

## **A Just Energy Transition for England must be driven by full devolution in our regions**

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Launching the book, last week, [English Regions After Brexit](#) co-edited by Dr Steve McCabe and myself on behalf of the Institute for Design and Economic Acceleration (IDEA) and published by Bite-Sized books, involved moderating a discussion on devolution options for English regions considered by a range of panellists including Lord Michael Heseltine, constitutional expert, Professor Vernon Bogdanor CBE, and economists Vicky Pryce, Paul Forrest of the Midlands Economic Forum and my colleague, Dr Steve McCabe of IDEA.

Sadly with technology not quite yet delivering a 'hitch-free solution', two contributors were unable to join us – Sir Vince Cable and Rt Hon Liam Byrne — with our sincere regrets that they were unable to provide us with their experiences and insights. Twenty one contributors alongside Dr McCabe and myself produced content for the book, alongside a Foreword by Sir Vince Cable with an Afterword by Lord Michael Heseltine. The volume covers 17 chapters reviewing devolution in the context of Brexit, economic considerations, potential structures, and looking ahead to the opportunities provided through devolved power.

Chapter 8, by Matthew Rhodes, Chair of West Midlands Energy Capital, argues that without greatly enhanced devolution in England, our chances of a 'just energy transition' are very low. A 2019 BEIS report assessing [Sub-Regional Fuel Poverty](#) in England showed that households in the West Midlands and the North West had the highest levels of fuel poverty at between 14-19% in Birmingham, Coventry and Wolverhampton, and with 277,360 or 11.4% households in fuel poverty across the West Midlands region (out of 2,428,661 households in total).

Rhodes points out that unlike in the past, when it made sense to plan energy infrastructure solely on a national basis, in the 21<sup>st</sup> century the way to deliver clean energy most cheaply to customers will depend much more on effective and sensitive local infrastructure planning. This is because getting cheap clean energy depends to a much higher degree on effective integration of energy infrastructure with local geography and other local infrastructures including transport, waste and telecoms systems.

Rhodes suggests that the cleanest, most efficient energy infrastructure with the lowest environmental impact must be deeply embedded in, and owned/controlled by the communities it serves. To move into a just energy transition in the West Midlands he suggests a small regional energy infrastructure planning authority with statutory powers bringing together energy network operators through data-sharing and consultations on future investment plans. To ensure democratic accountability this regional planning authority would report into the Mayoral Combined Authority.

Speaking about this, 10<sup>th</sup> August, Matthew Rhodes states, *"I think regions make a lot of sense and democratically elected mayors should have powers to reallocate a small portion of the roughly 25% of energy bill levies which currently support centralised energy infrastructure planning bodies and financial mechanisms – this amounts to over £1bn a year for the West Midlands. Giving the regional mayors power to set and allocate 1-2% of these levies alone would provide £10-£20M a year to support an effective regional energy planning body. This would save customers money and support delivery of local industrial and fuel poverty strategies. There would be significant benefits nationally and it is one of the stronger arguments for accelerated regional devolution."*

Given the [government's plans](#) for a White Paper on devolution due out this Autumn, it was recognised by both Lord Heseltine and Professor Vernon Bogdanor at our book launch that the most likely scenario involved continued devolved powers being granted to the Mayoral Combined Authorities, coupled with ongoing simplification of lower-tier local government structures to unitary authorities with elected mayors. It was noted by Professor Bogdanor, writing in the [New York Times](#) 'In England, there is little regional feeling. The regions are ghosts'.

Rhodes, however, recognises that his proposed solution for a just energy transition would require consistency of local government organisation and structures across England otherwise the shire counties, not currently part of the existing Mayoral Combined Authorities – which only cover 13% of England's land mass, would be 'left behind'. This conundrum remains, as yet, unresolved.

In further explaining the relevance of this and speaking during interview in August, Rhodes explains that there is always going to be both a national grid for gas and electricity and a local distribution aspect. He highlights the real issue being that local network operators are accountable only to a central regulator, and consequently their linkage to local opportunity and need is extremely tenuous. He sates:

*"There is a big contrast between that way we are running energy and the way we run transport, for example. The essence of the argument is that we would get a lower cost energy system today if we gave places a stronger role in the planning of energy system investment so they can align this with local economic and spatial plans. Local economies are typically more regional than ancient shire boundaries, and less likely to respect such arbitrary borders.*

With energy infrastructure planning being such a complicated area and needing quite a bit of resource it was essential to ensure some of the existing energy system funding – which is currently sent to bodies such as Ofgem and the network operators through levies on everyone's energy bills was sent to local bodies: local authorities, regional bodies to support an efficient planning process – enabling an efficient local place-based planning process and a national strategic one (just like transport).

*"Devolved regional bodies are almost certainly the right level to devolve funding to as you need a critical mass of expertise and also a perspective which enables you to take advantage of opportunities for renewable resource-rich shires to support demand-intense cities, for example. You need scale, diversity and to the ability to make genuine and unavoidable political trade-offs, which are never far away with energy."* Rhodes adds.

He highlights the case of the biogas, biomethane, where a regional infrastructure is a requirement in enabling the crop growing and livestock farming shires, as well as the entire metropolitan and rural areas producing food and other organic wastes, to work together to join up their ability to produce the biogas required to meet the demand for energy use.

*"Free markets will never deliver this, because the (local) infrastructure needs to be there first",* Rhodes explains. *"Regional democratic accountability, leadership and responsibility are critical to manage the necessary trade-offs and ensure the views of local residents are represented in the process. The kinds of decisions that need to be taken also need to reflect our industrial, business and citizen priorities. For us in West Midlands, for example, we might well choose to focus on production of EVs, energy intensive industries, and reducing fuel poverty through high quality housing. A local energy system to encourage these outcomes might be very different from one designed to support the priorities of either London or Scotland, for example – and that should be celebrated and seen as an opportunity, not a problem."*

Having recently launched [the world's first biomethane light railcar or tram at Motorail's Long Marston](#) test facility just over two weeks ago, the IDEA think-and-do tank is exploring the opportunities for this renewable natural gas and recognises that as devolution in England gains a greater foothold the opportunity for regional power generation opens the opportunity for regions with greater rural hinterlands to tap into this emerging green opportunity.