

# DICIDA-UK

DICIDA-UK is the Development Initiative for Chemical Industry Dependent Areas in the United Kingdom. The DICIDA-UK network provides a forum where all Local Authorities and public sector agencies in areas with a concentration of employment in the chemicals industry can join forces in the work to secure a safe future for their communities. Membership includes local authorities in, Cheshire, Falkirk, Kingston-upon-Hull, North East Lincolnshire and the Tees Valley.

The aims of DICIDA-UK are to: (a) ensure that national government and European Union policies and programmes assist the continued growth of the chemicals industry in and across the Member States; and, (b) enable local regions to cope with the economic, social and environmental problems created by the restructuring of the chemicals industry. Further details are available from the DICIDA-UK website: [www.teesvalley-jsu.gov.uk/DICIDA](http://www.teesvalley-jsu.gov.uk/DICIDA).

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The chemical industry contributes significantly to the GVA and employment in the regions of the UK where it is concentrated. Energy sector pricing and developments have a major impact on the sector and its contribution to the local economy of regions where it is based. Our response to this consultation is based primarily on the potential impact of the energy sector on one of our major industries and ultimately on local communities.

## 1. COMPETITIVENESS AND THE INTERNAL ENERGY MARKET

### Question 1 In order to achieve the goal of a genuine single market, what new measures should be taken at EU and MS level?

A transparent, genuine single market approach is required in the energy sector. This is particularly important to the chemical sector where energy use is often dictated by the chemical reaction required. Energy is also used as a raw material for the products being produced and the only current means of reducing consumption is to reduce production. Special consideration is needed for energy intensive industries.

DICIDA members fully support the separation of network operations from production and supply (unbundling) and harmonised grid access conditions. Following the problems encountered last winter, one suggestion was that a maximum European price should be set for energy, to avoid individual Member States being overly penalised by substantially higher costs. This could be in the form of a direct capping or perhaps in the form of subsidies to compensate for prices charged over the maximum set rate. The implementation of existing measures needs to be achieved as quickly as is possible through a system of incentives for early implementation.

Transitional market agreements are required, ahead of the planned EU liberalisation, to ensure interconnector infrastructure is fully utilised and provides arbitrage between Member States and supply countries.

**Question 2** In order to develop a single European grid, what should a “European Grid Code” contain?

A guide code should also contain emergency contingency strategies and be used to promote transparent liberalisation of energy markets. Harmonised or equivalent grid access conditions are a priority.

**Question 3** Apart from ensuring a properly functioning market, how can the EU stimulate investments in infrastructure and generation capacity?

Continuing investment in energy infrastructure is essential. Tax incentives should be used to promote investment, together with a speeding up of the planning and permit process. Active promotion of co-operation by Member States is needed with mechanisms to simplify international negotiations. In addition creative solutions to allow dramatic reductions in the land-filling of waste and the increase of re-cycling rates should be part of this generating capacity.

**Question 4** How can it be ensured that all Europeans enjoy access to energy at reasonable prices?

DICIDA members consider that integrated and competitive electricity and gas markets need to be established. Increased investment is also required to encourage increased use of existing renewable energy technology and to promote rapid innovation in this area. A greater energy mix could prevent future problems of over-reliance on producer countries and this needs to include the use of waste and refuse derived fuel.

**Question 5** How can the internal energy market contribute to maintaining employment levels?

There would be increased benefits to both residents and industry if investment into alternative domestic and transport energy schemes were stimulated through tax relief and other incentives. This would relieve some of the pressure of the demand for oil and gas from industry and assist in maintaining and encouraging employment.

2. **SOLIDARITY**

**Question 6** What can the Community do to prevent energy supply crises?

Monitoring of potential supply demands and shortfalls needs to be undertaken to ensure security of supply and equitable provision of energy stocks and to provide an early warning system of shortages of supply. More also needs to be achieved in terms of new pipelines and increased storage capacity as a backup mechanism to supply interruption.

