THE ANDREW MARR SHOW
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INTERVIEW WITH:
ED DAVEY MP
ENERGY SECRETARY

ANDREW MARR: Ed Davey is the Energy Secretary good morning.

ED DAVEY: Good morning.

ANDREW MARR: Have you got some alternative.

ED DAVEY: Absolutely. We’re concentrating on trying to help consumers with their bills through things like helping the poorest through the warm home discount, through the cold weather payments, through the winter fuel allowance for pensioners. We’re trying to push competition, to push those prices down. We’re trying to help people use energy more efficiently so they can keep those bills down. So we’ve got a very big alternative, a very bold one.

ANDREW MARR: But you wouldn’t deny that this is a wolf back, this is a cartel, a cosy cartel, as the Telegraph called it, of companies who are working together and rigging the market.

ED DAVEY: Well, I believe we do need a lot more competition but let’s remember ...

ANDREW MARR: So you agree with that....

ED DAVEY: Remember the history. When Labour tried to reform the electricity market, back in 2000, before then, there were three generators with fourteen suppliers, 17 companies. The big six were created by Labour and created by Ed Miliband. Since we came to power, there’s been a big increase in small suppliers. Independent generators are coming because we’ve been pushing competition. I want to do even more on that. But from Labour’s policy an energy price freeze will actually make it worse.

ANDREW MARR: So it’s a cartel. Why would it make it worse because a lot of people out there, 63% of people in recent polls said they liked that idea. They thought Ed Miliband had the right idea.

ED DAVEY: Well first of all it’s a con. I mean people don’t believe someone when they offer something for nothing. When a politician offers something for nothing, they’re very sceptical.
ANDREW MARR: It was a price freeze for a limited period of time.

ED DAVEY: Well let me explain why it’s a con. There’s nothing in his policy which suggests that energy companies would be controlled from pushing up their prices very high before the energy price freeze. There’s nothing in his policy which would stop energy companies pushing up their energy prices after the price freeze. So consumers, households, people out there struggling with energy bills could see even higher energy bills because Ed Miliband isn’t promising, as I understand it, full price regulation and therefore people will see it’s a con.

ANDREW MARR: Yet in real terms about, just over the last eight years, prices have doubled.

ED DAVEY: They have.

ANDREW MARR: And they are causing absolute agony to lots of middle income families, never mind poorer families. Last week we had SSE raising prices by 8%. Do you expect other companies to follow that. And is there anything at all you can do about that.

ED DAVEY: Well, I think we will see more price rises. One of the reasons (interjection) ....

ANDREW MARR: All around 8%... it shows it’s a cabal.

ED DAVEY: One of the reasons why we’re seeing big energy price rises is the cost of wholesale gas on international markets. Now neither I, you or Ed Miliband can do anything about that. But over 50% of the gas price (fluffs) ... the gas price has gone up by over 50% in the last five years and over 50% of the bill is wholesale gas prices. We’ve also seen a big increase in the network costs because you’ve got to replace ageing networks... so these are costs which are impossible to avoid but I do believe we need to do evermore to help people, particularly vulnerable people, people suffering fuel poverty.

ANDREW MARR: Well you know none better that part of the overall cost is of course the green taxes, the new green taxes which have arrived. We know that the Chancellor, George Osborne is determined to keep those down as much as possible. There’s a particular argument over a company’s tax going on. Are you going to insist that green taxes stay part of the mix at roughly the same level or are you going to allow them to be part of the way of taking some of the pressure off consumers.

ED DAVEY: Well people have got to understand what these green taxes actually are. Most of them are actually social policies to help the fuel poor manage their bills. Things like warm home discount, part of the energy company obligation is targeted on the fuel poor so I don’t think we want to get rid of those do we. Moreover, we need to help people who aren’t ... fuel poor, but want to do energy efficiencies measures to reduce their bills. It would be silly to get rid of that aspect. If you actually look at the part of the so-called
green taxes which is funding the renewable energy, low carbon energy, it is only 4% of the bill and we have to look ...

ANDREW MARR: Every percentage is valuable ... (interjection)

ED DAVEY: Of course it is. Of course it is. So we’ve got to make sure that’s good value for money. But we’ve seen massive investment in low carbon. The amount of renewable energy in this country has doubled since the Coalition came to power. It’s now nearly 16%, that’s a huge success. That’s billions of pounds of investment. That’s huge numbers of .. (interjection)

ANDREW MARR: Huge amounts of subsidies for wind farms, which are producing very disappointing amount of energy.

ED DAVEY: Nearly 16% of our electricity now comes from renewables, we’re on target to meet 30% by the end of this decade. That’s a really important shift... We have to take ... (interjection)

ANDREW MARR: George Osborne has said that he doesn’t want Britain to be ahead of anyone else in Europe. Do you agree with that.

ED DAVEY: Well we’re not. When the Coalition government came to power, the amount of renewable electricity in this country was one of the lowest in Europe. The only countries lower than this were Malta and Luxembourg so we have to invest in renewable energy to catch up with the rest of Europe.

ANDREW MARR: But you wouldn’t deny there is a serious argument going on inside the government between the George Osborne camp, who wants to see everything done that’s possible to lower energy bills by cutting back on green taxes, so called and people like yourself, determined to resist that. True.

ED DAVEY: Well, I think we need to look at all things in our policies to make sure we’re always bearing down on costs and keeping the bills as low as possible. The question is what works. Ed Miliband’s proposal is a complete con and will make it worse ... (interjection)

ANDREW MARR: George Osborne – are you shoulder to shoulder with him.

ED DAVEY: George and I work very closely together ...

ANDREW MARR: Is he looking at you with a funny expression on his face.

