PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

ENERGY BILL [*LORDS*]

Seventh Sitting

Thursday 8 June 2023

(Afternoon)

CONTENTS

Clauses 119 to 158 agreed to.
Schedules 10 and 11 agreed to.
Clause 159 agreed to.
Schedule 12 agreed to.
Clause 160 agreed to.
Schedule 13 agreed to.
Clause 161 agreed to.
Schedule 14 agreed to.
Clauses 162 to 167 agreed to.
Schedule 15 agreed to.
Clauses 168 to 170 agreed to.
Adjourned till Tuesday 13 June at twenty-five past Nine o'clock.
Written evidence reported to the House.

PBC (Bill 295) 2022 - 2023

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor's Room, House of Commons,

not later than

Monday 12 June 2023

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The Committee consisted of the following Members:

Chairs: Dr Rupa Huq, James Gray, Mr Virendra Sharma , † Caroline Nokes

† Afolami, Bim *(Hitchin and Harpenden)* (Con)
† Blake, Olivia *(Sheffield, Hallam)* (Lab)
† Bowie, Andrew *(Parliamentary Under-Secretary of State for Energy Security and Net Zero)*
† Britcliffe, Sara *(Hyndburn)* (Con)
† Brown, Alan *(Kilmarnock and Loudoun)* (SNP)
Clarkson, Chris *(Heywood and Middleton)* (Con)
† Fletcher, Katherine *(South Ribble)* (Con)
† Gideon, Jo *(Stoke-on-Trent Central)* (Con)
Jenkinson, Mark *(Workington)* (Con)
Levy, Ian *(Blyth Valley)* (Con)
McCarthy, Kerry *(Bristol East)* (Lab)
† Morrissey, Joy *(Beaconsfield)* (Con)
† Nichols, Charlotte *(Warrington North)* (Lab)
† Owatemi, Taiwo *(Coventry North West)* (Lab)
Shelbrooke, Alec *(Elmet and Rothwell)* (Con)
† Western, Andrew *(Stretford and Urmston)* (Lab)
† Whitehead, Dr Alan *(Southampton, Test)* (Lab)

Sarah Thatcher, Chris Watson, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 8 June 2023

(Afternoon)

[CAROLINE NOKES *in the Chair*]

Energy Bill [*Lords*]

Clause 119

THE INDEPENDENT SYSTEM OPERATOR AND PLANNER ("THE ISOP")

Amendment proposed (this day): 95, in clause 119, page 108, line 34, at end insert

"including the oversight of efficiency and loss reduction in cabling".—*(Dr Whitehead.)*

This amendment would give the Independent System Operator oversight of cabling efficiency and loss reduction in cabling.

2 pm

Question again proposed, That the amendment be made.

The Chair: I remind the Committee that with this we are discussing the following:

Amendment 96, in clause 119, page 109, line 3, at end insert

"and of distribution systems in conjunction with licenced distribution system operators".

This amendment would include certain distribution systems in the functions of the ISOP.

Amendment 97, in clause 119, page 109, line 5, at end insert

"and of distribution systems in conjunction with licensed distribution system operators".

This amendment would include certain distribution systems in the functions of the ISOP.

Clause stand part.

Clause 120 stand part.

New clause 37—*Assurance of independence of system and distribution operators*—

"(1) The Secretary of State must appoint a supervisory and advisory board of at least eight suitably qualified independent energy figures to assist the person designated as the ISOP under section 120.

(2) The purpose of the board appointed under subsection (1) is to assure the independence of transmission and distribution system operators through independent oversight of and advice to the ISOP.

(3) Energy UK and the Energy Networks Association must be consulted on the appointment of the board under subsection (1).

(4) The Secretary of State may make provision of financial assistance to enable the board to carry out its functions."

This new clause aims to ensure the independence of system and distribution operators.

Dr Alan Whitehead (Southampton, Test) (Lab): We had a good debate, Ms Nokes, on the principles of the independent system operator and planner. From what the Minister said, I detect that we are both pretty broadly in agreement about what we want the ISOP to do and how we want it to exercise its functions. Should Labour get into government, we would be interested in the idea of introducing regional ISOPs, which are the subject of two amendments that are on the amendment paper but were not selected for discussion today. I will not go into that in any depth, because I am sure that you, Ms Nokes, as our esteemed Chair, will rule me entirely out of order.

We have set down where we want the ISOP to go and I hope that the Minister will go along with that. When it is up and running—in perhaps a year and a half, I am pleased to hear—it will be just in time for a new Labour Government to run with the ISOP in a really positive way and to get all those things built in a timely fashion. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clauses 119 and 120 ordered to stand part of the Bill.

Clause 121

DUTY TO PROMOTE PARTICULAR OBJECTIVES

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clauses 122 and 123 stand part.

The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Andrew Bowie): Clause 121 sets out the ISOP's main objectives—on net zero, security of supply, and efficiency and economy—and introduces the concept of a relevant activity. The conflict in Ukraine, the climate crisis and rising fossil fuel energy costs all underline the serious need to transition and decarbonise our energy system in an efficient and secure manner. The ISOP will play a central role, as we have all agreed so far, in helping us to meet these challenges and fulfil our energy ambitions.

The clause imposes a duty on the ISOP to carry out its functions in a way that it considers will best achieve the three central objectives. It does not give any weighting to any objective relative to any other, so the ISOP will have discretion to make appropriate trade-offs where they conflict. It is worth noting that the ISOP will not be a final decision-making body on policy. Making high-level strategic trade-offs between the objectives will be for Government, but it will be for the ISOP to balance them at an operational level and to advise Government or the regulator on them.

The first of the three objectives is net zero. The ISOP will drive net zero outcomes by proactively identifying and creating opportunities to facilitate the transition through its functions. The second objective is to ensure the security of supply, which refers to the ISOP's core function of keeping the lights on. It will ensure that electricity and gas supply can meet demand and that they are appropriately resilient, including the consideration of national and cyber-security. The third objective is focused on promoting an efficient, co-ordinated and economical electricity and gas system. That is a continuation of the existing statutory objectives for the network operators and will become increasingly important to ensure that consumer bill payments are kept as low as possible.

Subsection (5) defines "relevant activity". The definition allows ISOP to consider a wider set of business actors, including those relating to hydrogen and carbon capture, usage and storage, which we fully expect to be important in future.

Clause 122 sets out specific matters to which the ISOP will be required to have regard when carrying out its functions. Those include: the need to facilitate competition; the desirability of facilitating innovation; and the energy system as a whole. Some regulated activities in the energy sector are monopolies. However, the Government's view is that where competition is possible, it should be introduced and fostered. ISOP will have a duty to think about how to make competition more effective where it exists, and to consider whether it should be introduced where it does not. That will underpin ISOP's potential role as a tender body for electricity network competition.

It is worth clarifying that in this clause the Government are not referring to "consumer impact" as the need to deliver value for money to consumers. That is addressed by the "efficiency and economy" objective in clause 121. Rather, ISOP will need to have regard to two key matters: first, how consumers are affected, or likely to be affected, by the behaviour of those energy sector businesses engaged in "relevant activities"; and secondly, the impact of consumers' behaviour on those activities. ISOP is also to be cognisant of the kinds of products and services that consumers want, and the effects of consumer behaviour on products, services and the markets in which they operate.

The intent of the duty relating to the whole-system impact is to enable ISOP to take a more joined-up approach across the whole energy system, including electricity, gas—onshore and offshore—and other emerging markets. On the innovation duty, the intention is for ISOP to be alive to the possibilities of new and better ways of doing things. Examples could include working with industry on the improved collection and use of data and various digital technologies to improve consumer experience and outcomes.

Finally, clause 123 imposes a duty on ISOP to have regard to the strategy and policy statement defined in part 5 of the Energy Act 2013. This duty helps to clarify the link between ISOP and the Government's energy priorities. The intention is that ISOP will act independently, but in the context of wider energy sector policy and the Government's objectives. The Government will use the SPS, once designated, as a tool to provide strategic focus to ISOP and ensure that it, and Ofgem, are aligned with the strategic priorities of the Government's energy policy.

Clause 123 also imposes a requirement on ISOP to notify the Secretary of State if at any point it thinks that a policy outcome in the SPS will not be met. The notice must include the reasons behind the conclusion and any steps that ISOP will or might take to deliver the policy outcome. The Secretary of State also has an obligation to consult the ISOP when reviewing or preparing the SPS. The SPS is expected to set out a number of priorities for both Ofgem and ISOP, and it is not anticipated to fundamentally change the organisation. I commend clause 121 to the Committee.

Dr Whitehead: This debate enables us to count off a few clauses—clauses that are all good stuff. They clarify and facilitate the role, function and activity of ISOP. We have indicated that we would like ISOP's remit to be widened as far as possible. On the high-level objectives in clause 121, an objective on net zero could shape the widening of ISOP's responsibilities, because obviously that is what we are all about now, as far as the grid and various other things are considered. A wider remit for ISOP in facilitating net zero is clearly to be desired; that may be a basis on which to build on ISOP's powers and activities in future.

Alan Brown (Kilmarnock and Loudoun) (SNP): As I said earlier, I support the principle behind ISOP, and I support clauses 121 to 123, and will not vote against them. I want to explore a point with the Minister. The explanatory notes on the clauses highlight possible conflicts and tensions between the role of ISOP and the impact of Government policy—of what the Government do. For example, paragraph 345 of the explanatory notes outlines that there is

"a duty on the ISOP to carry out its functions in a way that it considers is best calculated to promote…net zero".

