

The scale of the current energy challenge is unprecedented. If we're serious about tackling climate change and also meeting growing global energy demand, we need to take action now. In 2007, the British government demonstrated its readiness to act: bringing forward reforms in planning and setting legally binding carbon emissions targets for the UK.

This momentum looks set to continue in 2008, with government having now confirmed their support for construction of a new generation of nuclear power stations in the UK.

How can we meet escalating global demand for secure, affordable energy? What can we do to tackle climate change? The global community must find cost effective, lasting solutions to these problems. In the UK, we can make a difference by replacing our ageing energy infrastructure with technologies capable of delivering affordable, secure, low carbon energy in the long term.

In 2007, the British government signalled its commitment to a low carbon future by proposed binding targets for carbon emissions reductions – 26-32% by 2020, and 60% by 2050 compared to 1990 levels. In addition, government proposals on planning reform look set to significantly reduce delays in large projects specifically energy projects. The European Union also published ambitious climate change and energy targets in 2007, committing to cut EU carbon emissions, improve energy efficiency and increase renewable energy levels – with a target of 20% on each count by 2020.

Playing our part

EDF Energy has spoken out in favour of reform. We were actively involved in policy debate throughout 2007, responding to government consultations on nuclear power, planning, decentralised energy, renewable energy, energy efficiency, long term carbon pricing and other relevant issues. Our policy position hasn't changed: we believe that improvements in energy

efficiency, combined with the development of a diverse low-carbon energy 'mix' (including clean coal, nuclear, renewable and decentralised energy) are essential to achieve long term economic, social and environmental sustainability.

Nuclear power

A new generation of nuclear power stations is needed if the UK is to meet its objectives. Nuclear power is a safe, reliable and low-carbon option. It is also less expensive than renewable or carbon capture and storage technologies and requires no subsidy.

Renewable and decentralised energy

Renewable energy, including wind power has an important role to play in reducing UK carbon emissions. At present, many renewable technologies are expensive and require subsidy from customers, but in the longer term costs should come down. One drawback is that supply from wind is also intermittent, which means that it will always require backup from conventional sources to guarantee security of supply.

Decentralised energy systems, including microgeneration, can be used to generate energy for individual homes or businesses, but are frequently more expensive and less efficient than other low carbon energy sources.

Carbon capture and storage technologies could help us to continue the use of coal for energy generation by minimising its impact on climate change. We expect carbon capture to play a major role in the UK's energy mix in future, although only a few small 'demonstration' projects are currently operating.

The next steps

Looking ahead to 2008, we believe government can support investment in low carbon energy technologies by finalising reforms to the planning system and by ensuring a long-term carbon price that takes into account the value of carbon emissions reductions. In the short-term, we believe that a transitional UK-specific carbon price mechanism may be required in addition to a stronger European Union Emissions Trading Scheme.



Close co-operation across the business, as seen at an Energy Review meeting, is helping the company make an impact