

Energy Market Insights: Post-Budget Analysis

November 2024



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About Ameresco

Ameresco (NYSE:AMRC) is a leading comprehensive cleantech integrator and renewable energy asset developer, owner and operator.

Founded in 2000 | Public in 2010



Comprehensive Portfolio

Objective approach and in-house technical expertise delivers the most advanced technologies to meet the unique needs of each customer. Addressing cost savings, infrastructure upgrades, resiliency decarbonization, and more as a full-service, long-term energy partner.

Customer Driven

Federal Government, Public Sector, Utilities, K-12 Schools, Higher Education, Healthcare, Commercial & Industrial, Public & Community Housing, Transportation. Market reputation across North America and Europe for excellence in customer satisfaction.



\$14+ Billion in energy solutions delivered since company inception



4+ GWe of renewable energy resources contracted or managed (solar, BESS, wind, biogas, RNG, operations & maintenance, etc.)



1,500+ Employees throughout North America and Europe



60+ Offices providing local expertise in markets served



Embracing **innovation** through tailored projects aligned to customers goals



Committed to reduce our customers' carbon footprints by a cumulative **500 million metric tons by 2050**



Ameresco's Advanced Technology Portfolio



**Full-Service
Energy Partner**

Demand & Conservation

- Energy Efficiency
- Building Envelope
- Heating, Ventilation, Air Conditioning (HVAC) & Indoor Air Quality
- Interior LED Lighting
- LED Street & Area Lighting
- Water Management & Efficiency

Distributed, Renewable Supply

- Biomass, Biogas, Landfill Gas to Energy & Renewable Natural Gas (RNG)
- Cogeneration / Combined Heat & Power (CHP)
- Geothermal
- Solar (On-Grid & Off-Grid)
- Wind

Infrastructure

- Advanced Metering Infrastructure (AMI)
- Battery Energy Storage Systems (BESS)
- EV Charging Infrastructure
- Mechanical, Electrical & Plumbing
- Microgrids
- Smart Building Automation, Controls & Master System Integration
- Utility Distribution System

Software & Services

- AssetPlanner® Sustainability Advisory & Software Platform
- Energy Supply Management
- Measurement & Verification
- Solar, BESS, Facilities, Plant Operations & Maintenance (O&M)
- VisionDSM™ Utility Program Management & Consulting



Agenda

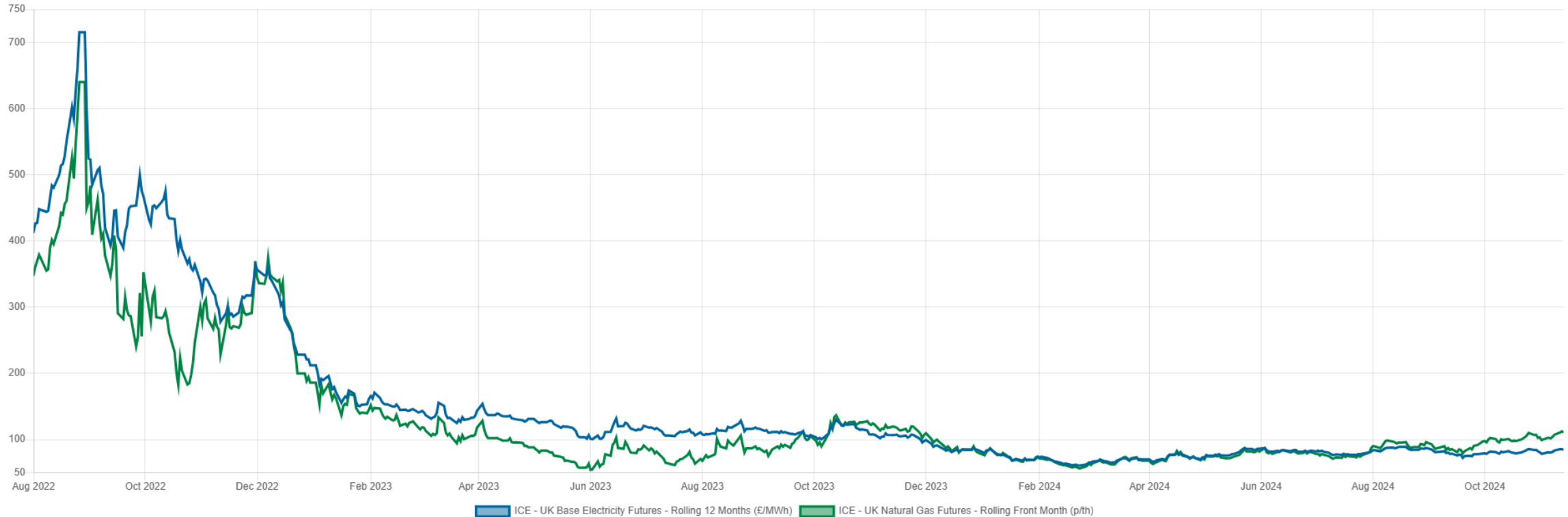
- Setting the Stage for the Pre-Budget Energy Landscape
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Setting the Stage for the Pre-Budget Energy Landscape



Wholesale Energy Prices

Prices calming from historical highs – but still not ‘historical norms’



- Energy Supply Security Concerns
- International Conflict

Net-Zero and Sustainability Pressures

- 'Clean' electricity by 2030.
- Emissions reduced by 68% compared to 1990 levels.
- End sales of new petrol and diesel cars by 2030.
- Net Zero by 2050.
- Several net-zero targets issued to certain sectors. e.g. Aviation.