It also acknowledges that while ISOP is not making decisions on generation mixes, it should still be

"proactively identifying and creating opportunities to facilitate the transition"

to net zero.

Paragraph 347 to the explanatory notes confirms the imposition of a duty on ISOP

"to carry out its functions in a way that it considers best calculated to promote a coordinated electricity and gas"

grid in the interests of the efficiency and economic operation of the grid. Paragraph 352 says:

"The ISOP will take a whole-system approach to coordinating and planning Great Britain's energy system".

That is all very logical, and I agree with the principles set out there—they are certainly the most important functions of ISOP in many ways—but how does the Government regulator allow for that, and how do the Government take into account the ISOP's recommendations?

The Minister rightly pointed out the differences between what the ISOP is looking at and the fact that policy and implementation is the role of Government. To give an example, the National Grid Electricity System Operator already predicts that there will be less nuclear in the grid in any future scenarios compared with what the Government are promising about new nuclear, and that in 2024-25 a quarter of electricity generation will be from nuclear. The reality is that that will not happen. The National Grid ESO does not allow for that in future scenarios, yet the Government still tell us that that is their policy. That is already a clear conflict before the ISOP is up and running.

What if the ISOP says to the Government that instead of spending £35 billion to £40 billion on a new nuclear station at Sizewell C it could much better balance the system by recommending extra energy efficiency measures, battery storage, pumped-storage hydro or a smarter grid, which we keep hearing about in the plan going forward? What if the ISOP says that we should upgrade the grid urgently between Scotland and England, which would help to better balance the system and deploy renewables better, and get rid of the £4.6 billion in constraint payments that National Grid ESO paid last year to turn windfarms off because there was not sufficient grid capacity? How do the Government deal with the recommendations of the ISOP? Some of the suggestions that I have outlined would meet the aims outlined in clauses 121 and 122 and in the explanatory notes.

[Alan Brown]

We are still to come to clause 131, but in this context it puts a duty on the ISOP to monitor and review developments, including technological changes and Government policies. It seems to me that the Government can make policies that undermine the ISOP's recommendations; then the ISOP has the responsibility to review Government policy and start all over again. That does not seem very efficient, so the Minister needs to give a bit more clarity on that.

Clause 123 is on the strategy and policy statement, which is long overdue from the Government. On 30 March, in answer to a written question that I submitted, I was advised:

> "The Government has consulted Scottish and Welsh Ministers on a draft SPS and taken their comments into account. The Government intends to publicly consult on an updated draft soon."

When will we get that draft, given that clause 123 reiterates the responsibility of the Government to provide that strategy and policy statement?

Andrew Bowie: I thank the hon. Gentleman for his questions. There is not a conflict of interest between the ISOP and Government policy. The ISOP will not be solely, or even primarily, responsible for delivering net zero. That is the responsibility of the Secretary of State and the Department for Energy Security and Net Zero—or any future iteration of it. Delivering on the net zero targets will require a comprehensive approach across a range of policy areas, and the ultimate responsibility will lie with Ministers across Government. However, their decisions will be informed by information and analysis from the ISOP, and the ISOP's own decisions will make a contribution—for example, in areas such as electricity and gas network design, or the development of new balancing or ancillary services. I know the hon. Gentleman agrees that net zero is a whole-economy project.

In answer to the hon. Gentleman's question about how the ISOP will be held accountable, the ISOP will be a limited company, and the Secretary of State is the sole shareholder, holding ultimate responsibility for the effective corporate governance of the organisation. The Secretary of State will appoint the chair of the board, who will be responsible for leading the strategic direction of the ISOP.

The hon. Gentleman asked why it was decided not to extend the advisory role to the devolved authorities, and about the strategy and policy statement. The Bill relates to energy, which is a reserved matter, as he knows. We therefore consider that going beyond UK Government and Ofgem for a statutory duty to provide advice would create an undue burden on the new ISOP. Any costs to the provision of advice will fall on bill payers across Great Britain; the provision of advice should be focused on achieving benefit for all GB bill payers. As the hon. Gentleman knows, we are upgrading the grid between Scotland and England; it is a priority of this Government to upgrade the grid across the entire United Kingdom. In answer to his last question, the strategy and policy statement is forthcoming soon.

Question put and agreed to.

Clause 121 accordingly ordered to stand part of the Bill.

Clauses 122 and 123 ordered to stand part of the Bill.

Clause 124

Licensing of electricity system operator activity

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clauses 125 to 128 stand part.

2.15 pm

Andrew Bowie: The clause amends the Electricity Act 1989 for four main purposes: first, to define the new electricity system operation licensable activities; secondly, to create the ISOP's new electricity system operator licence and empower the Secretary of State to grant the first licence; thirdly, to ensure that the holder of the electricity system operator licence also holds the gas system planner licence; and finally, to ensure that if a person ceases to hold the gas system planner licence, they cease to hold the system operator electricity licence.

Clause 125 also relates to licensing. It is too early to determine the best course of action to create the ISOP's electricity system operator licence. The Government consider it prudent to ensure that they have flexibility to ensure a smooth and efficient transition to the ISOP. One option is to revoke the existing licence and grant a completely new electricity system operator licence, but this clause offers another approach. It empowers the Secretary of State to direct that an existing transmission licence becomes the ISOP's electricity system operator licence. If that power is used, the Secretary of State can make appropriate modifications to the existing licence when making such a direction, and the direction must be published.

Clause 126 covers the licensing of gas system planning activity. It makes amendments to the Gas Act 1986 that mirror the electricity licence in clause 125, but in respect of a gas system planner licence.

Clause 127 empowers the Secretary of State or Ofgem to make changes to licences and codes and revoke licences in preparation for, in relation with or in consequence of the designation of the ISOP.

Clause 128 sets out the process and rules for making licence modifications under the power in section 127. Before making any modification to licences or codes, the Secretary of State or Ofgem is required to publish a notice explaining the reasons for the changes, the proposed modifications and when they will take effect. The persons listed in subsection (2) must be notified, and their representations, if made within the specified period in the notice or before the changes take effect, need to be considered.

Dr Whitehead: This is all terrific stuff. I do not have much to say on this, other than that I was struggling to keep up with the Minister's speed reading; I think I just about made it.

Question put and agreed to.

Clause 124 accordingly ordered to stand part of the Bill.

Clauses 125 to 128 ordered to stand part of the Bill.

Clause 129

Provision of advice, analysis or information

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clauses 130 and 131 stand part.

Andrew Bowie: The clause imposes a duty on the ISOP to provide advice, analysis or information requested by the Government or Ofgem. The Government and Ofgem will have to make important policy and regulatory decisions across many areas of the energy system to enable progress towards net zero. As a trusted independent entity, the ISOP will be well placed to provide expert and technical advice to decision-making bodies.

There are no provisions in legislation that oblige the current electricity and gas system operators to provide advice to the Secretary of State on request. Ofgem currently has more generalised powers to request information from its regulated bodies, but only for the purposes of monitoring and enforcement. The content of the advice, analysis or information requested should be on matters related to the ISOP's functions, main objectives or matters that the ISOP must have regard to. The requestor should be able to provide some reasonable terms in respect of when and how the advice, analysis or information should be provided, which the ISOP must comply with in its response.

The Government recognise and agree with calls from respondents to the future system operator consultation that the ISOP's expertise will be useful to the wider energy industry and consumers. That is why the Government plan to build on the existing responsibilities of the ISOP in licences or associated documents to enable the ISOP to share expertise and provide guidance to others where it considers it beneficial to consumers.

Clause 130 provides the ISOP with a power to request information, including data, where it is needed to help it fulfil its functions. Information can be requested from those engaged in, or those whom the ISOP reasonably considers intends to engage in, relevant activities as defined in clause 121(5).

Clause 131 imposes a duty on the ISOP to keep under review information about any policy initiatives or other developments in the energy sector that may be relevant to its functions. The clause is drafted by reference to the ISOP's functions, and the obligation it imposes will align with those functions. We must ensure that the ISOP is horizon scanning and monitoring how markets and regulation may develop in the shorter or longer term. As discussed in the debate on clause 123, the ISOP will be required to have regard to five-yearly strategy and policy statements. The duty to keep under review is important for the ISOP to keep up-to-date with developments in the intervening five years. I commend the clause to the Committee.

Dr Whitehead: I have nothing to add. I am happy to agree to the clauses.

Question put and agreed to.

Clause 129 accordingly ordered to stand part of the Bill.

Clauses 130 and 131 ordered to stand part of the Bill.

Clause 140

Designation of codes etc

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clauses 141 and 142 stand part.

Andrew Bowie: Part 5 of the Bill deals with the governance of gas and electricity industry codes. The energy codes are documents that contain the detailed rules of the electricity and gas systems. The rules cover everything from how buyers and sellers must interact in commercial markets, to the technical specifications required to connect to the grid. The codes are currently governed by industry parties such as electricity suppliers and gas transporters. The Government will create a new governance framework for the energy codes, which will move that responsibility to one or more newly created code managers. The code managers will be directly accountable to Ofgem rather than industry, which will allow Ofgem to drive strategic change across the codes, for the benefit of consumers and competition.

Clause 140 plays a central role in establishing the new framework, by allowing the Secretary of State to identify which codes and engineering standards fall within its scope. It does so by granting the Secretary of State the power to create and amend lists of documents that are critical to the operation of our electricity and gas systems. Once a document has been designated, all the enduring functions of the new governance framework will immediately go live for that document. At the same time, all the transitional powers granted to the Gas and Electricity Markets Authority by schedules 10 to 12 will cease to apply.

