

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

ENERGY BILL [*LORDS*]

Thirteenth Sitting

Tuesday 20 June 2023

(Afternoon)

CONTENTS

CLAUSE 270 under consideration when the Committee adjourned till
Thursday 22 June at half-past Eleven o'clock.
Written evidence reported to the House.

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

Saturday 24 June 2023

© Parliamentary Copyright House of Commons 2023

This publication may be reproduced under the terms of the Open Parliament licence, which is published at www.parliament.uk/site-information/copyright/.

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

Tuesday 20 June 2023

(Afternoon)

[DR RUPA HUQ *in the Chair*]

Energy Bill [Lords]

Clause 270

PROHIBITION OF NEW COAL MINES

2 pm

Question (this day) again proposed, That the clause stand part of the Bill.

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

Clauses 271 to 273 stand part.

Government new clause 52.

Kerry McCarthy (Bristol East) (Lab): It is good that we have all had a chance to refresh ourselves over lunch and have come back ready to do battle once again over the need to prohibit new coalmines.

Clause 270, which was voted through in the other place, should not be controversial. We already have more than enough fossil fuels to overshoot our best hope of maintaining a liveable climate. The International Energy Agency has estimated that coal combustion is responsible for over 30% of the global temperature rise. Globally, more than 800,000 people die each year due to pollution from burning coal.

This issue has been part of international discussions and agreements. At COP26, all parties agreed to accelerate the coal phase-down, and there were 65 country commitments to phase out coal. The UK had the COP26 presidency, and the Government boasted that:

“The end of coal—the single biggest contributor to climate change—is in sight”.

The COP26 presidency outcomes included the continued collapse in the coal pipeline, with 76% of planning projects cancelled since 2015. The UK is also a signatory to the UN’s “No New Coal Compact”, committing to not building any new coal power projects, and the UK helped to launch the Powering Past Coal Alliance. Three years ago, the then Secretary of State for Housing, Communities and Local Government refused a planning application for a colliery on the basis that

“there is limited objective evidence that the demand for coal for industrial purposes will remain at current levels beyond the very short term”.

Until very recently, the UK had not approved any new coalmines for three decades, yet Members of the House of Lords felt compelled to introduce clause 270 after the Government approved a new coalmine in Cumbria—a decision that the chair of the Climate Change Committee described as “absolutely indefensible”. Permission has been granted for this colliery until 2049, allowing the extraction of the most polluting fossil fuel until just a year before we are supposed to be at net zero.

The Government, in their defence, have tried to focus on the reduced need to import coal. A research fellow at the Leeds School of Chemical and Process Engineering, Dr Andrew Pimm, has estimated that the transport emissions savings could be less than 2% of the emissions arising from the coal.

Mark Jenkinson (Workington) (Con): The hon. Lady said, “just a year before we are supposed to be at net zero”. Does she realise that we will use oil, gas, coal and all sorts of other critical minerals beyond 2050, because the clue is in the name—it is net zero, not absolute zero?

Kerry McCarthy: It is net zero, but that requires us to make significant reductions in carbon emissions in the areas where we can, and we know that we can do that in replacing coal use. There will be some sectors that are hard to decarbonise, and we will hopefully see progress on that in the last decade of that commitment; there is technology that is yet to be invented that might help us to get there. I accept that it is a net commitment; I just do not think coal will be part of the positive side of the balance sheet.

Mark Jenkinson: I will let the hon. Lady make some progress, but this is simple chemistry. Steel is iron plus carbon. Without carbon, we cannot make steel. The HYBRIT—hydrogen breakthrough ironmaking technology—green steel project in Sweden, which I visited recently, uses coking coal. Is it not better that we use UK sources, rather than foreign sources?

Kerry McCarthy: I will come to that point in a moment, and I have some quotes from the steel industry.

It is not just carbon dioxide that is a problem. The Green Alliance estimates that the mine would release 17,500 tonnes of methane every year, which is equivalent to 120,000 cattle. Will the Minister tell us how that is consistent with the global methane pledge, which requires a 30% reduction by the end of the decade? Current evidence suggests that we are only on track for a 14% reduction.

The Government claim that the coal from the Cumbria mine is needed for steel production. The Government’s own carbon budget delivery plan relies on decarbonising steel production by 2035. Some 85% of the coal is planned for export, and the vast majority is likely to be used for power generation, despite our international pacts. As the Materials Processing Institute has highlighted:

“The UK steel industry has been clear that the coal from the West Cumbria mine has limited potential due to its high sulphur levels.”

A former CEO of British Steel described it as

“a completely unnecessary step for the British steel industry”—

but the hon. Member for Workington obviously feels otherwise.

Mark Jenkinson: I do. I have visited steelworks in the UK and talked through all this. They have a pressing need to decarbonise, and they need to access Government funding to do so, so sometimes reality meets the wishes of those industries.

The point about the sulphur content is misguided. It originated in a suggestion by the local Labour council at the time, which approved it three times, that there is a sulphur content limit of 2% or 1.8%—I cannot remember

what was in the planning documents. The mine is limited by planning conditions to produce high-volatility A-grade coal, and 1.8%, which is the figure used as a misnomer all the time, would not be high-vol A. I think 1.6% is the limit. I have forgotten where I was going with that point.

Kerry McCarthy: Perhaps the hon. Member might like to make a speech after I have sat down. All I can do is reiterate the comments I have had from people who are very much at the heart of the UK steel industry.

The Government seem to be intent on defending 19th-century technology, while the steel industry is looking to the future. Liberty Steel's plant in Rotherham uses an electric arc furnace, which not only replaces coal-fired blast furnaces but allows them to recycle scrap metal. Tata Steel has two blast furnaces in Port Talbot but has made it abundantly clear to Ministers that its intention is to

"transition to a greener steel plant".

