

## Energy Industry - UK - August 2019

Report Price: £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“The energy storage sector is already growing fast and costs are falling, with the sector set to play a pivotal role in creating a clean electricity system. However, robust government support is needed to help make it work properly and bring down costs.”  
– **Claudia Preedy, B2B Analyst**

This report looks at the following areas:

- **UK clean energy investment hampered by lack of policy clarity**
- **Electrification of transport creates new diversification opportunities for suppliers**

There's been a rapid change in the UK energy generation fuel mix over recent years, with a clear shift away from coal generation to gas-fired and renewable sources, mainly wind and solar.

Electricity supplied from coal-fired power stations has reduced significantly over the last five years, reflecting accelerated plant closures and conversions to biomass plants.

The share of nuclear fuel generation has remained relatively stable in recent years. All remaining UK nuclear sites are due to be decommissioned by 2035. Hinkley Point C is the only new nuclear power station currently under construction, scheduled to become operational by the mid-2020s.

Electricity supplied from wind and solar sources has seen strong growth in recent years due to rapid capacity expansion. The development pipeline for offshore wind projects remains particularly healthy.

**BUY THIS  
REPORT NOW**

**VISIT:**  
[store.mintel.com](https://store.mintel.com)

**CALL:**  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

China  
+86 (21) 6032 7300

APAC  
+61 (0) 2 8284 8100

**EMAIL:**  
[reports@mintel.com](mailto:reports@mintel.com)

### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

# Energy Industry - UK - August 2019

Report Price: £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Overview

What you need to know

Covered in this Report

### Executive Summary

The market

Shift from coal-fired electricity generation to gas-fired and renewables

Figure 1: Proportional importance of fuel source in UK electricity generation, 2014 and 2018

A third of UK electricity came from renewable sources in 2018

UK clean energy investment hampered by lack of policy clarity

Record numbers switch energy supplier

Figure 2: Number of supplier switches in the domestic gas and electricity markets, Great Britain, Q1 2013-Q1 2019

Companies and brands

Over one in four energy customers now use small or medium suppliers

Figure 3: Domestic electricity supply market shares in Great Britain, by company, 2014-18

Proposed merger of Npower and SSE called off due to adverse market developments

The consumer

Four in 10 consumers plan to switch tariff and/or supplier

Just under half of consumers regularly check price comparison sites for energy tariffs

Figure 4: Customer engagement in energy market, May 2019

One in three find the option to buy bundles of services from energy suppliers appealing

Just under half find the option to buy renewable energy products from energy suppliers appealing

What we think

### Issues and Insights

UK clean energy investment hampered by lack of policy clarity

The facts

The implications

Electrification of transport creates new diversification opportunities for suppliers

The facts

The implications

### The Market – What You Need to Know

Shift from coal-fired electricity generation to gas-fired and renewables

A third of UK electricity came from renewable sources in 2018

UK aims to deliver 30GW of offshore wind capacity by 2030

Record numbers switch energy supplier

Over one in four energy customers now use small or medium suppliers

### Electricity Demand and Generation

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Energy Industry - UK - August 2019

**Report Price:** £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Trends in electricity supply

### Total electricity supply

Figure 5: Analysis of electricity supply in the UK, 2014-18

Figure 6: Analysis of electricity supply in the UK, 2014-18

### Electricity generation by type of fuel

Figure 7: Analysis of electricity generation the UK, by type of fuel used, 2014-18

Figure 8: Proportional importance of fuel source in UK electricity generation, 2014 and 2018

### Coal generation

Remaining coal-fired power stations set to close by 2025

Conversion of coal-fired stations to biomass plants

Figure 9: Analysis of electricity generated in coal-fired power stations in the UK, 2011-18

### Gas/CCGT generation

Government scales back forecasts for new gas-fired power stations

40% of UK electricity generation is sourced from gas-fired plants

Figure 10: Analysis of electricity generated in gas-fired power stations in the UK, 2011-18

Figure 11: Analysis of electricity supplied from gas-fired power stations in the UK, 2011-18

### Nuclear power generation

Figure 12: UK nuclear sites' planned closure dates, as of July 2019

Government's nuclear new build plans in disarray following suspension of projects