ED DAVEY: One of the reasons why I think the commentators try to pull us apart is they don’t actually realize that we are stuck together to get more investment in Britain’s energy sector. If you look at the big infrastructure investments that are happening now, not at the end of this decade or the next decade, they’re energy. We’ve seen 35 billion pounds of investment in the last three years, into Britain’s energy sector. That’s way above any other infrastructure sector. If you look at the pipeline, we’re looking at a hundred billion pounds of investment. This is critical, not just to keeping the lights on
and to going green. It’s critical for green jobs and our economy and I’m really proud of our record.

ANDREW MARR: Where we have not done so well as a country is getting new nuclear power stations. I think you’ve been to China. Is there any chance of the Chinese coming to build nuclear power stations in this country as they’ve been doing in Africa for instance.

ED DAVEY: Well, I’ve been involved in the nuclear negotiations for some time now, ever since I’ve been in office, I’ve been looking at it in minute detail and we’re extremely close for a deal with EDF and if and when we get that deal I’ll announce it to parliament and I think I’ll be able to show that it’s extremely good value for money for consumers, helping people with energy bills long-term.

ANDREW MARR: I asked about China.

ED DAVEY: I have been to China. I had a very important visit where we did a lot of work on energy efficiency and off-shore wind. I signed a memorandum of understanding with the Chinese on off-shore wind. But I also saw all their nuclear companies, I talked to their government about Britain’s nuclear power, about opportunities for British nuclear companies in China. And the Chinese, along with the Koreans and the Japanese and other countries are very interested in the opportunity in Britain’s nuclear sector.

ANDREW MARR: So do you think we could have Chinese owned nuclear power stations in this country.

ED DAVEY: I think it’s really possible that we’ll see massive Chinese investment not just in nuclear but across the board. And I think we’ll see massive Japanese investment and Korean investment. It’s really critical not to .... (interjection)

ANDREW MARR: I’m not sure that the idea of a Japanese nuclear power plant on the British coast would go down terribly well, for obvious reasons.

ED DAVEY: Well, we have a very strong nuclear energy regime and one of the things I was doing in China and we had this huge progress in China by the way. One of the things I was doing there was explaining our rigorous and robust regime and how it applied to anybody, the Japanese, Chinese coming here. Let me be clear. If and when I secure a deal and as I said, I think I’m extremely close, I can take personal responsibility for that deal. I’ve been a minister, leading those negotiations, leading the discussions with the Chinese and when it comes to making that announcement to Parliament, I’ll make it and I’ll take personal responsibility for it.

ANDREW MARR: What scale of investment are we talking about here because it would have to be pretty huge.
ED DAVEY: Tens of billions of pounds if you look at the whole nuclear programme. People have talked about fifty billion pound programme in the first phase. Obviously, I’m not going in to the details about any particular …

ANDREW MARR: No, I understand that.

ED DAVEY: … you wouldn’t expect that.

ANDREW MARR: By the time of the election, you will hand over a power system which has got new power stations being built and that fear that a lot of people have of the lights going off in ten years will have gone.

ED DAVEY: The lights are going to stay on. I have to say, since this government came to power, we’ve been running to increase energy investment. Labour’s energy investment record was frankly shocking. They were negligent with energy policy and climate change policy. We’re the ones who are delivering both the new power stations, the policies to attract the billions of pounds of investment and the policies where they’re pushing us green...

ANDREW MARR: This does sound like a done deal. I know you want to wait until the ink is actually dry on the paper but it sounds like you’ve come to an agreement.

ED DAVEY: No, I’m not going to say that. We are extremely close. I think I’ve made that very clear. We’ve had months, several years frankly of negotiations. It’s a very complicated deal. My key concern, throughout was making sure the price was right. Let me explain, this is really important. My concern as a Liberal Democrat about nuclear power over the years, has primarily been about cost because nuclear power historically has been extremely expensive. People in the past, governments in the past, haven’t included the waste cost, the decommissioning cost. I said no, we’re not going to do that. They have to be up-front and when I make the announcement to parliament and people look at our figures and they’ll scrutinize them very robustly. I’m convinced I’ll be able to look consumers in the eyes, look business in the eyes and say, we’ve got a great deal.

ANDREW MARR: Can you look me in the eyes and say that our wind farms, our on-shore wind farms have been good value for money.

ED DAVEY: Absolutely. What people don’t understand is they only get paid when they generate electricity. If they’re not turning, if they’re not generating electricity, they don’t get paid. So clearly, by definition they don’t get any subsidies unless they are generating.

ANDREW MARR: One final issue for me, fracking. Because you’ve changed the nuclear policy for your party at the Liberal Democrat conference last year. (interjection)

ED DAVEY: It’s because of climate change. (interjection)
ANDREW MARR: And fracking. Are you a fracker.

ED DAVEY: I believe there is a real case for seeing if we can get shale gas in the UK, in an environmentally responsible way, which will help with our energy security. At the moment, we’re increasingly importing huge amounts of gas from Norway, from the European continent but also from the other side of the world. That makes us vulnerable. So if we can get gas from the North Sea or on-shore, in an environmentally responsible way, of course we should do that.

ANDREW MARR: And a quick message to the people watching who may think, I do have a choice this winter of eating or heating. What’s your message to them. They will say, yeah, after all of that stuff, in the end Labour are offering me a price freeze, Ed Davey is not.

ED DAVEY: Use competition. There are a lot of small suppliers, thanks to this government’s policies that are offering much better deals than the big six and I challenge the big six. I’ve written to them, last week and I expect answers from them tomorrow, to be more transparent about their costs.

ANDREW MARR: Ed Davey, thank you very much indeed for joining us.

END OF INTERVIEW WITH ED DAVEY