



# Energy Capital – Opportunities to turn research into action

SHAP ERDF WMHOG CONFERENCE

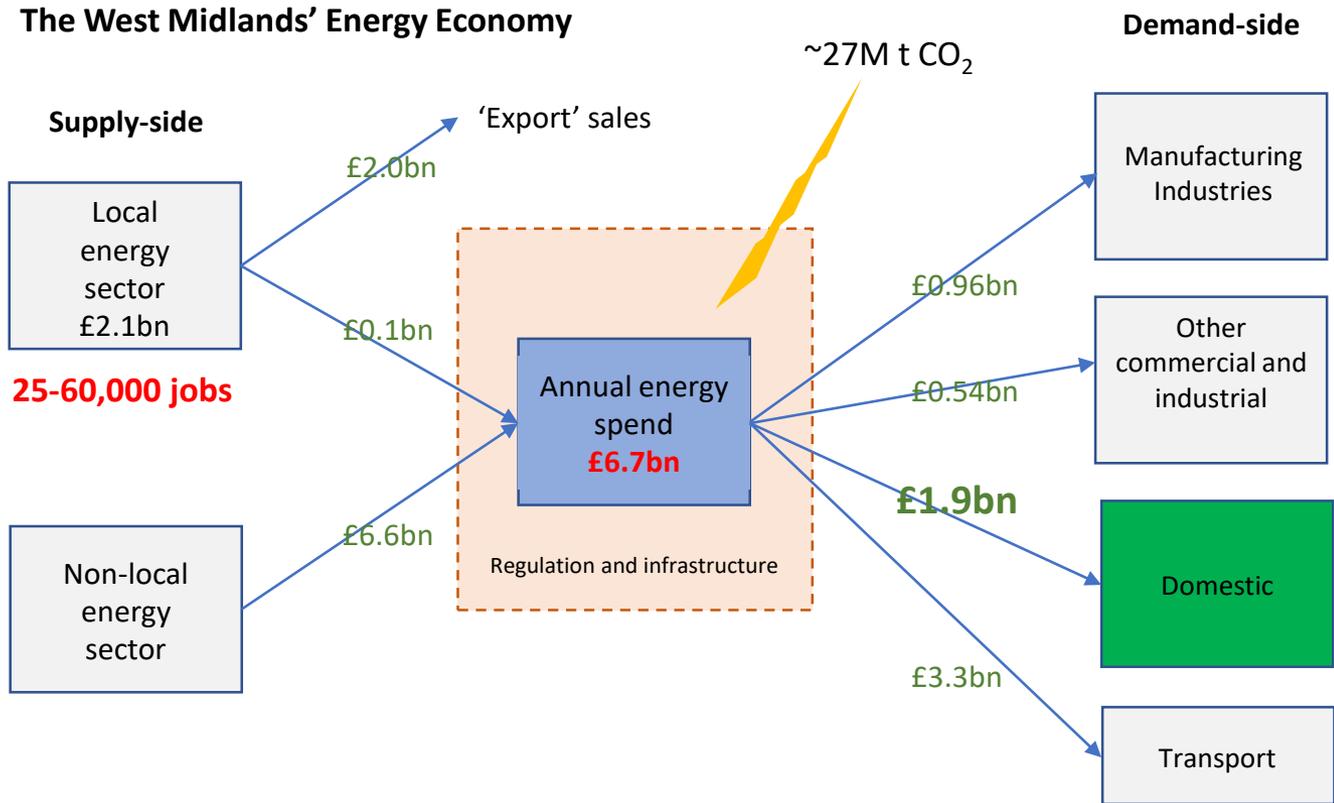
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# Energy matters to this region, and housing matters to energy

## The West Midlands' Energy Economy



## IMPACT

- Energy poverty
- Industrial energy costs
- Climate change
- Economic opportunities which play to local strengths

# The West Midlands has a specific opportunity and need

- Devolution
- History
- Concentration of expertise
  - Institutions
  - Corporates
- Complementary needs and skills across the region
  - Diversity is a virtue
- Loss of public sector capacity
  - Willingness to work in partnership