Hinkley Point C only new nuclear plant under construction

Around 20% of electricity is sourced from nuclear power plant

Figure 13: Analysis of electricity generated in nuclear power stations in the UK, 2011-18

### Renewables generation

The government remains committed to carbon emission reduction targets despite Brexit vote

UK clean energy investment hampered by lack of policy clarity

A third of UK's electricity generation in 2018 came from renewable sources

Figure 14: Renewable electricity generation in the UK, 2014-18

Figure 15: Electricity generation from on- and offshore wind, 2014-18

### Onshore wind

### Offshore wind

### Solar power

### Hydro electricity

### Bioenergy

Figure 16: Bioenergy electricity generation capacity, by type of plant, 2014-18

### Renewable electricity capacity development pipeline

Figure 17: Renewable energy projects in pipeline, by technology, as of March 2019

## Gas Demand and Supply

UK's increased dependence on gas imports

Figure 18: Total UK gas supply, 2014-18

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Energy Industry - UK - August 2019

Report Price: £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 19: Total UK gas supply, 2014-18

Government push for shale gas exploration to reduce reliance on imports

Wholesale gas prices

Figure 20: Average wholesale gas prices, 2007-18

## Future Energy Mix and Demand

Future energy demand under National Grid's Future Energy Scenarios

Figure 21: Annual power demand in Great Britain, 2018-50

Figure 22: Annual power demand in Great Britain, 2018-50

Future potential energy mix

Figure 23: Forecast power generation installed capacity under "Community Renewables" scenario, by source, 2018-50

Figure 24: Future potential energy mix in "Community Renewables" Scenario in 2040

Figure 25: Forecast power generation installed capacity under "Two Degrees" scenario, by source, 2018-50

Figure 26: Future potential energy mix in "Two Degrees" scenario in 2040

Figure 27: Forecast power generation installed capacity under "Steady Progression" scenario, by source, 2018-50

Figure 28: Future potential energy mix in "Steady Progression" Scenario in 2040

Figure 29: Forecast power generation installed capacity under "Consumer Evolution" scenario, by source, 2018-50

Figure 30: Future potential energy mix in "Consumer Evolution" Scenario in 2040

Gas demand forecast

Figure 31: Forecast UK gas demand, 2018-50

## Retail Energy Market

Market development

Figure 32: Proportion of domestic electricity customers, by supplier type, by region, Q4 2000 and Q4 2019

Figure 33: Proportion of domestic gas customers of British Gas Trading and other suppliers, by region, March 2019

More than half of households still on more expensive default tariffs

Figure 34: Number of non-prepayment domestic gas customer accounts, by type of tariff, by supplier, April 2019

Figure 35: Number of non-prepayment domestic electricity customer accounts, by type of tariff, by supplier, April 2019

Price differential between average SVTs and cheapest market deals remains considerable, despite introduction of Default Tariffs cap

Figure 36: Average annual bill on SVT versus supplier's cheapest fixed tariff, by major supplier, April-June 2019

Record numbers switch energy supplier

Figure 37: Number of supplier switches in the domestic gas and electricity markets and share of small suppliers, Great Britain, Q1 2014-Q1 2019

Figure 38: Number of supplier switches in the domestic gas and electricity markets, Great Britain, Q1 2013-Q1 2019

Over one in four energy customers now use small or medium suppliers

Figure 39: Domestic gas supply market shares in Great Britain, by company, 2014-18

Figure 40: Domestic electricity supply market shares in Great Britain, by company, 2014-18

## Energy Policy and Legislative Environment

Government commitment to reduce carbon emissions

UK makes good process in reducing CO2 emissions to date, but on track to miss targets between 2023 and 2032

Policies to decarbonise electricity

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Energy Industry - UK - August 2019

Report Price: £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Renewables Obligation  
Feed-in Tariffs  
Carbon Price Floor  
Contracts for Difference  
Capacity Market  
The Renewable Heat Incentive  
Energy supplier obligation to improve energy efficiency of homes

