

Case Study

Achieving net zero advocacy goals

Energy UK



Overview

The UK is committed to reducing its greenhouse gas emissions to Net Zero by 2050. The vast majority of the investment needed to fund this transition must come from the private sector. Key among the challenges the UK faces to attract the requisite private sector investment is global competition. In the last couple of years, there has been a flurry of new, large-scale investment incentive regimes introduced by governments around the world. Amongst these are the \$369 billion Inflation Reduction Act in the United States and the European Union's REPower EU initiative (€270 billion) and Recovery and Resilience Fund (€250 billion). But there are multi-billion dollar incentives in other key markets including China and India.

Notably, the UK government has yet to act at a meaningful scale.

The challenge

[Energy UK](#) (the trade association for the energy industry) wanted to highlight that with growing competition globally, without government action there is a significant risk to the UK's future investment attractiveness, which could mean jeopardising energy security targets as well as billions of pounds in lost growth potential. The trade body wanted the campaign to highlight the economic opportunities the energy transition presents and the consequences of not grasping the opportunities. It also wanted to put forward the high-level policies it wanted the government to pursue.

Energy UK approached Oxford Economics to work closely with them to help shape the research content of the project. This was to include a review of the incentive schemes introduced internationally to give the context. It was to be followed by an examination of the impact on jobs, industry and economic growth of implementing successful policies. The above was to be investigated through the lens of different geographies and demographic groups.

Energy UK made introductions to their members and other key stakeholders. They also led the communications and public affairs elements of the project.

A successful project would result in media coverage and stakeholder engagement that paves the way for a meaningful response to the Inflation Reduction Act at the Autumn Fiscal Event, as well as policies aligned with an ambitious Net Zero industrial strategy included in manifestos and campaigns ahead of the general election.



Case Study

Achieving net zero advocacy goals

Energy UK



The solution

Most of the incentive schemes implemented by governments around the world are very recent. It is, therefore, difficult to authoritatively judge their impact on attracting investment funds into clean energy in their country. To do so we analysed several sources of high-frequency data to judge the threat to the UK's Net Zero ambitions. This included share price data and online media mentions.

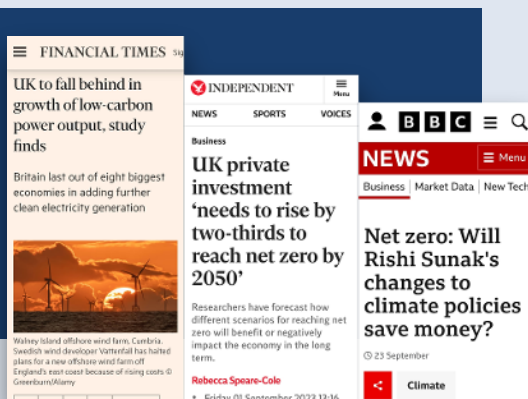
To investigate the impact of different policies to reach Net Zero on the global economy, we used a number of the different climate scenarios from Oxford Economics' [Global Climate Service](#). Each encompasses different assumptions about government policies to achieve Net Zero and how the private sector behaves in response. We used the scenario forecasts to show the impact of different policy regimes on the contribution to GDP and employment (the "size of the prize") in 2050. The research then went on to quantify which industries would benefit from the different policies to decarbonise the economy, and which would contract in size.

To analyse how communities across the UK will suffer from fewer jobs and weaker economies if the government does not act swiftly to attract sufficient investment in clean energy in time, we looked at the scenarios' impact at the regional level. We investigated how policies to foster Net Zero will impact each local authority and contribute to closing regional disparities by 2050. The analysis looked at some areas that have the opportunity to specialise and grow new industries.

The last paper in the series contains a wide range of policy recommendations for the government to accelerate the UK reaching Net Zero.

The result

As part of the campaign, Energy UK and Oxford Economics published a series of [five reports](#) in eleven weeks. They generated significant press interest, including interviews with the [Financial Times](#) and the [BBC](#). The analysis included in the reports also featured in [The Independent](#) and over 30 local newspapers.



The reports were accompanied by three webinars and an in-person launch event organised by Energy UK. The in-person launch event was attended by over 60 people and was held at the offices of one of Energy UK's members. The keynote speaker was Chris Skidmore MP, ex-Minister, and Chair of the Independent Government Review on Net Zero. The three webinars were attended by policy officials from the Department for Energy Security and Net Zero (DESNEZ), Energy UK's members, academics and researchers. The events provided the opportunity for the Oxford Economics team to present their findings and for Energy UK to put the work in context and articulate how the evidence supports their policy positions.

Contact Us

Oxford Economics specialises in three types of analysis: forecasts and models, economic impact, and thought leadership. If you would like to find out more about our services, please click below or visit www.oxfordeconomics.com

Get in touch