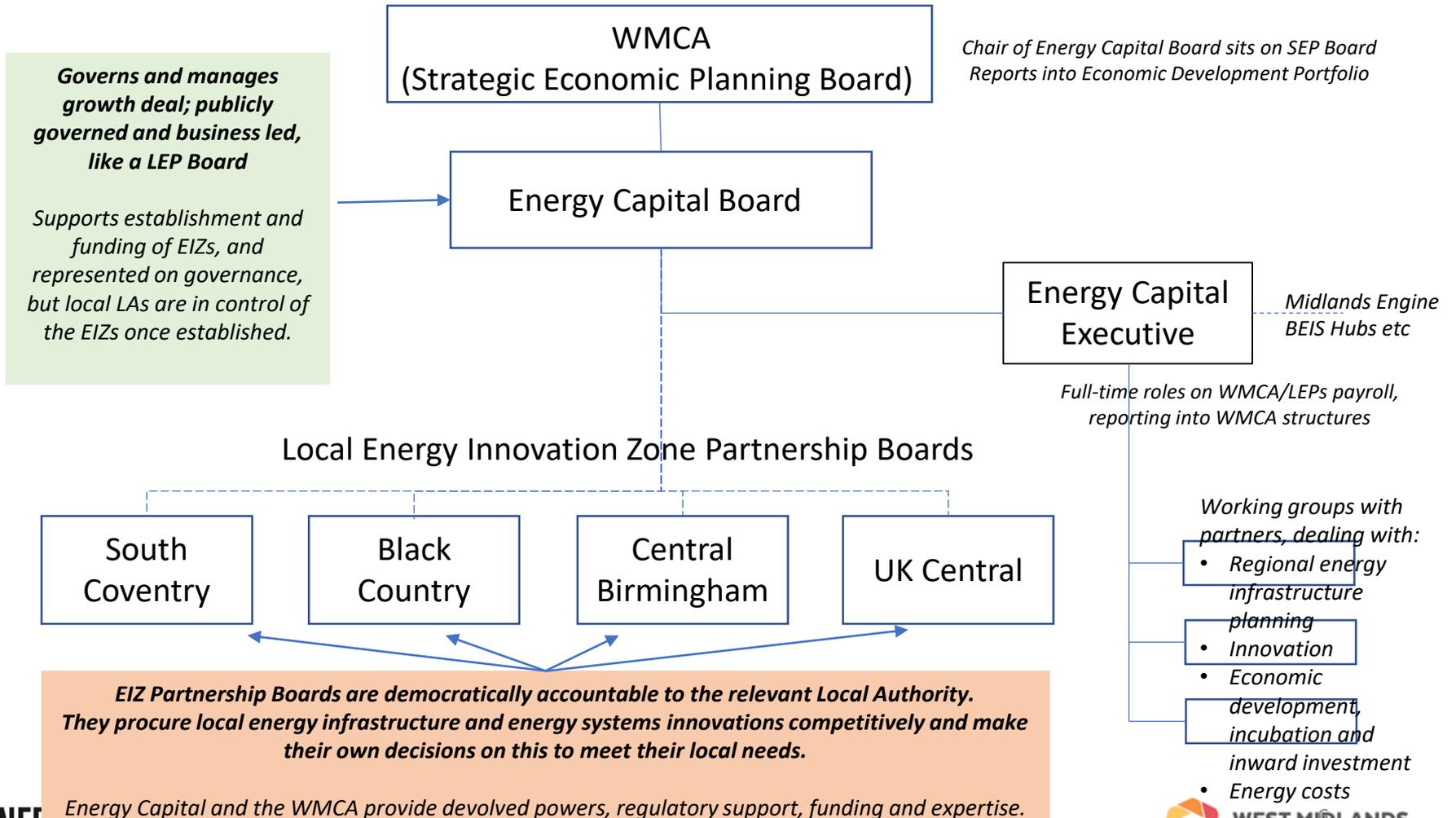
# We're proposing an approach that fits our region

- Energy Innovation Zones as a framework – LA control and governance
  - Demand-driven, starting from local needs
- Commercial scale, ***beyond demonstrators***
- Opportunity to flex regulations ***with managed risk***
- Publicly-controlled regional support institution (Energy Capital)
  - Investment funding
  - Devolved powers to EIZs
  - Democratically-accountable
- Clear strategic targets

# Clear strategic targets are proposed

Objective	Proposed target
<p><b>Reduced energy costs for our strategic industries</b></p>	<p>Equivalent or better than costs paid by German competitors by 2023</p> <p>This means delivering a typical 20-25% reduction, depending on sector.</p>
<p><b>Reduced incidence of fuel poverty across our 1.7M households (currently approximately 200,000 homes are in fuel poverty across the region)</b></p>	<p>Beat national government targets by at least 5 years:</p> <p>As many fuel poor households as practical in Band C homes by 2025</p> <p>As many fuel poor households as practical in Band D homes or better by 2020</p>
<p><b>Deliver our share of national and global carbon budgets</b></p>	<p>Reduce regional carbon emissions by 26% between 2016 and 2030</p>
<p><b>Create a regional energy infrastructure putting the region at the leading edge of the global energy and transport systems transition</b></p>	<p>£1bn GVA improvement by 2025 through EIZs and associated cluster support and technology commercialisation.</p>