## Regulatory Environment and Changes

Industry regulation  
Market reforms introduced in 2014 to encourage competition and supplier switching  
Ofgem introduces further market reforms following CMA Energy Market investigation  
Ofgem introduces temporary price cap on SVTs

## Market Drivers

Drivers for investment in energy system and infrastructure  
Decarbonisation of UK energy system  
Government ambition to achieve net zero emissions by 2050 will push up electricity demand  
Smart grid development to support low-carbon economy  
Rise in distributed generation requires more active management of distribution network  
Growth in decentralised and renewable electricity generation will increase the complexity of operating a secure and cost-effective energy system  
Energy storage to play key role in transition to clean electricity supply system  
Electrification of transport creates new opportunities  
Market drivers in retail energy market  
Costs making up an average gas and electricity bill  
Figure 41: Breakdown of average large supplier dual-fuel household bill, 2017  
Figure 42: Breakdown of average domestic electricity bill, 2017  
Figure 43: Breakdown of average domestic gas bill, 2017  
Customer service is a key driver of loyalty  
Smart Meter rollout programme

## Companies and Brands – What You Need to Know

First Utility becomes Shell Energy following acquisition by Shell  
Proposed merger of Npower and SSE called off due to adverse market developments  
Bundled tariffs to add customer value  
Focus on green tariffs  
Suppliers moving into home services and emerging connect homes market

## Competitive Strategies

Recent acquisition activity  
First Utility becomes Shell Energy following acquisition by Shell

BUY THIS  
REPORT NOW

**VISIT:** [store.mintel.com](https://store.mintel.com)  
**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300  
APAC +61 (0) 2 8284 8100 |  
**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

## Energy Industry - UK - August 2019

Report Price: £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Proposed merger of Npower and SSE called off due to adverse market developments

Mitsubishi takes 20% stake in OVO Energy

Innovation in tariffs offerings

Bundled tariffs to add customer value

Focus on green tariffs

Smart meters allow suppliers to offer more tailored tariffs

Next-day switching to be introduced in 2021, increasing competitive pressures

Emergence of electric vehicle tariffs

Suppliers offer reward schemes to build customer loyalty

Some suppliers are moving into home services and the emerging connected homes market

A number of supplier enter solar and energy storage market

Emergence of automatic switching services

### Company Profiles

#### Centrica

Recent acquisitions and disposals

Centrica's main focus is on energy supply and the customer-facing side of business while reducing exposure to generation

Centrica enters on-demand services market in 2017

Centrica to cut 4,000 UK staff by 2020 to manage challenges in retail energy market

#### Financial performance

Figure 44: Financial analysis of Centrica, 2014-18

Figure 45: Centrica revenue segmental analysis, 2018

#### British Gas Trading

British Gas scraps SVTs to new customers and expands range of tariff offers and bundles

Focus on innovative Connected Homes products

#### Company review and outlook

Figure 46: Financial analysis of British Gas Trading, 2014-18

#### EDF Energy

Planned new nuclear power stations

Development of renewable assets

Intense competition sees EDF Energy lose more customers in 2018

EDF Energy moves into home services market

#### Company strategy

#### Financial performance

Figure 47: Financial analysis of EDF Energy, 2013-17

Figure 48: EDF Energy revenue segmental analysis, 2018

#### E.ON Energy Solutions

E.ON enters UK solar and storage market

E.ON scraps SVTs for customers on fixed deal

E.ON moves all of its electricity customers onto 100% renewable electricity

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

## Energy Industry - UK - August 2019

Report Price: £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

### Company strategy

#### Financial performance

Figure 49: Financial analysis of E.ON Energy Solutions, 2014-18

Figure 50: E.ON revenue segmental analysis, 2018

### Npower

Npower rolls out two-year recovery plan

Npower announces further job cuts in 2019

Meridian Energy and Npower launch online energy supplier Powershop

Merger plans with SSE scrapped

#### Financial performance

Figure 51: Financial analysis of Npower, 2013-17

Figure 52: RWE – UK revenue segmental analysis, 2018

### ScottishPower Energy Retail

ScottishPower ditches standard tariffs

Focus on improving customer service processes

ScottishPower Energy Retail expands its Smart Energy Services offerings

#### Financial performance

Figure 53: Financial analysis of ScottishPower Energy Retail, 2014-18

Figure 54: ScottishPower revenue segmental analysis, 2018

### SSE

SSE and Npower scrap merger plans for their household supply businesses

SSE Energy Services looks to offer more bespoke, value-adding propositions and bundled services