Promise of Market Reforms & Renewables Investments



Market Reform

- Enhance consumer protection.
- Smart meter roll out to accelerate. Proposed that DNO take over responsibility of smart meter installation.
- Against nationalisation of energy sector however increased regulation proposed.
- Reduce standing charge costs.

Renewables Investments

- Increase in the budget for this year's renewable energy auction (CfD) to over £1.5 billion, with a significant portion dedicated to offshore wind.
- Removing the ban on onshore wind power to streamline the approval process for renewable energy projects.
- Withdrawal from defending the new coalmine in Cumbria.
- Mass approvals of several large-scale solar farms, with a total capacity indicatively exceeding 1,300 megawatts.



Upcoming Energy Legislation

The forthcoming legislations will introduce regulations with the aim to speed up the adoption of clean energy technologies for businesses.

Great British Energy Bill

Aims to achieve net-zero emissions by 2050 and enhance the UK's energy security.

Key points include:

National Energy Independence: Establishing Great British Nuclear to boost nuclear power.

Renewable Expansion & Green Technologies: Scaling up wind, solar, and tidal energy. Alongside Advancing green hydrogen and carbon capture.

Market Reform: Making the energy market more resilient and consumer-friendly.

Consumer Protection: Shielding consumers from energy price hikes.

Planning and Infrastructure Bill

Aims to streamline and modernize the UK's planning system to support economic growth and development.

Key elements include:

Faster Planning Approvals: Simplifying and speeding up the approval process for infrastructure projects, particularly housing and transport.

Infrastructure Investment: Encouraging investment in critical infrastructure, including transport, energy, and digital networks.

Environmental Protections: Balancing development with environmental sustainability, ensuring that projects meet green standards.

The Autumn Budget



Key Budget Points

- Support for Low-Carbon and Renewable Energy
- Taxation Adjustments in Oil and Gas (EPL)
- Hydrogen and Green Infrastructure Investments
- Energy Infrastructure and Grid Enhancements
- Carbon Border Adjustment Mechanism (CBAM)
- Changes to government support grants (IETF)
- Climate Change Levy (CCL)

Great British Energy



Great British Energy

- Publicly owned national energy company.
- Will lead investments in renewable energy projects to accelerate transition to renewable energy
- Will not provide commercial energy supply contracts.
- May potentially lower long-term energy costs for businesses.
- However, in the short term, potential disruptions or changes in energy pricing as the market adjusts to new sources and the ongoing upgrades to the national grid.



Juergen Meier
Chair of GBE

Juergen Meier – Chair of GBE

- Former CEO of Siemens
- Vice-Chair of the Northern Powerhouse Partnership
- Non-executive member at the Department for Business, Innovation & Skills (2014-16)
- Led Labour's review on rail and transport infrastructure

GBE and Partnership with the Crown Estate

- Large portfolio of property and land, including the majority of the UK's seabed provides opportunities for renewable generation sources.
- The Crown Estate estimates this partnership will lead to up to 20-30GW of new offshore wind developments.

The Industrial Energy Transformation Fund (IETF)



The Industrial Energy Transformation Fund (IETF)

The Industrial Energy Transformation Fund (IETF) is a government initiative aimed at helping businesses with high energy use to reduce their energy bills and carbon emissions. Launched in 2020, the fund supports the development and deployment of energy efficiency and low carbon technologies.

The budget reaffirms the allocation of **£163 million** for IETF, which will be distributed across future competition windows.

Eligible Businesses:

Eligible industrial processes	SIC codes
Mining and quarrying	07100 through to 08990; and 09900
Manufacturing	10000 through to 33200
Recovery and recycling of materials	38320
Data centre	63110
Industrial Laundries	96010
Controlled Environment Horticulture (CEH)	1110, 1130, 1190, 1240, 1250, 1280, 1290, 1300, 1610