The Secretary of State may only designate documents that are maintained in accordance with the conditions of specified gas and electricity licences. The Secretary of State will not be able to expand the scope of the new governance framework beyond the gas and electricity sectors in Great Britain without a legislative change.

Clause 141 defines a "code manager" as the holder of a code manager licence in relation to a document that has been designated by the Secretary of State. Code managers are intended to replace the industry-led bodies that currently govern the code change process. The clause also defines a "code manager licence" as a licence under new section 7AC of the Gas Act 1986, or new section 6(1)(g) of the Electricity Act 1989. Once those sections are added to those Acts by clauses 136 and 137, it will become a criminal act for any person to manage a designated document without a licence or an appropriate exemption. The GEMA will be empowered to grant the two types of code manager licence—one in connection with electricity and one in connection with gas.

Clause 142 empowers the Secretary of State to identify which central systems fall within the scope of the governance framework in this part of the Bill. It does so by granting the Secretary of State the power to create and amend lists of relevant central systems, and enables the Secretary of State to identify the person responsible for operating, or procuring the operation of, those systems.

A "central system" is defined as an IT system that either supports the operation of an energy code, or processes, transmits or stores data in connection with the operation of that code. Once a system has been added to the list, the only practical effect will be to make the body responsible for operating the system eligible to receive directions from the GEMA, to ensure that the body complies with its obligations under the codes and, where necessary, takes steps to ensure the efficient operation of the code. The enforcement of the directions

[Andrew Bowie]

will be made possible by the amendments in schedule 10, which will allow the GEMA to treat relevant bodies as regulated persons in this specific context.

The Bill specifies that the Secretary of State may only designate central systems that support the operation of a designated document, such as an electricity or gas code. All changes to the initial list of designations will require receipt of an appropriate recommendation from the GEMA. As the market continues to adapt and evolve, it is likely that new systems will need to be developed, and that existing systems may need to be decommissioned. The Secretary of State's ability to create and maintain a list of central systems will help to future-proof the framework. I commend the clauses to the Committee.

Dr Whitehead: We now turn to energy codes and their managers, probably one of the most baffling and tedious parts of the entire energy spectrum. I understand that people who have gone into codes and code managers have on occasion subsequently been found miles from home in a distressed state, unable to remember their name or how they got there. The Minister has been speaking in a pretty chirpy voice, though, so he might not fall into that category, or perhaps he has not got too far into codes.

I seek some elucidation from the Minister. One purpose of clause 140 is to facilitate the bringing together of codes and the operation of those codes under new licensing—ownership, we might say—arrangements. That needs to be put in the context of where we are at the moment with codes. We have no fewer than 11 different codes for different parts of the industry, including the balancing and settlement code, the connection and use of system code, the distribution connection and use of system agreement, the grid code, the system operator transmission owner code and, more recently, a consolidated retail energy code under a new company called the Retail Energy Code Company—an imaginative name for such a firm.

The point about all those disaggregated and sometimes very much stand-alone codes is that they are owned by different actors. Some of the code management ownership is in the hands of companies that are active in the energy field, some in semi-free-standing, not-for-profit organisations, and some in entirely free-standing, not-for-profit organisations. There is no consistency in who manages the codes at the moment.

I hope that, as a result of these clauses being passed, the Government will have the opportunity systematically to make a much more coherent and integrated system of codes. It is important, however, to have a principle in that process for who will actually own the code management system. I hope and expect that the Minister will say that that will, at the very least, be independent, free-standing, not-for-profit companies or organisations, rather than at least part of the code management being kept in the hands of the industry that is itself bound by the codes. That looks a bit circular.

If the Minister is able to elucidate on that a bit, then I think we will be happy to ensure that this part of the Bill passes in an expeditious manner.

Andrew Bowie: The hon. Gentleman is absolutely right. We do not want to introduce anything that makes reaching our net zero goals or the future governance of the energy system any more complicated or circular—to use his word—than it already is. He went through some of the 11 codes and engineering standards: the balancing and settlement code; the connection and use of system code; the distribution connection and use of system agreement; the distribution code; the grid code; the retail energy code; the smart energy code; the system operator transmission owner code; the security and quality of supply standard; the uniform network code, and the independent gas transporters uniform network code. It would be wrong to do anything that further complicates an already complicated area; he is right in what he says about finding ourselves miles from home, forgetting our own name.

2.30 pm

The current process for keeping the rules up to date was designed to deal with a more predictable energy system post privatisation, quite some time ago, when there was an expectation that the industry would be best placed to make any incremental changes that were needed. That approach has been effective in keeping the system running, but it has caused these rules to become increasingly complex and fragmented over time, which has acted as a barrier to innovation and competition; as Members can imagine, that was not the initial aim.

There is currently little incentive for industry to change the rules in a manner that would be contrary to their own interests, even if those changes would benefit consumers or further the Government's strategic priorities. Empowering Ofgem to drive strategic change across all 11 codes—I will not run through them again—will help to resolve this issue, as will the appointment of code managers, who will be able to ensure that the necessary changes are delivered.

Our desired outcome for energy code governance is a framework that is forward-looking, innovative, agile, easy to understand and able to accommodate a growing number of market participants while also supporting the delivery of net zero and British energy security.

Question put and agreed to.

Clause 140 accordingly ordered to stand part of the Bill.

Clauses 141 and 142 ordered to stand part of the Bill.

Clause 143

Licence under Gas Act 1986 for performance of code management function

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to consider clauses 144 to 147 stand part.

Andrew Bowie: It gives me great pleasure to speak to clauses 143 to 147. Clause 143 establishes code management as a licensable activity within the gas sector. The primary responsibility of the code managers, once licensed, will be to make arrangements for the governance of their respective codes. The GEMA's ability to license code managers is a central feature of the new governance framework established by this part of the Bill. Clause 143 makes it possible for the GEMA to license code managers

by making three sets of amendments to the licensing regime in the Gas Act 1986. Clause 144 serves the same purpose for the Electricity Act 1989, and the two should be seen as working together to establish the new licensing framework.

The first set of amendments makes it a criminal offence to perform the activity of code management in the gas sector without a licence, unless an exemption has been granted. That is necessary to ensure that no more than one person is able to make lawful arrangements for the governance of a gas code at the same time. The second set of amendments makes it possible for the GEMA to grant code manager licences to qualifying persons through the code manager selection processes established elsewhere in the Bill.

Finally, the third set of amendments will require the GEMA to grant licences for codes that contain both gas and electricity provisions at the same time. That requirement will prevent inadvertent breaches of the prohibition on code management in the electricity sector, which is set out in the clause 144. Without the combined effect of these three sets of amendments, it would not be possible for the new code governance framework established by this part of the Bill to function as a licensable activity.

Clause 144 establishes code management as a licensable activity in the electricity sector. The responsibilities of these code managers will be the same as those licensed in the gas sector, as outlined in clause 143. Clause 144 makes it possible for the GEMA to license code managers by making three sets of amendments to the licensing regime in the Electricity Act 1989. Those amendments serve the same purpose as the three outlined in the previous clause to the Gas Act 1986.

My arguments in recommending clause 143 apply equally to clause 144, so I will not labour those points. Without the combined effect of these sets of amendments, it would not be possible for the new code governance framework established by this part of the Bill to function as a licensable activity.

Clause 145 empowers the GEMA to select code managers on a competitive or non-competitive basis. The selection method will be informed by regulations that may be made by the Secretary of State. It is important that the GEMA has the flexibility it needs to select the right body for each role.

Code managers will play a central role in the new governance framework. Their primary responsibility will be to make arrangements for the governance of their respective codes. They will support the delivery of any strategic direction published by the GEMA. Any person who is selected for the role will need the right mix of code-specific knowledge and expertise to be effective.

Due to the differences between the codes, it may be difficult to determine a single best-fit selection method. Some codes may benefit from a competitive tender process, whereas others might find a direct selection process to be more efficient. That variation exists because the codes have evolved independently to occupy unique positions in the market. It would be beneficial for the selection options available to the GEMA to be equally varied.

The Secretary of State may wish to inform the GEMA's choice of selection method by specifying in regulations the criteria that it would need to apply. Those regulations will allow the Government to ensure that the selection process will produce suitable candidates, while enabling the GEMA to make the final decision on which selection method to use and, indeed, who to select. The details of the regulations are still subject to public consultation. Potential criteria could include minimum conditions that a body must meet to qualify for selection.

The GEMA's ability to select and license code managers is a central element of the new governance framework. To ensure that the process works as expected, it will be vital for the Secretary of State to have the option of creating regulations to inform how code managers are selected and who should be eligible for the role.

Clause 146 empowers the Secretary of State to make regulations about the non-competitive selection of code managers by the GEMA. Those regulations may be used to make provision about the selection of code managers other than by competitive tender, such as who may or may not be eligible for selection.

Clause 147 allows the GEMA to draft regulations about the selection of code managers by competitive means, which would then require approval by the Secretary of State. Those regulations would be used by the GEMA if it ever decided to select a code manager by running a competitive tender process.

Dr Whitehead: I have no comments on the clauses. I am happy for them to stand part of the Bill.

Question put and agreed to.

Clause 143 accordingly ordered to stand part of the Bill.

Clauses 144 to 147 ordered to stand part of the Bill.

Clause 148

STRATEGIC DIRECTION STATEMENT

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to debate clause 149 stand part.

Andrew Bowie: Clause 148 places a duty on the GEMA, which is getting quite the airing this afternoon, to publish an annual strategic direction statement about the codes. It also sets out various process requirements and empowers the Secretary of State to supplement the list of required content via regulations.