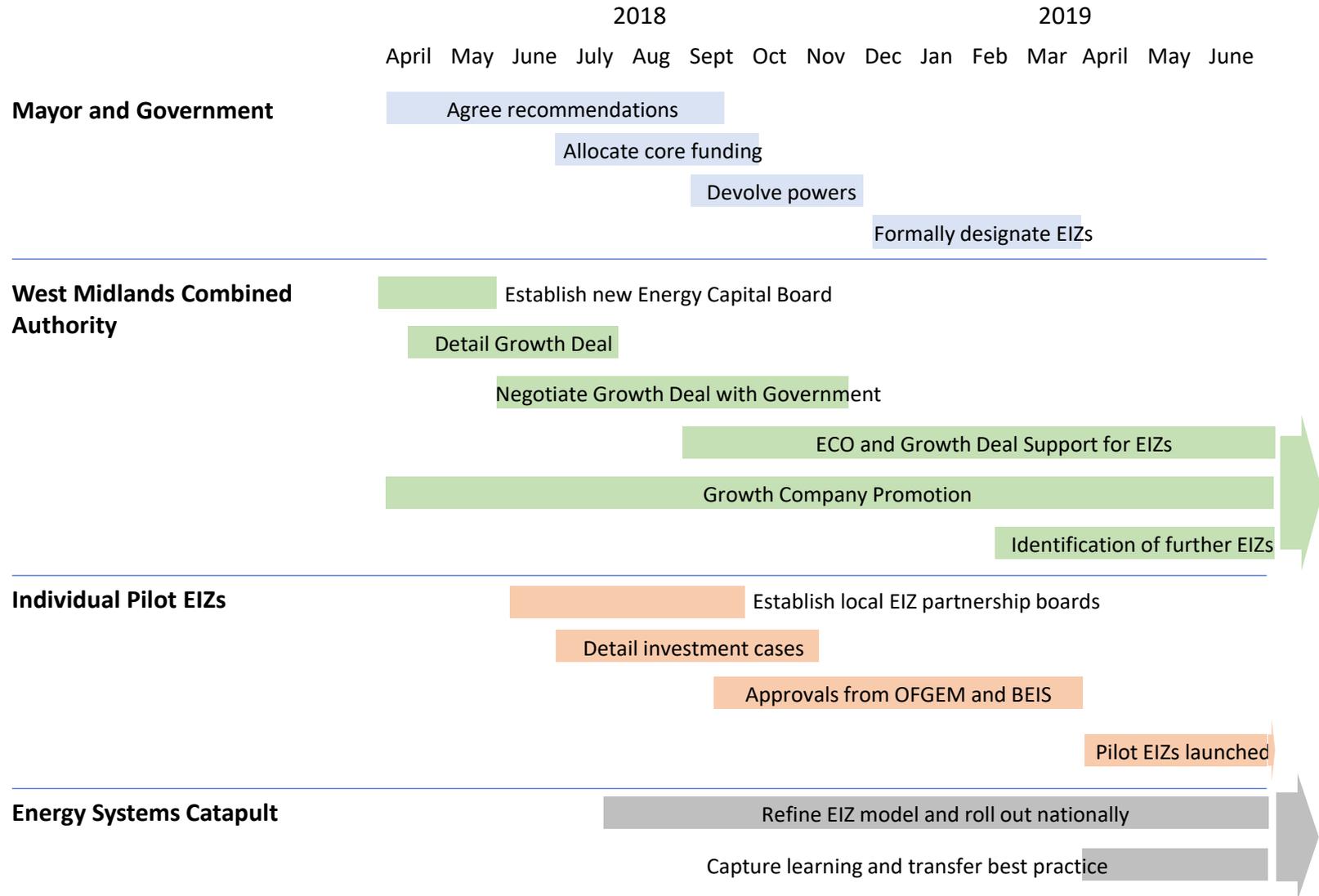
# Energy Capital will report into the WMCA but is driven 'bottom up'



# Potential devolved powers: there is every opportunity for the housing sector to get involved

- Control over Energy Company Obligation (ECO)
- Ability to invest in infrastructure ‘ahead of demand’ (where localities control risks)
  - EVs
  - Housing
- Ability to allocate local infrastructure costs and risks strategically, with democratic accountability
- Flexing of energy (and housing?) market governance to incentivise strategic investments
  - Housing energy efficiency
  - District energy
  - Storage and smart meters: digital platforms to support aggregators and new business models
- Target is to leverage £500M investment funding

# High-level implementation timeline



# Feedback and comment is very welcome

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