants scheduled for decommissioning over next 15 years**

**Forecast contribution by 2020 of 7%**



# National Context

## Renewables

**Current 4% contribution and rising**

**10% target by 2010**

**Progress encouraging but not fast enough**

**Unlikely to deliver on the scale required**



# National Context

**Gas has heavy future reliance on imports**

**Coal down from 33% now to 16% by 2020**

**Nuclear down from 19% now to 7% by 2020**

**Renewables low and rising slowly**

**50% increase in world prices of fossil fuels over last three years**