The purpose of the strategic direction statement is to set out how the codes will or may need to evolve over the following 12 months. At a minimum, it will be required to include a strategic assessment of Government priorities and wider developments in the energy sector relating to codes. The Secretary of State will have the ability to add to the minimum list of content by regulations.

The publication of the annual statement will serve as a framework for code managers when they develop their annual delivery plans. It will also provide interested parties and the Government with information regarding pending code changes, allowing insight into the overall direction of travel. Finally, it will be the primary vehicle by which Government policy priorities are factored into the future development of the energy codes. That will be achieved by regulations, whereby the Secretary of State may add to the list of content that the GEMA must include in its statement. However, any decisions regarding what decisions to take based on that content will always remain with the GEMA.

[Andrew Bowie]

The clause also sets out the processes that the GEMA must follow when drafting and publishing the statement, including a requirement to consult with all persons who are likely to be affected and to send notice to various consumer-focused organisations. The strategic direction statement is a central element of the new governance framework. To ensure that it continues to meet these purposes, it is important that the Secretary of State has the option to update the list of required content over time.

Clause 149 allows the Secretary of State to permanently transfer the GEMA's new duty to produce an annual strategic direction statement to the ISOP through regulations. This power has been included to future-proof for a scenario in which the ISOP may emerge as the most suitable entity to take on this duty. While the GEMA is currently the best placed organisation to publish the strategic direction statement, the ISOP, created by part 4 of the Bill, which we discussed earlier, may emerge to be better placed to take on the duty in the future.

Once it is fully established, the ISOP will have various advisory capabilities, an overview of the full energy system, and dedicated planning functions. That may make it a better candidate to publish a strategic direction statement for the codes. However, when the ISOP is first established, it may not have the capabilities or operational maturity in its system-wide strategic and planning functions to take on such a duty. The electricity system operator may therefore remain a code administrator for multiple codes—at least until a new code manager is selected for them. This role could therefore present an undesirable conflict of interest were the ISOP to write the strategic direction early on in the process. As a result, any transfer would be unlikely to take place until the ISOP is fully established and the wider code reforms are complete.

The Secretary of State may make regulations to effect the transfer in duty. Clause 149 sets out the specific changes to legislation that those regulations must make to update references from the GEMA to the ISOP in clause 148. The wording of the clause will ensure that the regulations are used only for a specific purpose, which is important given that they would modify primary legislation. The Secretary of State will be required to consult with the GEMA, the ISOP and other affected parties before making any regulations. In addition, the regulations would need to be laid using the affirmative procedure to ensure the appropriate level of parliamentary scrutiny.

Dr Whitehead: We certainly have no objections to the clauses. I commend to the Committee clause 149, which enables the transfer of functions on strategic direction between the GEMA and the ISOP. That is a wise and prudent element to include. I accept what the Minister says about the maturity of the ISOP in its early years to carry out the functions. That provision means that the changes can be made at the right time, and on a permanent basis, and I welcome that.

Andrew Bowie: I welcome the hon. Gentleman's welcome.

Question put and agreed to.

Clause 148 accordingly ordered to stand part of the Bill.

Clause 149 ordered to stand part of the Bill.

Clause 150

MODIFICATION OF DESIGNATED DOCUMENTS BY GEMA

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clauses 151 to 153 stand part.

Andrew Bowie: Clause 150 empowers the GEMA to modify codes directly in certain circumstances to ensure the smooth operation of and transition to the new governance framework. It also empowers the Secretary of State to make regulations setting out how and when the power may be used, and to act as a necessary backstop to clarify and frame the scope of the use.

Clause 151 sets out the practical steps that the GEMA must follow before it can make a direct modification under the circumstances set out in clause 150. Clause 152 empowers the GEMA to issue directions to the bodies that are responsible for operating, or procuring, the critical IT systems that underpin the energy system. Clause 153 sets out the procedural steps and associated controls that the GEMA must follow when making a direction to a central system delivery body, under the powers granted in clause 152.

Dr Whitehead: I have no comments on the clauses, and commend them to the Committee.

Question put and agreed to.

Clause 150 accordingly ordered to stand part of the Bill.

Clauses 151 to 153 ordered to stand part of the Bill.

Clause 154

PRINCIPAL OBJECTIVE AND GENERAL DUTIES OF SECRETARY OF STATE AND GEMA UNDER PART 5

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clause 155 stand part.

Andrew Bowie: Clause 154 extends the principal objectives and general duties set out in the relevant sections of the Gas Act 1986 and the Electricity Act 1989 to all the new functions granted to the Secretary of State and the GEMA under this part of the Bill. The extension includes an obligation on both the Secretary of State and the GEMA to carry out their new functions in a way that protects the interests of existing and future consumers. That obligation will place consumers at the heart of our new code governance framework.

Clause 155 updates the GEMA's reporting requirements so that it must include an overview of any developments or decisions relating to codes in its annual report. It does that by inserting relevant provisions into the list found in section 5 of the Utilities Act 2000.

Question put and agreed to.

Clause 154 accordingly ordered to stand part of the Bill.

Clause 155 ordered to stand part of the Bill.

Clause 156

Regulations under Part 5

Dr Whitehead: I beg to move amendment 98, in clause 156, page 135, line 26, after "section" insert "146 and".

The section presently is all under negative SI formation, with the exception of clause 149, which is positive. However, other sections in the part, including section 146, look as if they should have affirmative treatment because of the Secretary of State powers in respect of those sections. As such, this amendment seeks to include it as an affirmative exemption from the rest of the part.

The Chair: With this it will be convenient to discuss the following:

Clauses 156 to 158 stand part.

That schedules 10 and 11 be the Tenth and Eleventh schedules to the Bill.

Clause 159 stand part.

That schedule 12 be the Twelfth schedule to the Bill.

2.45 pm

Dr Whitehead: I will speak strictly to the amendment. I advise Members not to go anywhere near schedules 10 to 12, because they might not come back in the same state in which they started to read them.

Amendment 98 is part of my largely forlorn mission to ensure that Parliament is fully involved in decision making, with regulations being made on an affirmative rather than negative basis. The Committee will observe that, in clause 156, the affirmative procedure is specified for regulations only as far as clause 149, which we have already briefly discussed and relates to the transfer of functions from GEMA to the ISOP for strategic purposes. However, it seems to me that there are other clauses in this area that Members ought to have more of a say in, at least in terms of the product of those clauses coming before them through the affirmative procedure, and thus to be debated in the House before being put into place. For example, the selection of a code manager on a non-competitive basis by GEMA might be something that Members might like to have a rather more serious look at, rather than the process being done under the negative procedure, whereby, if a Member is lucky, they might spot that it has been published and then have a certain number of days in which they can do anything, but otherwise the regulations will just go into force.

I think it would be a good idea to extend the protections for Parliament, as it were, under clause 156 to some of those other clauses. It is not something that I would want to go to the wall on, but I hope that the Minister will have a look to see whether he thinks that some of those being subject to the affirmative procedure rather than the negative might be a better way to proceed.

Andrew Bowie: I thank the hon. Gentleman for his amendment. The regulations established in part 5 will be technical in nature, with a focus on describing the different types of direct selection options, such as appointment of an existing licensee and any constraints on their use. In determining the suitable procedure, we have considered the impact on parliamentary time and the precedents in similar regulations in other areas of statute. For example, similar powers for the Gas and Electricity Markets Authority under section 6C of the Electricity Act 1989 have no parliamentary procedure in relation to offshore transmission owner tenders.

The regulations will provide for variations of the direct selection route already spelled out in the Bill. We do not think that parliamentary time will be effectively used by subjecting these regulations to the affirmative procedure. I hope that the hon. Member feels suitably reassured and will therefore be content to withdraw his amendment—notwithstanding what he just said a few minutes ago.

I will now turn to clauses 156 to 159. Clause 156 confirms that the regulations established under part 5 will be subject to the negative or the affirmative procedure. Clause 157 identifies several key terms that are used throughout part 5 and explains which sections contain the corresponding definitions. It is therefore intended solely as an aid to interpretation. Clause 158 introduces schedules 10 and 11 to the Bill, which contain various transitional provisions that may be exercised in connection with this part. It is intended solely to convey that the contents of those schedules exist and will be critical to the implementation of energy code governance reform.

Clause 159 introduces schedule 12, which contains details of various amendments required to other Acts as a consequence of this part of the Bill. The purpose of schedule 12 is to set out the details of the relevant amendments, which deal with one of two topics. The first topic relates to clause 152, which, as we have already heard, empowers GEMA to issue directions to the bodies that are responsible for operating, or procuring the operation of, the critical IT systems that underpin the energy system. I therefore commend the clauses to the Committee.

Dr Whitehead: The Minister has not entirely satisfied me on this. In general, regulations should be affirmative, unless there is a good reason for them to be negative—not the other way around. The Minister has suggested this afternoon that the other way around appears to be the default for his Department in this respect. I do not think that that is good practice for legislation in general, but who am I to take on the entire forces of parliamentary legislation writers all by myself? I hope that we can perhaps get a better outcome for such things in future, but I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clauses 156 to 158 ordered to stand part of the Bill.

Schedules 10 and 11 agreed to.

Clause 159 ordered to stand part of the Bill.

Schedule 12 agreed to.

Clause 160

Competitive tenders for electricity projects

Dr Whitehead: I beg to move amendment 99, clause 160, page 136, line 20, at end insert—

"(2) Strategic transmission network projects that are—

(a) identified in the Electricity Networks Strategic framework,

(b) built ahead of need whilst long term good value for money, and

(c) in the opinion of the Secretary of State essential to support renewable and energy security objectives,

are not subject to Schedule 13 of this Act."

