

Key recommendations

Recommendation		Responsibility	Pathway to delivery for the West Midlands
PRIORITY			
2.1	In addition to the windfall taxes already imposed on oil and gas companies, the government should ask energy brokers, suppliers and generators to release West Midlands industrial and commercial customers from contracts signed during the crisis at rates greater than 50 p/kWh for electricity or 11p/kWh for gas and allow them to renegotiate at current rates. Any costs of doing this should be borne by the energy value chain as a whole (i.e., where a supplier releases a customer from a contract, the generator should also be required to release the supplier from any back-to-back contract).	HM Treasury	<p>A joint approach from the West Midlands, industry bodies and energy companies to the Treasury requesting that the £5.5bn allocated to EBDS is instead allocated to covering the costs of releasing companies from contracts signed during the worst period of the crisis*.</p> <p>The onus should lie on energy supply companies to evidence any loss.</p> <p>(* The proposed 50p threshold figure could also be varied based on available budget).</p>
2.2	Allow companies with outstanding Covid Business Interruption Loan Scheme obligations to write these off provided they invest the funds in onsite energy efficiency projects during 2023.	HM Treasury	This could be funded by re-allocating some of the spare funds available from the amounts budgeted by Treasury for EBDS and EBRS support, given the falls in wholesale gas prices in 2023.
URGENT			
3.1	Ofgem’s remit should be extended to cover all but the largest businesses (i.e., those with balance sheets enabling effective energy market participation) and resourced with powers to regulate the third-party intermediary (commercial energy broker) market. This should include responsibility for an accreditation scheme for brokers and creation and enforcement of standard industrial energy contract forms.	DESNZ	The West Midlands could pilot this form of regulation in partnership with Ofgem (through Energy Capital). Funding could be provided by a levy on broker fees, which should also be regulated and capped.

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3.2	The WMCA should commission a feasibility study into the potential for a regional industrial energy services company, to be delivered in partnership with one or more energy suppliers and regional industry bodies.	WMCA	Such a study could be commissioned from suitably qualified consultants and managed through the Centre for Manufacturing Transition (see 6.1)
3.3	Regional business support and skills programmes should be enhanced by the inclusion of energy management skills.	WMCA	Energy skills should be included in local skills improvement plans and provision made within the proposed regional business energy efficiency pilot.
MEDIUM-TERM			
4.1	Accelerate the proposed £25M West Midlands Business Energy Efficiency Pilot (BEAS) emphasising the role of sub-metering and the importance of regional delivery structures.	DESNZ	This programme is not currently scheduled for approval until at least September 2023. This timeline can and should be brought forward.
4.2	Work with the national Energy Efficiency Task Force to ensure lessons from the West Midlands are shared nationally and to supplement this pilot with private finance and energy services offers from global corporates.	MAKE UK and CMT (see 6.1)	There are opportunities to work with global energy services companies to enhance the offering by securing sponsorship, although this needs to be carefully managed to provide a suitable variety of solutions to the diversity of West Midlands businesses.
4.3	Work with electricity network operators to streamline the connections process for industrial customers, including establishing a joint energy infrastructure panel with powers to prioritise reinforcement investment to support strategic industry across the region.	WMCA	Energy Capital, supported by the CMT, should ensure the proposed Net Zero Infrastructure Delivery Panel prioritises this issue.

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4.4	Enhance existing manufacturing skills and education programmes by ensuring these include modules on industrial energy efficiency.	WMCA/Education providers	Where public funding is supporting manufacturing skills programmes, there should be a requirement to include education in energy efficiency and energy management. Established providers such as MAKE UK can also pre-empt this by offering such programmes immediately.
4.5	Support and promote national industrial energy efficiency awareness schemes focusing particularly on ensuring these reflect the realities of industrial energy challenges (rather than purely on the challenges of optimising building energy use). One effective way to promote awareness of energy efficiency would be to require appropriate messaging (e.g., of the value of sub-metering) on bills.	WMCA/ West Midlands Industry via the CMT (see 6.1)	Inclusion of messaging on bills should be part of the pilot described under 3.1. West Midlands industry should engage more actively with DESNZ to provide feedback on proposed awareness and advice schemes. This could be co-ordinated through a regional industry body such as the Centre for Manufacturing Transition (see 6.1)
4.6	Give industrial customers a right to require landlords, planning and regulatory authorities to support energy efficiency investments where commercial returns can be demonstrated	DESNZ/WMCA	The West Midlands could pilot such a requirement working in partnership with DESNZ.
4.7	The WMCA should work with Ofgem to develop and pilot standard contracts and mechanisms for power and connection sharing and trading between neighbouring companies (i.e., so company A can sell its solar output to neighbours) similar to schemes such as standard forms of local Power Purchase Agreement contract (PPA) available in central Europe.	WMCA	Energy Capital should lead a project to define and pilot such contracts in partnership with Ofgem. Some resourcing for legal advice is likely to be required.
LONGER-TERM			
5.1	WM industry and energy companies should work together to establish a dedicated West Midlands industrial power market offering WM firms competitive energy costs. This might be achieved by forward buying the output of fixed and low cost	West Midlands Industry via the CMT (see 6.1)	A West Midlands industrial collaboration could engage with supportive energy suppliers, Ofgem, and academic proponents of this concept to design and pilot a ring-fenced industrial energy marketplace for the region. This

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<p>generators (wind, solar nuclear) to match a sensible portion of aggregated regional industrial demand. The region, through the Mayor and WMCA, should underwrite some of the risk of making this market.</p>		<p>is a good example of the kind of project that requires an effective representative institution such as the proposed CMT (see 6.1).</p>	
INSTITUTIONAL			
6.1	<p>West Midlands industry, supported by trade associations, regional government, the other industrial clusters and the energy sector (DESNZ and Ofgem) should establish and host a National Centre for Manufacturing Transition (CMT) recognised by the Mayor and Combined Authority, and supported by regional and global partners to carry forward the recommendations of this taskforce at regional and national level.</p>	<p>WM Mayor and WMCA</p>	<p>The Black Country Industrial Cluster has created the foundations for a national place-based industrial institution to represent the interests of dispersed manufacturing sites through the energy transition. There are more of these sites in the West Midlands than any other region.</p> <p>Private finance should be the primary funding source for such an institution, but a minority contribution from the public sector will ensure effective linkages to public sector-directed infrastructure investments and demonstrate regional commitment to a just transition and to a meaningful and balanced industrial strategy.</p>
6.2	<p>The key regional interfaces between industrial competitiveness and the energy sector are in energy infrastructure planning and delivery. The WMCA should ensure that the industrial voice is well-represented in infrastructure planning through meaningful industrial representation via the CMT on economic and energy boards and the infrastructure delivery panel recommended under Challenge 3.</p>	<p>WMCA</p>	<p>Formal recognition of the role and activities of the CMT within WMCA governance structures will enable efficient delivery of the taskforce’s recommendations and create a legacy institution that ensures change is permanent and sustained.</p>

