



Labour's energy strategy and the role of Great British Energy

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About Regen

Regen provides independent, evidence-led insight and analysis in support of our mission to transform the UK's energy system for a net zero future.

We focus on analysing the systemic challenges of decarbonising power, heat and transport.



Experts



Pioneers



Convenors

New government : New strategy

▶ **What's different about Labour's energy strategy and clean power mission?**

▶ **What role could Great British Energy play and how might this affect private investment?**



Labour government first 140 days

Highlights

- Change to **National Planning Policy Framework** to remove the de facto ban for onshore wind.
- Immediate approval of 1.35 GWs of **large-scale solar PV** farms in east of England
- Uplift of £530m for **AR6 CfD Budget Allocation**
- NESO to produce **Clean Power Plan 2030** – targeting 95% clean electricity
- **Energy Bill to establish Great British Energy** with initial £125m funding pot
- Confirm revenue support for **Long Duration Energy Storage**
- Confirm up to **£22bn for CCUS** projects
- An initial **£3.4 bn towards heat decarbonisation** and household energy efficiency over three years.



Has there been a big shift or a continuation of legacy policies?

Change in direction had already been set although progress was painfully slow

- Net zero commitment by 2050 (CC Act 2019)
- Strategic Spatial Energy Plan
- Change to CfD AR6 and further reforms
- Connection reform in progress
- Accelerated grid investment
- Big jump in offshore wind target
- Public ownership of NESO

A broad consensus that we need to massively increase net zero investment, accelerate grid infrastructure and a better strategic plan to guide policy and the market.

Will the Conservatives back-track in opposition?

New government has made a difference but can they keep up momentum?

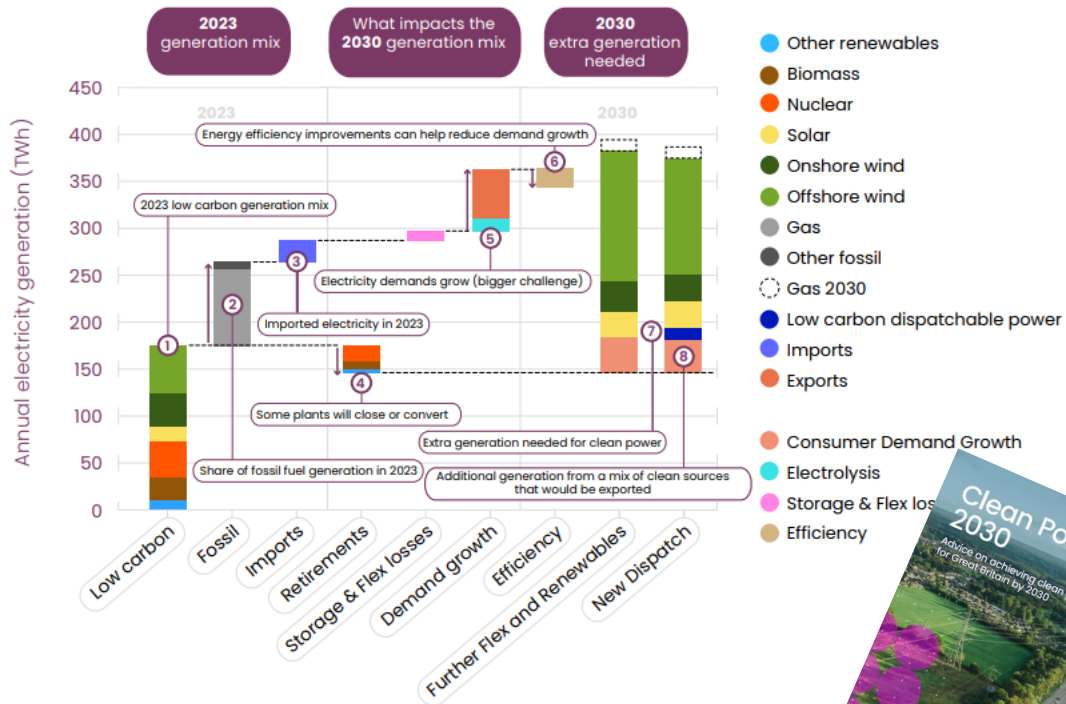
- Commitment to delivery
- Speed in decision making – mission control
- Willingness to take on objectors
- Longer-term strategy – SSEP with teeth
- Willingness to commit public funds and investment
- Reflected in a change in approach in Ofgem, NESO and other agencies

A very different feel behind the net zero transition – but focus on power.