This amendment seeks explicitly to exempt certain strategic transmission network projects from the provisions of Schedule 13.

The Chair: With this it will be convenient to discuss the following:

Clause stand part.

That schedule 13 be the Thirteenth schedule to the Bill.

Clause 161 stand part.

That schedule 14 be the Fourteenth schedule to the Bill.

Dr Whitehead: We come to the first section of part 6 of the Bill, which deals with market reform and consumer protection. The first clauses in this part relate to developing far greater competition for electricity generation, networks and so on.

The idea that there should be greater competition in the development of networks and other such things is not in dispute. Indeed, one argument in favour of the principle is that some of the delays in the development of the network from its previous centralised, spine-outwards approach, to a decentralised, spine-inwards approach, are due to the rather sterile ways in which the new network was commissioned. Having greater competition will not only bring potential new investors into the process, but may in certain circumstances speed the process up. It would certainly be a much better vehicle for bringing forward the anticipatory investment that is necessary to get the grid going in the way that we need it to go. However, what is happening with new grid development appears to point in the opposite direction.

Ofgem published its "Decision on accelerating onshore electricity transmission investment" in December 2022, concerning the extent to which investment in certain projects should not be subject to competition. As I am sure the Minister is aware, that relates to the accelerated strategic transmission investment programme that Ofgem has been pursuing. It will identify all the big strategic network challenges and projects to decide how important and strategic those projects are likely to be and how important they are to the realisation of the other ambitions of the network, and decide through the ASTI programme which ones will be accelerated up to 2030, which ones may be considered for after 2030, and which ones stand outside the system as a whole. As we have previously touched on, those standing outside the system as a whole may well be those of less strategic significance—maybe at a distribution network operator level—although they are no less important, even though they are below the very highest level of grid generation.

Following Ofgem's intervention in this field, we now have a situation where most of the large onshore transmission investment framework and, indeed, some of the framework that goes offshore as well as onshore, will effectively be handed over to the National Grid to develop before 2030. There may well be an argument—quite an important argument, I think—that, right now, our grid structure is in such a bad way that we are saying, "Go away and get on with it. Do it as soon as possible. We will back you in doing it." Obviously, a lot of additional things must be added to that decision to get on and do it, such as accelerated planning and deciding whether some routes may give more value for money in the long term—by going partly underground, for example. Even though they are more expensive, they actually overcome some of the objections in the process so that the whole thing can be done at a rapid rate.

There are substantial arguments in that direction, but it could be that the overall need for speed means that the ASTI programme would be extended beyond the 2030s and to a wider range of projects, at which point the provisions in the Bill and the actual provisions undertaken on the ground will pull in two quite different directions. It is important that we are able to bring those two together so that we have a clear distinction between what we are and are not competing for in terms of speed and direction.

Other questions are involved here, particularly about the financing of such projects and whether the company now undertaking to bring forward these truly nationally strategic investment projects will actually be able financially to run them in parallel rather than in sequence. That is an important consideration in terms of what is in the legislation and what we are trying to do strategically to get out of the current position, where we are moving too slowly for the development of low-carbon systems. We do not have major concerns about the competition process itself, other than those we expressed in this amendment, which aims to do roughly what Ofgem has started to do, but in a way that makes a clear distinction between what is and is not competition for future strategic purposes. I hope that the amendment will be seen as helpful, but there may be other ways that that sort of outcome, with the strains we have upon us that I have described, can be successfully negotiated.

3 pm

Andrew Bowie: I thank the hon. Gentleman for his amendment, which I believe is intended to be helpful—as are all of his amendments. However, I gently disagree with him that we might be heading in the wrong direction on this.

The Government recognise the importance of clarifying which projects are within the scope of competition and which are to be exempt, and steps have already been taken to provide that clarity. We are already seeking powers for the Secretary of State to set criteria to determine whether projects are eligible for competition through clause 160. The underlying guiding policy in their design is whether there is a consumer benefit to competing any given project.

The Government recognise that their application could cause some uncertainty in the immediate term. That is why, last year, we committed to exempting certain strategic projects from competition. Ofgem, the independent regulator, published in December 2022 a decision on which projects are exempt—projects worth approximately £20 billion—and is working with industry to accelerate those network projects so they are ready for 2030.

Therefore, I believe that, sadly, the amendment is unnecessary. It would duplicate existing policy work to exempt certain strategic projects and would create an unnecessary avenue for exemptions, beyond the existing criteria that Ofgem will apply to determine eligibility for competition. For those reasons, I hope the hon. Gentleman feels able to withdraw this amendment.

Clause 160 gives effect to schedule 13 to the Bill, which sets out the mechanism for enabling competitive tenders to take place in onshore electricity networks. To ensure energy security for Great Britain, significant investment is needed in our electricity network to meet an estimated doubling in demand up to 2050. The electricity networks strategic framework, published in

August 2022, sets out the estimated additional £100 billion to £240 billion of investment required in the onshore network to meet net zero.

Under the current system, network companies that are regional monopolies build, own and operate our network. They are regulated to do so efficiently through Ofgem's price control processes, but it is vital that we guarantee value for money by ensuring that network investment is cost-efficient and strategic. That is why clause 160 is important.

I turn now to clause 161 and schedule 14. The first part of the clause introduces schedule 14, which establishes the new energy network special mergers regime. The regime is designed to enable the Competition and Markets Authority to assess whether a merger between certain energy network enterprises in Great Britain substantially prejudices Ofgem's ability to carry out certain regulatory functions. Specifically, it relates to the price control process by which Ofgem determines how much energy network companies can spend and, therefore, how much they will pass on to consumers through energy bills.

The Government have estimated that introducing the regime could save energy consumers up to £420 million over 10 years by avoiding excess profits for energy network enterprises.

Dr Whitehead: The Minister may well be right—I do not say that very often, but I will say it on this occasion. This amendment, by the way, was initially drafted in the long-distant period when the Bill first emerged over the horizon, beyond the timeframe of most of our memories now, and it has been superseded at least partly by what Ofgem has been doing as far as ASTI is concerned. I am happy to withdraw it on that basis, but I hope we will keep that clear distinction for the future. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 160 ordered to stand part of the Bill.

Schedule 13 agreed to.

Clause 161 ordered to stand part of the Bill.

Schedule 14 agreed to.

Clause 162

Licence required for operation of multi-purpose interconnector

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss the following:

Clauses 163 to 167 stand part.

That schedule 15 be the Fifteenth schedule to the Bill.

Andrew Bowie: Multi-purpose interconnectors are assets that combine electricity interconnectors between Great Britain and other jurisdictions with electricity transmission connections for offshore wind. They can help us achieve our net zero target by further integrating renewables into the grid. However, the existing legal framework does not enable the operation of a multi-purpose interconnector. Without a legal definition, there is a lack of clarity over their treatment.

Clause 162 introduces the definition of a multi-purpose interconnector into the Electricity Act 1989. It also amends that Act to ensure that a person who operates a multi-purpose interconnector will be required to hold a licence or exemption. To minimise conflicts of interest, the clause also ensures that the same person may not hold a multi-purpose interconnector licence while simultaneously holding a licence for electricity generation, transmission, distribution or supply. It also prohibits the same person from simultaneously holding multi-purpose and standard interconnector licences.

Multi-purpose interconnectors are a nascent technology, and the clause ensures that the definition of a multi-purpose interconnector is broad enough to account for the range of technologies involved in their operation, including future technologies. For example, although early multi-purpose interconnectors look to combine electricity interconnection with offshore wind, future multi-purpose interconnectors may link with energy islands or include the electrification of offshore oil and gas and CCUS platforms.

Clause 163 introduces the requirement for the Secretary of State to set the standard conditions for the multi-purpose interconnector licence, ensuring Government oversight. It outlines the requirement for the Secretary of State to publish the standard conditions, with the publication to be done in the manner considered appropriate by the Secretary of State. The clause contains a provision for specific standard conditions included in the multi-purpose interconnector licence to not have effect until brought into operation. It also includes a provision for the suspension of the effect of specific standard conditions included in the multi-purpose interconnector licence, as well as a provision to reintroduce the effect of suspended standard conditions. That may be necessary due to changes in trading arrangements, for example.

To ensure the standard conditions determined by the Secretary of State are incorporated, clause 163 will amend the Electricity Act 1989. That amendment will need to be commenced by secondary legislation to allow sufficient time for development of the standard licence conditions. Once commenced, the Secretary of State will not be able to further modify the standard conditions; however, they may veto proposals made by the Gas and Electricity Markets Authority to modify the standard licence conditions. The procedures detailed in the clause are in line with those that were introduced for interconnector licences.

Clause 164 amends the Electricity Act 1989 by inserting new section 10NA, which ensures that any person who operates a multi-purpose interconnector has been certified by Ofgem to be independent from electricity generation and supply activities, reducing the risk of conflicts of interest. That Act already provides for standard interconnectors to receive certification from Ofgem, and it is thus considered appropriate to extend that provision to multi-purpose interconnectors. Certification is a necessary precursor to the award of multi-purpose interconnector licences.

Clause 165 details the power of the Secretary of State to grant MPI licences to existing operators developing pilot project MPIs. The Government and Ofgem have continued to support pilot MPI projects to develop, as it is the Government's intention to encourage operators to move towards a more co-ordinated and efficient offshore network. The clause enables the Secretary of

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State to grant an MPI licence to existing operators who hold an interconnection or offshore transmission licence for the purposes of developing a multi-purpose interconnector. That licence will replace operators' existing interconnector or offshore transmission licence.

