

Lord Howell of Guildford June 7th, Lords Debate.
(Con)

My Lords, this is a very interesting report about people's motives and communications, from a very distinguished committee, which many of us have read with great interest. My only regret is that there is a certain coyness in the report about cost—the cost of buying into the green energy transition. You may say, “What about cost?”. The point is that costs and savings are the decisive behaviour issue for most people when they have to look at their budget and decide how much to spend and by how much they will be supported from outside.

Of course, it is all okay for the wealthiest 10%—that, we know. They have enough cash to install ground heat pumps or air heat pumps and hope that they will perform and be efficient. That is no great skin off their nose and no great challenge because they have the money. That is for the 10%, but for the other 90%—not just the poorest end but practically every family in the land, certainly throughout the middle and lower-income groups—it is not like that at all. They are dealing with a budget where every penny counts and having to embark on new expenditure and decisions such as this for their homes, small businesses or whatever, is quite a different proposition.

I declare an interest in that I advise Mitsubishi Electric in Europe, one of the biggest producers of heat pumps and air-conditioning. It is working very hard to bring down the cost of this machinery, particularly heat pumps, making them more amenable and accessible for those living in flats, apartments and so on, and making them more efficient in delivering the heating, comfort, hot water and so on that people want. It has some way to go.

The report states, very frankly, that there is “limited understanding” of this whole area. That is certainly true and it applies particularly to the confusion in the public mind, which is aggravated by disgraceful media coverage claiming that decarbonising the present electricity sector is the answer to everything. One gets ridiculous headlines in the newspapers on days when wind power supplies 100% of our electricity, saying that that has solved the problem—“We've decarbonised; no need to worry”—so people sit back, unaware that that is only a tiny part of the decarbonisation process. Last year, the electricity sector accounted for 18% of our total energy usage, so the other four-fifths—the other 81% or more—of fossil fuel energy has to be decarbonised. We have hardly started; this is just the foothills. What about the other 80%? This is a gigantic new area, which will require vast low-

carbon investment in nuclear power and wind, as well as a virtually new national grid.

My simple message today with this excellent report is that people need to understand the scale of what is to come and how little distance we have gone, and they should understand who is going to pay, whether it is taxpayers again, who are already pressed, or the wretched consumer—one of the Government's ideas is that the consumer will pay for the new Sizewell C reactor.

My own preference would be that we should give far more effort to mobilising private investment—billions or trillions under management in pension funds are presently going abroad—and injecting that into the vast new expenditure needed so that people can make safe decisions that mean they will not bankrupt themselves and their families by rushing into new projects which are not proven. That is the reality. Cost will guide the decisions and behaviour of most people. The more we understand that and the more we explain where the cost will be covered, the better chance we have—I think we will get there—of achieving our NZ goals.