Climate Change Levy (CCL) Adjustments & Updates to Climate Change Agreements



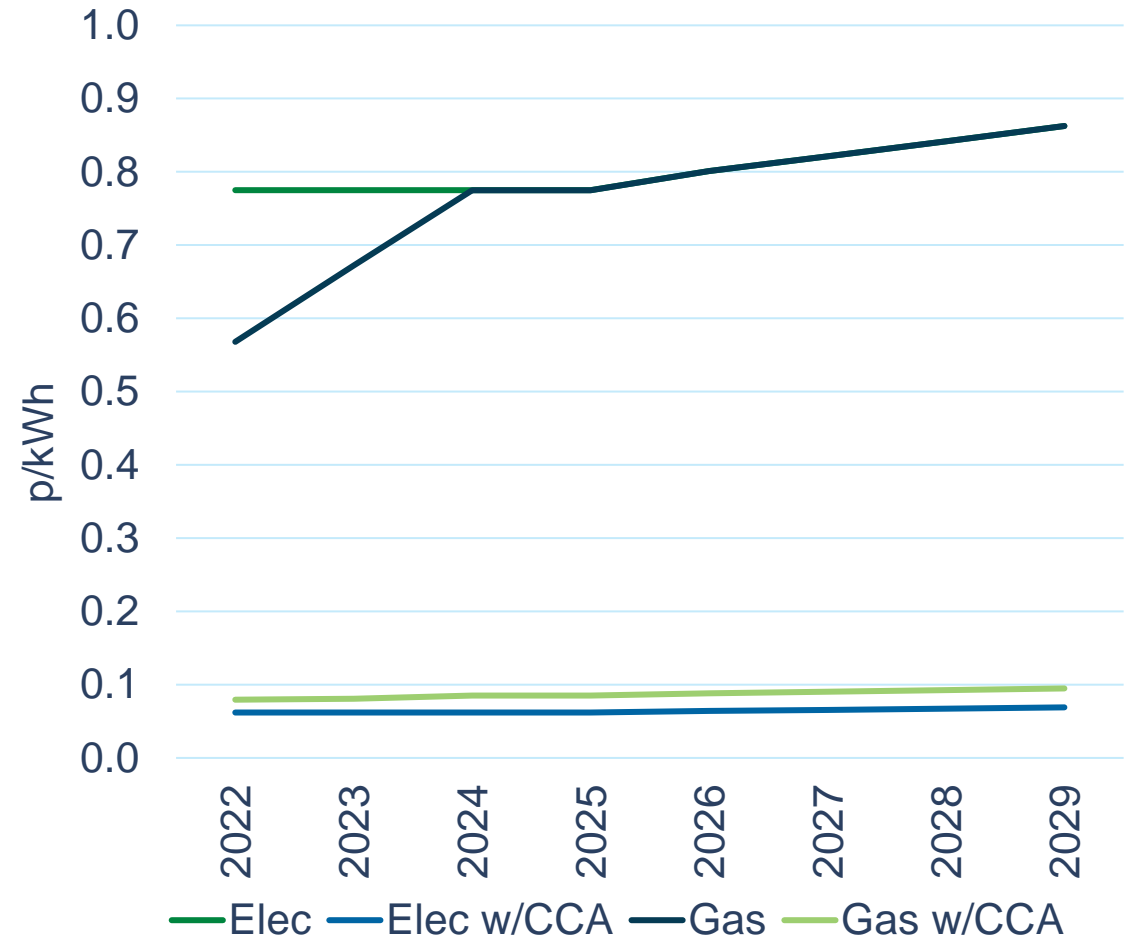
Climate Change Levy (CCL) Adjustments

CCL Rates Adjustment

- The 2024 Autumn Budget announced CCL rates to increase from 2026 in line with the Retail Price Index (RPI).
- These changes align with the UK's Net Zero goals by making it more costly to rely on fossil fuels, thereby encouraging businesses to switch to low-carbon or renewable alternatives.

CCL Exemptions and Discounts

- Climate Change Agreements (CCAs) will continue, providing a discount to CCL.
- Publications indicate that the discount level will remain the same and therefore, will likely see some increase.



What is Happening to CCAs?

Summary of Scheme

The Climate Change Agreement (CCA) is a voluntary arrangement between a business, their industry federation and the environment agency with the aim of reducing energy use and CO2 emissions in exchange to a discount to a levy present on gas and electricity invoices.

Key Points

- Existing scheme closes June 2027
- Consultation results have been published with proposed period of Jul 2027 to Mar 2033
- During 2025, existing participants will need to reconfirm their eligibility.
- New buildings/premises will be able to join the new scheme with earlier start date Jan 2026.

What to expect in 2025



Upcoming Levies



Energy Intensive Industry (EII) Exemption and Network Compensation Scheme - EII Support Levy

- Subsidy to provide support energy intensive industries.
- Energy Bill: Electricity
- Likelihood: Confirmed
- Due: 1st April 2025
- Value: ~0.10 p/kWh

Nuclear Regulated Asset Base (RAB)

- Funding for the nuclear industry in the UK
- Energy Bill: Electricity
- Likelihood: Likely
- Due: Unknown – est. 2026
- Value: <~0.05 p/kWh for first few years, gradually increasing.



Energy Savings Opportunities Scheme (ESOS)



Ongoing Reporting

- Businesses will be expected to continue reporting from now until the next Phase 4 audits.
- Some of this information from the reports will be publicly available.
- Even if you choose not to report on anything, this will be publicly announced.

Thank You

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Q&A

There will now be time for anyone to raise any questions they may have.