The clause also reads in minor modifications to the Electricity Act 1989, so that relevant sections will apply to the exercise of the Secretary of State's power in this clause. It also includes a requirement for the Secretary of State to consult the potential MPI licensee and the Gas and Electricity Markets Authority prior to granting a licence. Furthermore, this provision mirrors existing powers that were brought forward through the Energy Act 2004. Those powers allowed the Government to grant interconnector licences to persons who were operating interconnectors under transmission licences. Reflecting that standard, clause 165 will allow the Government to grant MPI licences to persons who are operating MPIs under interconnector or transmission licences.

Clause 166 essentially enables the Secretary of State to amend existing legislation to ensure that multi-purpose interconnectors are not accidentally impacted by current laws. As MPIs—as I have already said—are a nascent technology, there is the potential for some aspects of the regulatory frameworks, market trading arrangements, and operational processes to transform once MPI activity commences.

The full detail of any possible necessary changes is difficult to identify at this stage. Following the pilot MPI projects, the Government will be in a better position to understand the full range of changes needed. The Secretary of State must consult GEMA before bringing forward any regulations. Any regulations will be subject to the affirmative procedure. In this way, the Government can adequately balance the need to be flexible in a changing landscape with the need to ensure that there is appropriate parliamentary scrutiny.

Clause 167 introduces schedule 15, which makes minor and consequential amendments to existing Acts. The majority of the consequential amendments will be made to the Electricity Act 1989, which makes provision regarding the supply, generation and transmission of electricity. Other Acts affected include the Energy Act 2004, the Utilities Act 2000 and the Civil Contingencies Act 2004. The changes will ensure that the legal framework for multi-purpose interconnectors functions properly alongside existing legislation.

I commend the clauses to the Committee.

Dr Whitehead: The Minister obviously had to read all that stuff out, so I will try to simplify it a bit for the Committee. At the moment, we have a number of interconnectors, which basically go from A to B. They go from Norway, Belgium, Holland and France and between England, Wales and Ireland. They are very much A to B, two-way connectors. When I say that they come from Norway, France and so on, it is a potential two-way process.

However, under regulation, the interconnectors have very much stayed exactly as that. For the next stage of our development, as far as low-carbon renewables are concerned, we need interconnectors that can actually take what is coming from, say, the North sea and bring it on board to the interconnector—possibly via an energy island, as the Minister said—and then send the resulting electricity in any direction. Currently, that is effectively banned. A two-way interconnector cannot be interrupted for that purpose. Having multi-purpose interconnectors not only enables that, but, as we try to develop a much better grid system in the North sea, it enables a great deal of use to be made of those interconnectors. That means being used not only for the purpose of landing offshore wind, but, as the Minister said, for, for example, repowering North sea oil and gas rigs. In other words, that means integrating all the things happening in the North sea into a big energy endeavour. Multi-purpose interconnectors are absolutely vital for that.

I very much welcome the clauses, but I would say just one thing. I am pleased to hear that the Minister will pursue an iterative process in developing regulation for multi-purpose interconnectors, or MPIs, as we will call them from now on, but interconnectors go between two jurisdictions and sometimes have to deal at both ends with slightly different electricity markets in order to carry out the functions of the two-way electricity flow—that is the same for gas interconnectors, by the way. We may therefore get into the position where they will straddle different jurisdictions in terms of their operability to gather and collect what is going to that interconnector, but without landing directly and then going to another country. For example, MPIs may well interface between the UK and Norwegian offshore zones, while potentially straddling UK and Dutch offshore zones, and so on. Therefore, the matter of who is responsible for what is coming into and out of the system could be much more complicated than it is at the moment with the current A to B interconnectors. Multi-purpose interconnectors could even serve several different countries' territorial areas across the North sea.

3.15 pm

In my view, it is important that we get that aspect of multi-purpose interconnectors right. At the moment it is a bit of a theoretical construct, but it might not be in the not-too-distant future. In the regulations that we produce, it is important that we anticipate the particular way in which multi-purpose interconnectors work.

Andrew Bowie: There is very little of what the hon. Member said that I disagree with. I thank him for that contribution to the debate. We will be looking at this nascent technology in the years to come as it develops, in order to grow, support and regulate for that industry. As is the case throughout the Bill, these clauses set out the regulatory framework upon which these industries can build and expand in this country, and this Government can support them through that. I thank the hon. Member for his comments.

Question put and agreed to.

Clause 162 accordingly ordered to stand part of the Bill.

Clauses 163 to 167 ordered to stand part of the Bill.

Schedule 15 agreed to.

Clause 168

Electricity storage

Question proposed, That the clause stand part of the Bill.

Andrew Bowie: Electricity storage can enable us to use energy more flexibly and decarbonise our energy system cost effectively. For example, it can help to balance the system at lower cost, maximise the use of intermittent renewables, and reduce the need for network upgrades and new generation. However, the regulatory framework for electricity was not built with technologies such as electricity storage in mind; they did not exist. Without a definition there is a lack of legal clarity over its treatment, which can disincentivise investment and hence the deployment of storage.

The clause clarifies that electricity storage is a distinct subset of generation in the Electricity Act 1989. It also defines storage as energy that was converted from electricity, and is stored for the purpose of its future reconversion into electricity. The measure removes current ambiguities and provides long-term clarity over electricity storage's treatment within the existing frameworks and possible future frameworks. By doing so, it facilitates the deployment of storage.

Dr Whitehead: All I can say is: hooray! I have spent quite a lot of time on previous occasions attempting to get the House to legislate on separate electricity storage licences—freestanding without the current restrictions on storage. It is regarded as being both in and out, and therefore potentially subject to separate licences. An important change will come about as a result of this clause.

To go back to our previous discussion on codes, quite a lot of energy storage is likely to be further hampered by the existence of the codes themselves, which are very restricted to battery storage, long-term storage and the arrangements that go with that. It is important that we look at those codes at the same time to ensure that they are as up to date as possible, in line with new licences that may be put out. However, the fact that we at last have a category for storage in licensing, which will greatly facilitate the rise of particularly long-duration storage, is only to be applauded.

Question put and agreed to.

Clause 168 accordingly ordered to stand part of the Bill.

Clause 169

PAYMENT AS ALTERNATIVE TO COMPLYING WITH CERTAIN ENERGY COMPANY OBLIGATIONS

Question proposed, That the clause stand part of the Bill.

Andrew Bowie: The clause enables the Secretary of State to introduce a voluntary buy-out mechanism under the energy company obligation—ECO—scheme, through amending the Gas Act 1986 and the Electricity Act 1989.

Under the ECO scheme, there is currently an exemption for energy suppliers with fewer than 150,000 domestic customer accounts. The exemption is contentious, and the Government committed to consulting on how it could be reduced without smaller suppliers incurring disproportionate costs. We are proposing to do so through a buy-out mechanism. The clause provides the powers to create buy-out, with secondary legislation required to establish the details of the said mechanism. The measure enables small suppliers to meet their ECO obligations by simply making a payment to an approved third party for an approved purpose.

The clause also enables the Secretary of State to determine and publish the buy-out price, which can be set differently for different periods or scheme phases. By doing so, it ensures that the buy-out price is based on the most up-to-date information on the estimated cost of the promotion of measures. The final part of the clause sets out that the Secretary of State and Scottish Ministers can impose criteria for approving third parties and purposes. There are no limitations in primary legislation on such criteria, because the use of the buy-out will depend on the wider policy goals behind the administration of future schemes, which are subject to change over time.

By introducing the buy-out mechanism and obligating more suppliers under the ECO, the costs of meeting the obligations will be shared across a larger customer base. That will result in a fairer energy market by reducing any current distortions between obligated and non-obligated suppliers, and it will spread the cost of the ECO more equally across customers' bills.

Question put and agreed to.

Clause 169 accordingly ordered to stand part of the Bill.

Clause 170

SMART METERS: EXTENSION OF TIME FOR EXERCISE OF POWERS

Dr Whitehead: I beg to move amendment 100, in clause 170, page 146, line 7, at end insert—

"(5) Within six months of the date of this section coming into force, the Secretary of State must produce and lay before Parliament a report setting out options for securing a guaranteed roll-out of smart meters to at least 70% of premises in all regions and nations of the United Kingdom by 2025.

(6) The report under subsection (5) must consider, among other options—

(a) obligatory smart meter installation,

(b) transfer of responsibility for smart meter roll-out to Distribution Network Operators, and

(c) time limits for phasing out meters which are not smart meters."

The purpose of a report under this amendment is to emphasise that the Government should be aiming for at least 70% coverage in all regions and nations of the UK by 2025.

The Chair: With this it will be convenient to discuss clause stand part.

Dr Whitehead: The amendment relates to clause 170, which is very much another stand-alone clause; it concerns smart meters, and nothing else in the Bill relates to smart meters. We think that there ought to be a rather more serious approach to the question of smart meters and their present position in the energy firmament than the clause provides. I want to amplify that for a moment.

Where we are with smart meters is nothing short of a creeping long-term disaster as far as the UK energy economy is concerned. I am sure that Members will be aware that the introduction of smart meters came about through a 2012 piece of legislation with a view to starting the roll-out in about 2013 or 2014. The Minister responsible for the 2012 legislation said that the roll-out would start in 2014 and would be complete by 2019, when we would have 100% smart meters across the

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country. Ever since the 2012 legislation and the beginning of the roll-out, there have been repeated returns to the legislative process, including the Smart Meters Act 2018, which among other things included various measures on the Data Communications Company, about which I perhaps should not say too much for fear of becoming upset.

