



UK Sustainable Investment
and Finance Association

PRESS RELEASE

UK INVESTORS CALL ON THE GOVERNMENT TO SUPPORT INVESTMENT IN RENEWABLES

Embargoed until 00.01am, Friday 11th September

- Thirteen investors write to Chancellor to highlight concerns over future renewables investment resulting from unsupportive Government policy.
- Group focuses on the benefits to the UK of a stable renewables investment framework.
- Emphasis also placed on the need to decarbonise the UK economy in light of likely deal at COP21 in December.

London, 11th September 2015 – Thirteen investors have today sent a letter coordinated by the UK Sustainable Investment and Finance Association (UKSIF) to the Chancellor, George Osborne, to highlight investor concerns over recent policy announcements relating to investment in the renewables sector.

The letter focused on the benefits of renewable energy to the UK. These include increased energy security, reinforcement of the electricity network and benefits to consumers from integration of clean energy sources while ensuring the grid remains balanced.

Investors also made clear the need to decarbonise the UK economy, particularly with COP21 taking place in December. They called for a low risk environment in the UK energy sector to help meet the estimated £200bn of required investment by 2020 – of which only a quarter has been met so far.

Simon Howard, UKSIF Chief Executive said:

“We support the Government’s commitment to transitioning to a low-carbon economy while keeping consumer bills low. However, it is crucial that the Government maintains the stable policy framework we have had over the past few years if it is to keep costs down and encourage investment in energy infrastructure. Sudden changes, like those being proposed, have serious consequences for companies and for investors.

But with COP21 only a matter of weeks away, we believe the Government should be doing more. The UK already has its own commitments under the Climate Change Act and it is very likely there will be agreement on a new package of measures to tackle climate change in December. In meeting those commitments the Government will need to rely on the private

sector to finance low-carbon energy infrastructure. These changes will highlight the short-term nature of the policy regime and will do nothing to instil confidence towards future investment.

List of signatories:

Simon Howard, *Chief Executive*, UK Sustainable Investment and Finance Association

Lisa Ashford, *Chief Executive Officer*, Ethex

Matthew Clayton, *Executive Director*, Triodos Renewables

John David, *Head of Rathbone Greenbank Investments*, Rathbone Greenbank Investments

Paul Ellis, *Chief Executive*, Ecology Building Society

Julia Groves, *Chief Executive*, Trillion Fund

Karl Harder, *Managing Director*, Abundance Generation

Pierre Jameson, *Chief Investment Officer*, Church of England Pension Board

Tom Joy, *Director of Investments*, The Church Commissioners

George Latham, *Managing Partner and Chief Investment Officer*, WHEB Group

Karen McGrath, *Head of Sustainability*, Kempen Capital Management

Charles Middleton, *Managing Director*, Triodos Bank

Meryam Omi, *Head of Sustainability*, Legal and General Investment Management

Michael Quicke OBE, *Chief Executive*, CCLA

Notes to editors

Government Policy

Before the election the [Conservative manifesto](#) committed to ‘halting the spread of subsidised onshore windfarms’ (p.56). The [budget announcement](#) of the removal of the Climate Change Levy exemption for renewable energy was not included in the manifesto (1.6262). Neither were proposals for the early closure of the [renewables obligation for solar PV](#), the removal of [feed-in-tariff pre-accreditation](#) or the postponement of the next contracts for difference auction.

About the UK Sustainable Investment and Finance Association

UKSIF is the membership network for sustainable and responsible financial services in the UK. We promote and support responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment. We also seek to ensure that individual and institutional investors can reflect their values in their investments.

UKSIF was created in 1991 to bring together the different strands of sustainable and responsible finance nationally and to act as a focus and a voice for the industry. UKSIF's 240+ members and affiliates include financial advisers, institutional and retail fund managers, pension funds, banks, research providers, consultants and NGOs. For more information about UKSIF, please visit www.uksif.org.

The Letter (Available in PDF on request)

Rt Hon George Osborne
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
SW1A 2HQ

c.c.

Huw Irranca-Davies, Chair, Environmental Audit Committee

Chris Leslie, Shadow Chancellor

Angus MacNeil, Chair, Energy and Climate Change Select Committee

Amber Rudd, Secretary of State for Energy and Climate Change

Andrew Tyrie, Chair, Treasury Select Committee

10th September 2015

Dear Chancellor

Boosting confidence in the UK investment framework

Over the past decade industry, government and investors have worked effectively together under a relatively stable policy framework to secure timely and cost-effective investment in essential national infrastructure. This supportive investment environment has resulted in progress in modernising and decarbonising our energy supply while creating tens of thousands of jobs.

We, the undersigned, support the Government's commitment to transition to a low-carbon economy while keeping consumer bills as low as possible. However, recent announcements in relation to renewable power have raised questions about the financial security of past UK energy investment. By threatening previously secure cash-flows several of these announcements have a quasi-retrospective element which will raise concerns particularly for low-cost capital and risk compromising further UK energy investment. Experience in other EU countries supports this interpretation. In particular, the removal of the Climate Change Levy exemption for renewable power and grandfathering rights and considerable cuts to subsidies for solar power run this risk. The unknown delay to the auctions for CfD contracts was also not expected.

The benefits from investment in renewables are wide ranging, especially when coupled with innovation in energy efficiency and storage. These include an increase to the UK's energy security, reduced exposure to volatile commodity prices and the creation of wealth for a more diverse community of owners rather than just utilities. There are also benefits to the

electricity grid more generally, including reinforcing the electricity network by providing distributed generation capacity, reducing bottle necks and enabling consumers to benefit from the integration of clean energy sources while making sure the grid remains balanced.

As we head towards climate negotiations in Paris it is clear that the imperative to decarbonise energy systems is growing. Less than a quarter of the estimated £200 billion of required investment in the UK energy sector needed by 2020 has been made. A low risk environment is important for ensuring the cost of national infrastructure investment remains low. It is also clear that the renewable energy sector will have an increasingly important role to play in future.

As long-term investors, we believe the Government needs to set out clearly how it intends to continue down the path of decarbonisation. We urge you to introduce measures that bring greater security to the UK energy network and increase clarity and consistency to boost investor confidence in the future, and we are prepared to work with you to achieve this.

Yours sincerely,

Simon Howard, Chief Executive, **UK Sustainable Investment and Finance Association**

Lisa Ashford, CEO, **Ethex**

Matthew Clayton, Executive Director, **Triodos Renewables**

John David, Head of Rathbone Greenbank Investments, **Rathbone Greenbank Investments**

Paul Ellis, Chief Executive, **Ecology Building Society**

Julia Groves, Chief Executive, **Trillion Fund**

Karl Harder, Managing Director, **Abundance Generation**

Pierre Jameson, Chief Investment Officer, **Church of England Pension Board**

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Michael Quicke OBE, Chief Executive, **CCLA**

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