Labour hasn't yet tackled the most difficult sectors including heat

There is a huge amount going on at the moment, for example:

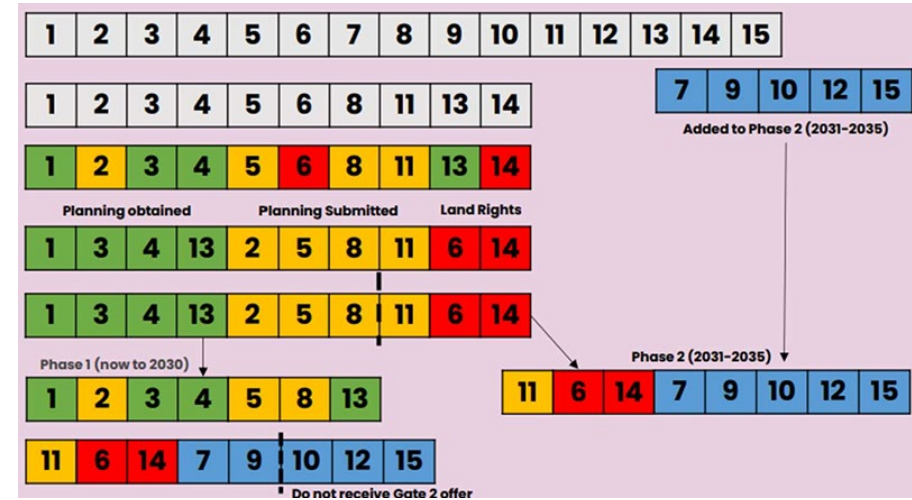
Clean Power Plan 2030



- ✓ 95% low carbon generation
- ✓ Less than 50 g CO₂ per kWh
- ✓ GB generates more low carbon power than it consumes over the year – i.e. net exporter



Radical connection reform



A reordering of the connection queue based on criteria:

- ✓ “Readiness” – land rights and planning
- ✓ “Needed” – technology and location fit with Clean Power Plan 2030
- ✓ Network capacity and operational requirements
- ✓ Beyond 2030 - Strategic Spatial Energy Plan

Great British Energy - a publicly-owned energy company



“The question at the heart of this Bill—is simple: do we think there should be a British equivalent of state-owned energy generation companies such as Ørsted, Vattenfall, Statkraft and EDF investing in our infrastructure?”

Mission statement

First new nationally owned energy company for over 75 years

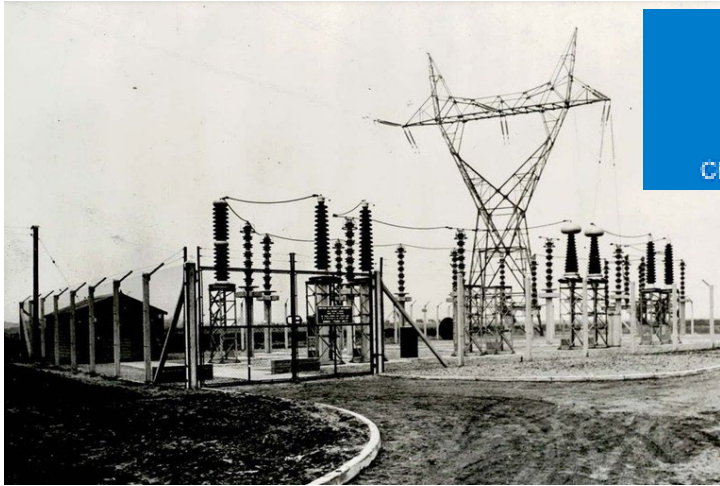
Great British Energy’s mission will be to drive clean energy deployment, create jobs, boost energy independence, and ensure UK taxpayers, billpayers and communities reap the benefits of clean, secure, home-grown energy.

This mission will be delivered through the following 5 functions:

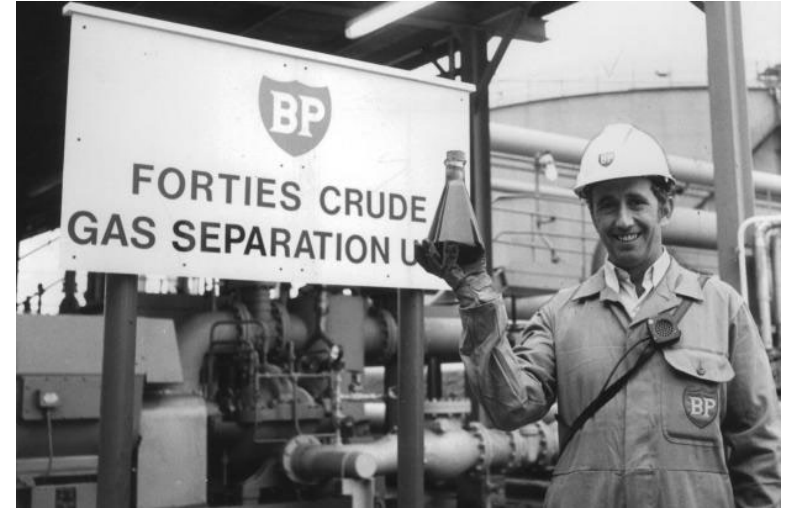
- Project investment and ownership
- Project development
- Local Power Plan
- Supply chain
- Great British Nuclear