The thrust of that Act was to extend the timescale during which there would be jurisdiction over the process by the regulator, various other people and the DCC from 2019 to 2023. And here we are in 2023, having a further go at doing exactly the same: extending the exercise of powers from November 2023 to 1 November 2028. It is as though, if we continue to flog the dead horse for another five years, maybe the horse will miraculously come back to life again and we will all have the smart meters installed.

Katherine Fletcher (South Ribble) (Con): I can speak from my own personal experience about why the horse is not dead and is benefiting from new technology. I wanted to have a smart meter and I could not, because the mobile phone signal was not good enough in the north of England. We have made great strides since 2019, so I think that horse still has a breath of life as technology, especially gigabit coverage, expands.

Dr Whitehead: My dead horse was perhaps something of an over-dramatic metaphor, but at the very least the horse is pretty sickly. That is partly because the smart meter wide area systems in the north of England are different from those in the south of England; the roll-out of smart meters in the north of England and in particular regions has been much slower and more problematic than has been the case in the south of England.

When we see the roll-out of smart meters now being 56% of all meters in Great Britain, the figure hides a number disturbing points, one of which I think the hon. Member for South Ribble will certainly want to worry about: that the roll-out in certain parts of Great Britain—strictly speaking, statistics are not provided on a regional basis, so I am citing evidence gathered by other means—could be as low as 30-odd per cent. in certain regions of the UK.

That is important not just because it is a good idea to have a smart meter that reads bills so that people do not have to continue to send their reading in, and not just because someone can look at their meter and see what sort of energy they have used and therefore can economise —although those are important things. One of the overwhelmingly important parts of the smart meter roll-out has always been and will always be the extent to which the smart meter network gives the country the opportunity to move forward radically with different forms of managing its electricity structures, including: a demand-side basis equivalent to the supply-side basis; ensuring that systems are resilient in terms of the information the smart meters are giving out; and enabling both prosumers and consumers to come closer together when it comes to what is going in and out of the smart meter via self-generation or other devices. There are all sorts of things, including half-hourly settlements, that will collectively make our energy system much greener, much better and much more resilient.

Indeed, the ability of smart meters to aggregate data—another area that we might want to consider—means they can read in real time the nation's electricity activity. In the context of the roll-out of electric vehicles and all that goes with it, and all sorts of other things such as heat pumps, the ability to gauge in aggregate electricity demand at particular times, including where that demand may stress the system, means that activities can be undertaken that will divert from that and use the system much more effectively. That all depends on what is happening with smart meters and the information they give out. It is about—*Daily Mail,* take note—not capturing people's personal information but capturing aggregate information that comes out of smart meter use as a whole. And that is where we are in a potentially disastrous position for the future, because the 55% roll-out does not mean 55% of all meters; as I have said, there are big regional divergences. I am very pleased that the hon. Member for South Ribble has got her smart meter in—*[Interruption.]* She has not.

3.30 pm

Katherine Fletcher: Unfortunately, I have only an electricity one now, after the mobile phone signal was upgraded; the gas cannot take it, because of the construction of the house. There are a number of practical problems that we have to get over. The issue is not just consumer desire.

Dr Whitehead: Indeed. That was why I was pretty dubious about the 2G system, essentially, being used for this purpose in the north of the country. It is not fit for purpose and will not be fit for purpose in the future. It needs to be substantially revised.

Katherine Fletcher: No, we haven't got any phone signal: not 2G—nothing.

Dr Whitehead: I think that underlines my point. It is not fit for purpose.

Katherine Fletcher: It doesn't matter what G it is if you haven't got one.

Dr Whitehead: Yes. The various retail energy companies that have been responsible for the roll-out have in many instances tried their hardest, but they have been overcome by the sort of obstacles that the hon. Member mentions. For example, in an urban environment, meters may be in the basement of a block of flats and then somehow the smart meter is supposed to communicate from the 7th floor to the meters in the basement—the arrangements between the meter and the householder. That is over and above the problems with radio signals and phone signals that there have been in the north of England.

The roll-out is 55% after nine years of active operation, so let us say that that goes on at the same rate, although it very probably will not, because we have captured all the low-hanging fruit as far as smart meters are concerned, and smart meters are getting more and more difficult to install.

Charlotte Nichols (Warrington North) (Lab): My hon. Friend the shadow Minister is making an important point about where smart meters cannot always be installed and some of the difficulties that there have been in this process. I am sure that both he and the Secretary of State will be aware of the situation in the area around RAF Fylingdales, for example, where, because of the

strength of some of the radio technology used there, people cannot get a smart meter in something like a 40-mile radius of the airbase. Does he think that the Government considered such things when they put in the 2019 target that they have so spectacularly failed to hit?

Dr Whitehead: My hon. Friend is absolutely right: the Government did not consider that. There were discussions at the time of the earlier smart meter roll-out about radio systems that could get over precisely those problems by patching in—that is, going on the back of a good radio signal and patch in on the next radio signal, where the overwhelming radio signal is against signals operating properly. But that decision was not made at the time. It was a one-frequency signal for the south of England and phone arrangements for the north of England, with the results that we now see.

Halfway through the roll-out it was decided to change the specification of the meter itself. Because the process of changing the specification was so slow, a number of retail companies that had large stocks of the original meters continued to install the SMETS1 meters long after they should have stopped installing them—just because they had those stocks, which the new specification had not got round to replacing because of the delays in the so-called SMETS2 meters coming on to the market and being installed. Consequently, a number of meters are still not operating in smart mode, because they are either awaiting update or replacement so that they can go into the smarter system. Of the 31.3 million smart and advanced meters that are currently in homes, only 28.1 million are operating in smart mode. The roll-out is worse than it looks from the overall statistics.

What do we do about all that? The Government have put a clause in the Bill that simply says to retail companies, "Okay, we are going to give you more of the same. We are going to regulate you and give you targets"—which, by and large, the retail companies are not achieving—"and if you don't achieve those targets we are going to fine you and whip you harder to ensure you achieve them." Frankly, if we go on in the present direction we will get to 2028, and we do not need detailed maths to demonstrate that we will not be much further forward in the roll-out.

That is important because, in terms of the use of smart meters across the board to collect aggregate data for marking our system as a whole, we probably need about 70% penetration to get the figures right under the circumstances. We are way away from that, and we will be for a quite some time. We may well have a situation where our smart systems are racing ahead, but the means of communication on those smart systems are not, thus the smart system itself is compromised in the medium to long term.

Amendment 100 seeks to put some options in front of the Government. It states that

"the Secretary of State must produce and lay before Parliament a report setting out options for securing a guaranteed roll-out of smart meters to at least 70% of premises in all regions and nations of the United Kingdom by 2025."

That is a reasonable target to try and aim for. Not that we would necessarily adopt this approach right now, but the amendment then states that the report must consider, among other options, different ways of rolling out smart meters for the future.

Members may push back substantially on obligatory smart meter installation. Do we transfer responsibility for the remaining smart meter roll-outs from the retail companies, perhaps to distribution network operators? That would put an end to the current system, in which literally four or five installers could go up the same street on the same day to try to install smart meters on different premises, depending on what retail company the person was with. There would instead be one body that would be installing smart meters in the various regions, and doing so in a much more systematic way. By the way, a lot of the to-ing and fro-ing that goes on when someone switches supplies to their smart meter, and how that can be transferred in an operable way, would be ended as well.

I am on record from about 2015, I think, saying that it was not a bright idea to have given the roll-out of the smart meter system to energy retailers, and that it should have been given to distribution network operators at that particular point. That is now a widespread view, and, looking back with the wisdom of Captain Hindsight, it is something that we should have considered. We can still consider it now because smart meters are not owned by the companies that install them. They pretty much all employ third parties, which actually own the meters in people's homes, to run them. We could relatively easily —without transferring the ownership of the smart meters from those third parties—transfer the contracting agent from energy retail companies to district network operators.

The Minister is a little less advanced in years than I am, and may not remember the switchover in television lines from 405 to 625. That was basically accomplished by saying, "You can keep a 405 line television—you don't have to have a 625 one—but it might not work in a few years' time if you have kept your 405 TV." The switchover was accomplished pretty much in good time, and universally. We are asking the Government for a report that considers all the different options for getting us out of the hole that we are in regarding the smart meter roll-out, to ensure that smart meters can fully play the role that we want them to play in our future low-carbon energy economy, and that we have the means to do that and can confidently come back with something better than the flog-a-sickly-horse routine in the amendment.

I hope the Minister will have a positive response to the amendment. I feel so fed up with yet again considering a Bill that just seeks more of the same that I am tempted to press it to a Division if he is unable to come substantially towards what we are saying regarding the future of smart meters. It is that important. I am trying to ensure that some Government Members go home so that we can win, but obviously it is up to the Minister how far he can come towards that view regarding the future of smart meters.

Olivia Blake (Sheffield, Hallam) (Lab): The amendment is eminently sensible. I speak with the experience in my constituency before Christmas of what is now referred to as the great gas flood of Stannington. Hundreds of millions of litres of water entered the gas system, causing 3,000 properties to have water ingress, in some cases it was so harsh that water was coming through gas appliances and hitting the ceiling with force, or wrecking the whole interior of people's properties. I mention that because almost every property involved in the crisis had to have its meter replaced. To the exasperation of some of my constituents, their smart meters had to be replaced with refurbished meters. We had issues with the second-hand meters that were put in.

