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The PEPP 2000–2003: Resistance to Change

Introduction

By the time New Labour took office in 1997 the new PEPP had been established despite some difficulties experienced, particularly in the early to mid-1980s. This chapter opens with the claim that regardless of the change of government, which could theoretically have presented a firm test for the new paradigm, the PEPP did not markedly shift from the market position. The period from 2000 to 2003 can be understood as one largely of continuity in energy governance. Judged on Labour’s first term in office it could indeed be argued that the PEPP came to represent an even more depoliticised system – in technocratic and marketised terms – than that established by the Conservatives.

Conversely, however, Labour’s first term in office can also be marked down as a period of mounting challenges to pro-market energy emanating largely, but not exclusively, from outside the UK energy establishment.¹ This period bore witness to the Enron scandal, the California energy crisis, rising energy prices and a related but brief series of energy-related protests in the winter of 2000. Government was also at this time becoming increasingly aware that UK North Sea assets were being depleted at such a rate that the time horizon within which the UK would start importing oil and gas again was narrowing quickly. Most importantly, however, this period saw growing arguments about a mounting climate change crisis, the need to commit energy policy to carbon dioxide reduction targets, and emerging evidence of underperformance in this area (cf. RCEP 2000).

In response to the realisation that the UK would become an importer once more and to the critique of climate policy and claims of climate crisis, Tony Blair announced a review of energy policy to be conducted by the Performance and Innovation Unit (PIU). Much of the content
of this review represented a direct challenge to the PEPP, on a number of levels. However, between the issuance of the Energy Policy Review in 2002 and the production of the Energy White Paper in 2003, many of the more challenging suggestions had been omitted or ignored. The 2003 White Paper did, however, overtly commit energy policy for the first time to two new, separate ‘social’ goals: those of lowering carbon dioxide emissions and of reducing energy poverty. This appeared, on the surface, to be a change to the objectives of energy policy, one of the ‘levels’ of the PEPP. The conundrum that this chapter seeks to address, however, is how the objectives of energy policy could seemingly change without many other accompanying signs of paradigm shift.

This contradiction is, in part, explained by arguing that certain outcomes of both technocratic and marketised depoliticisation underpinned quite a large degree of resistance to other aspects of paradigm change. In addition, carbon dioxide reduction targets were not legally binding and were seen within parts of the Energy Directorate and Ofgem, the two bodies most responsible for devising and carrying out energy policy, as more indicative than necessarily binding or even realistic. Furthermore, the 2003 White Paper proposed that the new objectives could and should be met using existing methods enshrined within the PEPP. Together this showed the path-dependent nature of the PEPP at this time as well as the way in which government managed to both acknowledge and also seemingly address the challenge from climate change protagonists.

The PEPP under New Labour

Chapter 3 laid out in some detail the intellectual and political backdrop underpinning the processes of creating the PEPP and showed how pro-market ideas came to impact upon and become embedded within energy institutions. This section continues to build towards a detailed picture of the PEPP as of 2000, a picture against which change is then measured. The PEPP is characterised in detail in Table 4.1, which pays specific attention to each level outlined in Chapter 2. By being detailed about what constituted the energy policy paradigm at this stage, we will be able to make more accurate attempts to measure paradigm shift later in the book as well as assess the direction of change.

Domestic energy governance

Despite New Labour’s various protestations in opposition to Conservative energy policy, largely focused on a critique of ‘fat cat’ utility