Pre-election targets save £300 consumer bills and create 650,000 jobs

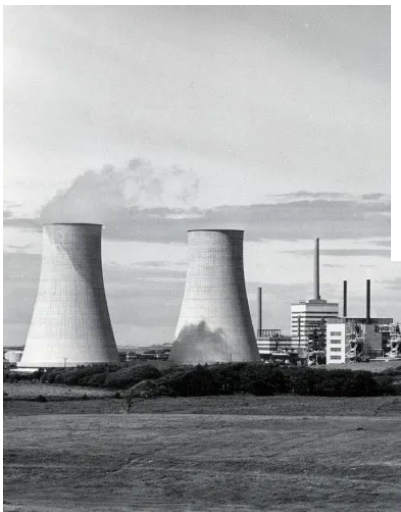
State investment in energy infrastructure is not new



**Green
Investment
Bank**



British Gas



**GREAT BRITISH
NUCLEAR**



Great British Energy Bill sets out basics for the new public company



Chair GBE
Prof Juergen Maier



£8.3 billion over
5 years



£125 million
start-up funding

Launch July 2024 – somewhat confused and confusing

Independent operation but single state shareholder

Great British Energy Bill – 2nd Reading in House of Lords 18th July

- Great British Energy - an operationally independent company owned by the Secretary of State for Energy Security and Net Zero.
- Overseen by an independent fiduciary Board, rather than ministers
- Key consultative role for devolved governments
- Ultimate direction from Secretary of State

Chairperson appointed – ex-UK Siemens boss – **Juergen Maier**

New Headquarters agreed to be in **Aberdeen** – jobs for finance director, director GBE local and several policy advisors

Great British Energy will be backed by a **capitalisation of £8.3 billion** of new money over this Parliament from the National Wealth Fund.

Initial seed funding (2024 Budget) £125m of which £25m is to set up the company and £100m for development and prospecting

A lot of good will and support but clarity on GBE role is needed



GB should have a stake in future energy.....“reaping the benefits of Britain’s abundant natural resources”

“A national champion ...more like an Ørsted or Vattenfall, less like an EDF” Juergen Maier

“Own, manage and operate clean power projects. It will be a company that will generate energy in its own right”

“ A 10 year, long term business plan”

“Must be commercially savvy, return across the portfolio, target to make a profit within this term/parliament”

“£8.3bn doesn’t go far - mainly taking minority stakes in newer technologies”

“Catalytic public investment”

“Work with industry to develop supply chains across the UK”

Local Power Plan - “clean power projects in communities”,

“Speed up the deployment of mature and new technologiesfloating wind, tidal, hydrogen gen, storage, carbon capture”

“Input to policy, influence – policy stability”

How GBE works with partner organisations will be key



Great British Energy – Local Power Plan



Powering progress in Lawrence Weston with community energy. 4.2 MW capacity and a 150 m tip height, England's tallest turbine.

GBE has been tasked to lead delivery of the Local Power Plan

8 GW of locally owned energy by 2030

Target £1bn per year investment

£600m public energy

£400m community energy

- ✓ **Great British Energy** “will deploy local energy production to benefit communities across the country. ... to ensure local people benefit directly from this energy production.” Labour manifesto
- ⊙ “**The Great British Energy Bill** has no mention of community energy. no legislative requirement to support community energy’s growth.” Power for People campaign
- ✓ “**We certainly believe that GBE will deliver a step change in investment in local community energy projects.**” Lord Hunt DESNZ Nov 2024
- ✓ GBE is recruiting for a **GBE Local Director**
- ✓ **Potential early opportunities to generate revenue for GBE**
- ✓ **Community energy “in a box” concept**

Great British Energy – Local Power Plan



How might GBE support community and public energy ownership?

- ✓ Working with communities and LAs
- ✓ Early investment opportunities – solar and wind
- ✓ Community energy “**In a Box**” approach to scale up delivery
- ✓ Providing project development finance and providing services
- ✓ Acting as an anchor investor to support shared ownership models
- ✓ Supporting Local Energy Supply models, developing collaborative PPA solutions
- ✓ Removing barriers - e.g. planning, prioritised grid connections
- ✓ Informing policy

Power Allotments, Devon



A local site finding project to locate community owned power stations for Devon.