**Question 7 Which measures need to be taken at Community level to manage energy supply crises if they do occur?**

A co-ordinated approach is required that will ensure a rapid response should an emergency arise. Strategy needs to be developed to facilitate a rapid response for any possible eventuality that is likely to occur.

**3. DIVERSIFICATION OF THE ENERGY MIX**

**Question 8 What should the EU do to ensure that Europe, taken as a whole, promotes the diversification of energy supplies?**

Incentives should be offered to promote take up of existing technologies and this should be combined with facilitation of renewed efforts to improve efficiency and innovation in renewables, particularly in the domestic and transport fields where significant progress is already being made. Savings made from these sectors would assist industry by reducing the demand for energy required in their processes and would have a significant positive environmental impact. Information also needs to be shared on the efficient use of energy. This is particularly important in areas such as emission trading. Far greater funding needs to be made available from the EC to facilitate research into new energy sources.

**4. SUSTAINABLE DEVELOPMENT**

**Question 9 How can a common European energy strategy best address climate change, balancing the objectives of environmental protection, competitiveness and security of supply?**

Sustainable energy use needs to be addressed on a global level and the EU needs to play a leading role in the development of policy that provides security of supply, a modern standard of life and that promotes efficient and renewable sources of energy. A mixture of measures need to be considered to promote good working relations and infrastructure with producer countries whilst maximising other sources of sustainable measures within Member States through incentives.

**Question 10 What is important for the further development of clean and renewable energy sources in the EU?**

Increased innovation resources are required to improve the efficiency and application of renewable energy. More needs to be done to promote use of existing technology and more consideration of how waste itself can become a resource for energy production such as using Refuse Derived Fuel (RDF).

**5. INNOVATION AND TECHNOLOGY**

**Question 11 What action should be taken at both Community and national level to ensure that Europe remains a world leader in energy technologies?**

More synergy is needed to maximise research and dissemination activities in the field of energy technologies. Increased incentives need to be provided for experimental and demonstration energy production and storage. This could result in overall reductions in costs and environmental impact. This could include reviewing legislation that at present blocks the use of some waste products for energy generation.

**Question 12 Which topics/technologies should an EU energy technology strategy focus on developing?**

All technologies can play a role in ensuring security of supply. DICIDA members considered that the future focus should be on the development of fuel cells and hydrogen and on effective means of disposing of nuclear waste. Also important will be the further development of clean coal technology as there are sufficient EU coal reserves to provide security of supply for several years.

**6. EXTERNAL POLICY**

**Question 13 What should be the priority of a common external policy on energy?**

External policy should plan to extend communication with neighbouring countries and to work towards achieving internationally acceptable levels of energy efficiency.

**Question 14 How can the Community and Member States promote diversity of supply, especially on gas?**

New LNG terminals and pipelines need to be constructed and connections to other pipeline networks needs to be investigated.

**7. EUROPEAN ENERGY POLICY**

**Question 15 Do you agree that there is a need to develop a new, common European strategy for energy?**

The EU should develop a future strategy for energy.

**Question 16 What should be the core principles of European energy policy?**

To avoid the problems experienced last winter, it is essential that security of supply should be the first guiding principal of energy policy. This is essential to ensure that no further jobs are lost in chemical regions. Policy should also

seek to maintain the EU's competitiveness and encourage both efficiency and alternative sources of energy.

**Question 17 What should be the core principles of individual energy policy initiatives at Member State and regional levels?**

At Member State and Regional Level, the policy remains to ensure that energy problems do not adversely affect competitiveness and employment and that every incentive possible is used to promote alternative renewable sources and improve the usage of existing renewable technologies.

**Question 18 Do you think that greater attention to energy at both EU and Member State level can substantially help to achieve the goals of the strategy for growth and jobs (Lisbon process)?**

It is vital that both the EU and Member States concentrate efforts to ensure that a sustainable energy policy is developed that protects residents and industry from shortages and provides an affordable resource. This is particularly important for regions of the EU that have concentrations of energy intensive industry.