

Rt Hon Andrea Leadsom MP, Rt Hon Kwasi Kwarteng MP, Lord
Duncan
Houses of Parliament
London
SW1A 0AA

17th December 2019

Dear Secretary of State and Ministers

I am writing to congratulate you on your re-election and your continuing roles as Secretary of State and Minister, and to re-introduce the organisation I represent. BEAMA Ltd is the UK Trade Association for manufacturers of electrotechnical products – representing a wide range of the GB energy supply chain technologies with a total turnover of £12.6billion. We are urgently writing you to elevate some critical challenges currently facing our members in your continuing work as Secretary of State and Minister. Most notably the actions we outline below relate to the feasibility and delivery of the 'net-zero by 2050' target. Having published our industry commitment to this target in September, and the associated report which we shared with you, we now need to continue working with Government to progress action within industry and drive the market for low carbon technologies.

We work very closely with the Department for Business Energy and Industrial Strategy and in many areas good progress has been made in energy policy. However, investment in manufacturing, including key technologies required to meet net-zero, has recently fallen at a rate last seen 10 years ago. We reported this month the ONS data in our Brexit Watch report¹ revealing a downfall in investment in manufacturing of 14.2% for Q2 of 2019. This is a worrying indication of the impact Brexit and other factors have had in recent months and years, but our members see huge opportunity ahead and believe the areas we outline below will help drive investment in the UK market, especially for low carbon technology development.

¹ <http://www.beama.org.uk/resourceLibrary/brexit-watch-november-issue-25.html>

Our industry needs action now to establish a stable and profitable manufacturing environment in the UK, based on the ambition of meeting net-zero by at the latest 2050. As set out in our manifesto briefing for the general election, the following are vital to the growth of our sector and we believe require urgent action by BEIS alongside other key departments, including Treasury, DEFRA and MHCLG.

1. **Brexit - ensure close alignment of product and environment legislation with the EU.** The future UK trading relationship with the EU is our members' key priority in terms of work on trade deals Government is now proceeding with. The EU will continue to be our sector's largest trading partner and regulatory divergence is the most pressing concern of our members². Regulatory divergence will incur costs for industry and consumers, creating non-tariff barriers to trade.
2. **Transition UK homes to use low carbon heat and drive a national retrofit program aimed at meeting net-zero and tackling fuel poverty.** Homes need to be upgraded ten times faster than under the current ECO policy. For our market to establish a supply chain to deliver these needs a clear plan and regulatory framework is needed. Upholding the proposals to reduce energy use in new homes under the Part L and F reviews and Future Homes Standard is key. For existing buildings, as the future of low carbon gas is not yet certain, there needs to be a retrofit program in suitable homes across the UK to drive the uptake of low carbon heating solutions which are on the market today.
3. **Make improving indoor air quality a government priority** - as homes become more airtight, with retrofitted energy efficiency measures and more airtight energy efficient new homes, the need for effective ventilation is ever more important.
4. **Continue work on improving electrical safety standards and regulatory enforcement in UK homes and across the industry** - our members support the need for enhanced regulatory enforcement in the market in all areas, but especially where non-compliant products are entering the UK.

² <http://www.euristaskforce.org/wp-content/uploads/2018/09/EURIS-A4-report-final.pdf>

5. To progress to net-zero significant investment is needed in the UK energy system (£2billion a year by 2050 according to The CCC) – currently the supply chain for the transmission and distribution of power, as represented by BEAMA, are experiencing increasing pressures on spend from network operators and reduced investment. We believe market failures exist and a clear sector strategy and a long term investment plan is needed to ensure the energy system will be fit for purpose of the electrification of heat and transport, all the while keeping energy bills down and ensuring the UK supply chain can deliver the UK energy needs. Maintaining the 2025 target for the smart meter rollout will benefit consumers and business, and facilitate wider improvement to support smart, flexible energy system development.

Government intervention is required in all 5 of these areas, and in doing so our members will gain confidence in the UK market to make necessary changes to their business to meet net-zero as well as establish a prosperous UK supply chain for businesses of all sizes. The UK has a great opportunity to take significant action in leading the energy transition and creating a low carbon technology market that will support our transition to net-zero. We look forward to working with you as part of a competent and collaborative Government going forward and hope to pick up on the issues raised in a future meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Howard Porter'.

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