[Olivia Blake]

I am still carrying out conversations with the energy companies because there were differences in the units of some of the meters. Some measure cubic metres and some measure cubic feet, which means that some people are getting a very good deal at the moment on their energy, because their energy company does not know that they changed the unit, and some people are getting awfully ripped off. It is very complicated, but because Cadent, which did a fantastic job during the crisis to make people's homes safe and to ensure that the faulty gas meters were immediately replaced—I have no problem with that—did not have any agency providing smart meters, there was a missed opportunity to upgrade or keep them.

We have actually seen a decline in the number of smart meters in my constituency because of that major incident. We know that such incidents will probably become increasingly likely and with climate change there are likely to be more problems with water ingress—although hopefully not at the scale we had in my constituency, which left constituents without hot water and gas for many weeks during a very cold snap when there was snow on the ground.

3.45 pm

The amendment, and especially proposed new subsections 6(b) and (c), would have helped my constituents not only to have their smart meters resolved at the right time by the right people—that is, the distribution network operators—but to not have the issues they are having to grapple with now as they try to tackle bills of £5,000, which some people have received as a result of what happened. Given the way things unfolded, it all fell to Cadent to sort out the problem and the suppliers were nowhere near the situation. If we have another situation in which 3,000-plus properties get affected in some way, the same thing will happen, and not in a way that is helpful to consumers.

I hope that has given the Committee food for thought as to why this might be a useful amendment to support, given that it is, in its very nature, difficult when we have such a complicated system with suppliers. We have quite a simple system of distribution network operators, as my hon. Friend the Member for Southampton, Test has outlined, so that approach would be useful. The phasing out is just another obvious step that we should look at. In my experience, it is simply not good enough if there are warehouses full of meters that are not fit for purpose that are going to be used in an emergency. That is one of the last things that should be learned from the significant incident that affected many people in my constituency.

Andrew Bowie: I thank Members for their contributions on amendment 100. The situation in the hon. Member for Sheffield, Hallam's constituency over the winter period sounds dreadful. My heart goes out to all those affected and I would be happy to arrange meetings with the relevant Minister in the Department for Energy Security and Net Zero, if she has not already had one, because it cannot be that we find ourselves in that situation again, should that event take place—we hope not—in her constituency or, indeed, in any other constituency throughout the country. That has to be addressed.

On the amendment more widely, I like to think of myself as a glass half-full, positive guy. I think we should be celebrating the fact that more than 32.4 million houses, homes and residences in the United Kingdom now have smart meters. That is nearly 54% of homes and we should celebrate that. Indeed, on the point about older smart meters not being able to connect to the network, I am happy to tell the Committee that more than 12 million SMETS1 meters have now been connected to the Data Communications Company's network, which enables communication with all energy suppliers so that consumers regain and retain their smart devices. That work continues at pace and, indeed, I can inform the Committee that through the wonders of modern technology the upgrade is happening remotely without consumers needing to take any action themselves. That is all good stuff and I hope people can join me in being positive and congratulate the work of officials and everybody in the industry who has been in charge of the roll-out thus far.

I thank the hon. Member for Southampton, Test for his amendment. I know that it comes from the right place and that he wants to see an increase in the pace and scale of our smart meter roll-out in the United Kingdom, for all the reasons he set out. I reassure the Committee that His Majesty's Government have already taken measures to normalise smart metering as the default meter offer across Britain. Indeed, under the smart meter targets framework, which began only in 2022, energy suppliers have minimum annual installation targets for smart meters until the end of 2025. We believe that will drive the highest possible levels of smart meter coverage. I know, however, that the hon. Gentleman disagrees. Those targets are binding and Ofgem is responsible for regulating suppliers against them, with a range of enforcement tools at its disposal.

Energy suppliers have a long-standing obligation to take all reasonable steps to install a smart meter when a meter is fitted for the first time or an existing meter needs to be replaced. Their installation targets for 2022 and 2023 have already been set and, as the Committee may be aware, we have recently consulted on suppliers' minimum installation targets for 2024 and 2025—here is a number that we can all cheer about—at coverage levels over and above the 70% called for in the amendment. We are currently considering the evidence provided by stakeholders and industry, and the Government will issue their response in due course. That work supersedes the need for the report requested in the amendment.

The amendment also calls for the report to consider the transfer of responsibility for the smart meter roll-out to distribution network operators. The Committee might recall that the option of a DNO roll-out was carefully considered and consulted on in 2009, at the start of the smart meter programme, when another party was in government. It was discarded as an inappropriate model for a roll-out that has, rightly, always prioritised consumer benefits. Who am I to question the decisions of the then new Labour Government?

A supplier-led roll-out will deliver more benefits for Great Britain. Metering has also been the responsibility of energy suppliers which, unlike network operators, have an existing direct relationship with their consumers. To change the approach at this stage would slow down roll-out progress considerably, reducing the crucial resultant benefits for consumers and our energy system.

Finally, the amendment proposes mandating smart meters or a date-limited phase-out of non-smart meters. You will be interested to learn, Ms Nokes, that such an approach to installations would present considerable

practical barriers. For those who refuse, energy suppliers would in practice need to obtain forced powers of entry, which would be costly and highly intrusive for consumers.

I have already described the comprehensive regulation in place that is driving industry to deliver the highest levels of smart coverage, without mandating consumers. There remains good consumer demand for smart meters and, as I have explained, making smart meters mandatory is unnecessary and counterproductive, given the current high levels of uptake. I hope that, given the reassurances I have provided, the hon. Member for Southampton, Test will feel able to withdraw his amendment.

Let me turn briefly to clause 170. As I have said, 32.4 million energy meters in homes and small businesses across Great Britain were smart by March 2023. That is a significant achievement in one of the most ambitious upgrades to our energy infrastructure for a generation, but there is still more to do.

On 1 November 2023, the regulatory powers that the Secretary of State has in relation to smart metering are due to expire. Those vital powers have been used by the Government to establish and develop the framework necessary to support a successful smart meter roll-out across Great Britain, giving households and small businesses the information they need to feel in control and manage their energy usage. Clause 170 would extend by five years, from 1 November 2023 to 1 November 2028—we will be coming to the end of this period of Conservative government then—the period within which the Secretary of State can exercise the powers in relation to smart metering contained in the Energy Act 2008, the Electricity Act 1989 and the Gas Act 1986.

The powers provide Government with the ability to modify energy licence conditions and documents maintained in accordance with the energy licence conditions—for example, industry codes—and create new licensable activities or veto a proposed transfer of the whole or any part of a smart meter communication licence. The clause does not change the nature of the existing powers. So far, the powers have enabled the Government to drive significant progress in the smart meter roll-out, realising huge benefits for consumers and our energy system. They have been used to require energy suppliers to use smart meters that are interoperable and meet robust security requirements, and to ensure that consumers receive energy efficiency advice at the point of installation.

Clause 170 will also enable us to deliver the four-year targets framework for smart metering through to December 2025, ensuring that energy suppliers' smart meter installation targets remain robust and effective, after which we must maximise the long-term benefits of a Great Britain-wide smart metering system, following a post-implementation review.

There is robust evidence from the roll-out to date that consumers are achieving sustained savings using their smart meters and in-home displays. Unleashing the full potential of smart systems and flexibility in our energy sector will reduce the costs of managing Britain's energy system by up to £10 billion a year by 2050. I therefore commend the clause to the Committee.

Dr Whitehead: The Minister is not just a glass half-full guy; he is a glass overflowing and going down the side of the glass on to the table kind of guy. I am not sure I can work out the best metaphor. This is like someone being just over halfway round a marathon course and noticing that all the officials have gone home and everyone else has packed up. This person is unlikely to complete the course because everybody has gone and they are not quite sure how to get to the end, but then they sit by the side of the road and say, "Yippee, I have done 14 miles. That is a great achievement. We should all be proud of ourselves for doing that." That was never the purpose of the smart meter roll-out; the purpose was to get full smart meter coverage in the shortest time. That was what the Government said at every stage of the process.

Some very early consultations took place when the last Labour Government were in office, but no legislation was passed and no formal material about legislation was published until the Conservatives had been in power for two years. I really do not think it is much to do with the previous Labour Government, though it was a good try.

I am disappointed, to be honest. The Minister has given us a Panglossian version of the smart meter world, but I am sure he knows that things are not well at all in that world. There is no gainsaying the really hard work of officials, companies, installers and everyone who has done such good, hard work to get the roll-out complete—I am not saying anything about them. I am saying that the original goal of the smart meter programme is so far off beam now as to make it really difficult to achieve its original purpose in the time that is left for us to get our act together and get those smart meters in place.

I know we are all about to go home—I hope we are all about to go home—so I hope the Committee will not feel too bad about being detained for another five minutes to have a brief Division on this amendment, because it is important that we put on the record that we really want something more to happen in respect of smart meters than is currently happening. I am sure, Ms Nokes, that you will be in the unenviable position of having to decide on the tie and where we go next. That is an exciting duty. *[Interruption.]* Oh yes, sorry—the SNP spokesman slipped out unnoticed; that is not like him at all. We would still like to push the amendment to a vote, even though it is likely to be negatived, for the reasons I have outlined.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 6.

Division No. 4]

AYES

Blake, Olivia
Nichols, Charlotte
Owatemi, Taiwo
Western, Andrew
Whitehead, Dr Alan

NOES

Afolami, Bim
Bowie, Andrew
Britcliffe, Sara
Fletcher, Katherine
Gideon, Jo
Morrissey, Joy

Question accordingly negatived.

Clause 170 ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.—(*Joy Morrissey*.)

3.59 pm

Adjourned till Tuesday 13 June at twenty-five past Nine o'clock.

Written evidence reported to the House

EB20 Transmission Investment