Sharing power

Unlocking shared ownership for a fast and fair net zero transition



Ensuring Local Energy Benefits People and Communities

Insights from a people's panel



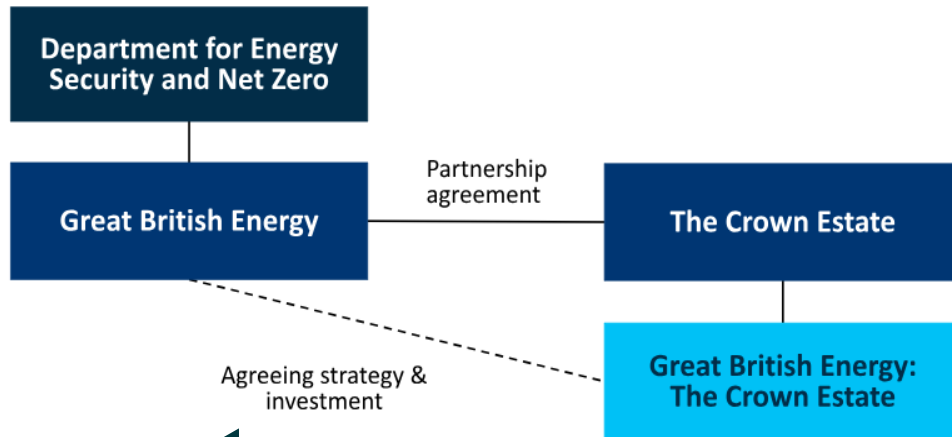
Local authority models for developing renewable energy



Partnership with The Crown Estate : a rebrand or something more?



Figure 1: partnership structure



Maybe problematic for Investors? Clarity needed.

Under the terms of the agreement, The Crown Estate will establish a new division called '**Great British Energy: The Crown Estate**'.

- **Bring forward new offshore wind developments**, with the potential to deliver up to 20-30 GW of extra offshore wind seabed leases to the market by 2030. This could support the leveraging of up to £30-60 billion of private investment
- **Stimulate new technology in areas such as floating wind, hydrogen, carbon capture and tidal energy**, to keep Britain at the cutting edge of the energy transition.
- **Invest in ports and clean energy supply chains**, unlocking strategic bottlenecks to speed up the delivery of existing projects.
- **The partnership will coordinate planning, grid and leasing** for the seabed and, importantly, help speed up the roll-out of offshore wind and other technologies.
- **Ensure that future development, including the next round of leases, has lower risk for developers**, enabling faster buildout from leasing. We will work closely with the sector to ensure that the competitiveness of existing projects is not impacted, and that these changes to future development are successful.

It's not yet clear exactly how GBE will work with The Crown Estate and provide additionality on what The Crown Estate is already doing. But the partnership does add further weight to the policy direction that The Crown Estate has been instructed to be more ambitious in its lease strategy and to take investment positions to speed up projects and reap future benefits

Crown Estate Scotland – work in progress

What should Great British Energy focus on?



1) Project investment and ownership

- ✓ Prospecting and due diligence with National Wealth Fund
- ✓ Scaling-up strategic projects in emerging and early commercial technologies e.g. floating wind, LDES
- ✓ Supporting national and regional energy strategies
- ✓ Helping to crowd in private investment – showcase UK
- ✓ Some co-investment in established technologies for added social value, security and/or industrial benefit
- ⊖ Not operating energy assets – maybe in long-term
- ⊖ Not crowding out private investment
- ⊖ Not high-risk technology development

2) Project development

- ✓ Offshore: leverage partnership with The Crown Estate
- ✓ Early enabling actions for newer technologies
- ✓ Test and demonstration projects
- ✓ Providing development finance for strategic projects
- ✓ Creation of energy clusters / collaborative / co-location and cross-vector projects
- ✓ Grid connection collaborative agreements
- ⊖ Not competing with private developers
- ⊖ Not throwing money at unicorns

3) Local Power Plan

- ✓ Working with communities and local authorities
- ✓ Funding project development, enabling actions
- ✓ Building capability to scale-up - “In a box”
- ✓ Providing development finance – debt & equity
- ✓ Broker/anchor investor for co-ownership and local energy supply models (e.g. collaborative PPAs)
- ✓ Extending “local” scope to include industrial clusters
- ⊖ Not by-passing community energy groups

4) Supply Chain

- ✓ Prospect supply chain / manufacturing investment opportunities for National Wealth Fund
- ✓ Potential strategic procurement of critical components
- ✓ Help broker and underwrite power purchase and local energy supply agreements for UK business
- ✓ Ensure higher UK content for GBE backed projects
- ✓ Targeting enabling infrastructure investment in manufacturing, energy storage and logistics

5) Great British Nuclear (Limited role)

- ✓ Ensure leverage synergies

Q & A

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Thank
You



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