Renewables at core of SSE Group's business strategy

#### Financial performance

Figure 55: Financial analysis of SSE, 2015-19

Figure 56: SSE revenue segmental analysis, 2019

### Shell Energy Retail (formerly First Utility)

First Utility acquired by Shell

Shell Energy Retail to focus on renewable electricity, alongside gas, broadband and smart home technology

#### Financial performance

Figure 57: Financial analysis of Shell Energy Retail, 2013-17

### OVO Energy

OVO invests heavily in technologies such as energy storage and electric vehicle charging

Mitsubishi takes 20% stake in OVO Energy

#### Company Strategy

#### Financial performance

Figure 58: Financial analysis of OVO Energy, 2013-17

## The Consumer – What You Need to Know

44% have switched supplier in last two years

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Energy Industry - UK - August 2019

Report Price: £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Four in 10 consumers plan to switch tariff and/or supplier

Half of energy consumers have not switched supplier because they are happy with current supplier

Just under half find the option to buy renewable energy products from energy suppliers appealing

One in three find the option to buy bundles of services from energy suppliers appealing

## Current Supplier

'Big six' supply gas and/or electricity to around 70% of households

Figure 59: Current gas supplier, May 2019

Figure 60: Current electricity supplier, May 2019

Regional differences in market shares

## Energy Consumer Engagement and Behaviour

44% have switched supplier in last two years

Younger people and households on higher incomes most engaged in market

Private and social housing renters much less likely to have switched supplier than homeowners

Figure 61: Customer engagement in energy market, May 2019

Two in three consumers are on a fixed-rate energy tariff

48% of consumers regularly check price comparison sites for energy tariffs

Four in 10 consumers plan to switch tariff and/or supplier

44% of consumers have smart meter installed

## Reasons for Not Switching Supplier

Half of energy consumers have not switched supplier because they are happy with current supplier

Figure 62: Reasons for not switching gas and/or electricity supplier in the last two years, May 2019

One in five believe potential savings are not worth the hassle of switching

12% are put off switching because cheapest deals are offered by firms they've never heard of

9% of consumers stick with their current supplier because of good reward scheme

## Customer Satisfaction and Attitudes towards Supplier Selection

84% are satisfied with customer service they receive from energy supplier

Figure 63: satisfaction with current supplier and attitudes towards supplier selection, May 2019

Most people are happy to switch supplier frequently to get cheapest deal

Value-added home services welcomed by just over half of consumers

Just over half of consumers prefer to interact with customer services via online live chat or virtual assistance

## Attitudes towards Energy Suppliers

Just under half find the option to buy renewable energy products from energy suppliers appealing

46% of consumers find the option to buy energy-saving devices from energy suppliers appealing

Figure 64: Attitudes towards energy suppliers and product offer, May 2019

One in three find the option to buy bundles of services from energy suppliers appealing

39% potentially interested in automatic energy switching service

Just over a third of consumers agree that greener energy is worth paying more for

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)



## Energy Industry - UK - August 2019

Report Price: £1495.00 | \$2018.70 | €1682.47

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

### Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Methodology

### Further Sources and Contacts

Trade associations & regulatory bodies

Energy Networks Association

Energy Industries Council

Energy UK

Office of Gas and Electricity Markets (Ofgem)

Office of Gas and Electricity Markets – Scotland (Ofgem Scotland)

Office of Gas and Electricity Markets – Wales (Ofgem Wales)

Renewable Energy Association

Solar Trade Association

Trade magazines

Modern Power Systems

Utility Week

Energy Now

Renewable Energy Focus

Resource

Solar UK

Smart Solar

Wind Energy Network

Wind Power Monthly

Trade events

Offshore Europe

RWM 2019

edie live 2020

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](https://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)