Its plan for two electric arc furnaces does not need the Government to support new coalmines; it needs £1.5 billion of investment to match its own funding.

According to the Energy and Climate Intelligence Unit, the UK is falling further behind the EU in the green steel race. The EU has 38 plants and plans for 23 more; we have one. Nearly 44% of EU steel is from electric furnaces, and in the US it is 69%. While the US races ahead with green steel, helped by Joe Biden's Inflation Reduction Act, 80% of our steel still comes from blast furnaces. By opposing a ban on new coalmines, the Government are further undermining the UK's standing in the world and hindering its diplomatic efforts.

The former COP President, the right hon. Member for Reading West (Sir Alok Sharma), noted that the UK had been persuading the international community to "consign coal to history" and that

"A decision to open a new coalmine would send completely the wrong message and be an own goal."

The Government's net zero tsar and my constituency neighbour, the right hon. Member for Kingswood (Chris Skidmore), warned that opening the Cumbria coalmine could send "shockwaves across the world" and give "carte blanche" to other countries to open new coal power stations. The Government have said:

"Ahead of COP28 we will need to revitalise efforts to keep 1.5°C in reach, including in pushing for emissions peaking before 2025, active follow-up on the phase down of coal, and phase out of all fossil fuels."

I ask the Minister: how on earth can that be compatible with opposing clause 270?

I want to ask the Minister about something more specific. I have seen an exchange of correspondence between one of his predecessors in post and the Welsh Government from January 2022 regarding the statutory duty on the Coal Authority to promote an "economically viable" coal industry, as set out in the Coal Industry Act 1994. The then Minister of State for Energy said in his reply on 7 January 2022 that he agreed that that statutory duty

"is at odds with our climate leadership ambitions and policies on coal so we are looking at measures to review that duty."

As far as I know, there has not been any attempt to do that since then.

When Lord Callanan, who brought the Bill through the House of Lords, was asked about something similar, he said something in Committee that is pertinent:

"We will, of course, keep under review the Coal Authority's statutory duties with respect to licencing extraction. Extensive changes would be required to the Coal Authority's duties to establish an enforcement regime for it to monitor the purpose and the end use of coal extracted from future coal mining."

This is the bit that is most pertinent:

"The phasing out of future coal-powered generation, in our view, is a more proportional response than introducing a completely new regulatory regime at the coal mining end of the production chain."—[*Official Report, House of Lords*, 16 January 2023; Vol. 826, c. 398GC.]

Basically, he said we should not be going back and trying to remove the statutory duty because there will not be any new coal anyway. Will the Minister update us on how he feels that statutory duty, which is still in force, fits with the Government's intention to phase out coal? I think that is still sort of their intention, even if they are not prepared to actually ban it.

I am going to hand over to my hon. Friend the Member for Southampton, Test for the other measures in the group, but let me first mention a few other things. On community energy, I hope the Minister has noted that the constituency of my hon. Friend the Member for Bristol North West (Darren Jones) now has England's tallest wind turbine, which his community owns. That was opened at the weekend and is a great example of what local communities can do.

On Ofgem's role in achieving net zero, I go back to what I was saying about the Inflation Reduction Act. It is clear to anybody I talk to in the course of doing my job and scrutinising this Bill that the industry needs certainty and a sense of direction. The Energy Networks Association says that adding the net zero duty to Ofgem's responsibilities will allow a more forward-looking approach to regulatory regimes and allow for the strategic investment needed to achieve the UK's net zero targets.

The National Grid also welcomed it, and, importantly, said that it meant the focus is on not just current consumers but future consumers as well. Surely it is important that a regulator does that? It also said that that would complement the development and delivery of a strategy and policy statement. Again, it is about that sense of certainty going into the future.

If we are to get the skills we need and get people behind the transition, we cannot have mixed messages: we need to know that we are all heading towards net zero, we need the workforce to do it, we need things such as changes to the planning rules so that we can get permission for projects far more quickly, and we need the grid infrastructure that we have talked about. On that note, I will hand over to my very capable hon. Friend, who will no doubt wax lyrical about the rest of the clauses in the group.

Dr Alan Whitehead (Southampton, Test) (Lab): I may well wax, but not necessarily lyrically. It is necessary to wax to some extent, because we again have a slightly odd sequence in which we, the Opposition, are attempting to defend clauses that the Government do not want to see in the Bill. The Government initially tabled amendments, which were quite rightly not selected by the Chair because they were simply negating amendments for each clause—that is, they said the clause should be struck out, full stop. Consequently, the action that

[Dr Alan Whitehead]

should be taken this afternoon, I would hope, is to defend those clauses standing part of the Bill. The Government may well speak against the clauses; perhaps they will be convinced by our arguments and will not.

2.15 pm

As I said, we will defend clauses 270 to 273. I imagine we will have a separate vote on each, but they are grouped together for discussion, so portmanteau speeches about their content will be necessary, certainly from the Opposition. My hon. Friend the Member for Bristol East ably introduced our case for clause 270. I will not add too much to what she said, other than a consideration of some of the lines of defence that the Government indicated they will advance through the Minister's initial speech regarding the future of coal generally.

Clause 270 is very much about the prohibition of new coalmines, as its title suggests. It does not say that the entire coal production industry should be closed down immediately; it says that there is no need, as my hon. Friend said, for new coalmines in the UK. Things are moving rapidly in terms of the decarbonisation of all sorts of things that previously used coal, or that do so at the moment. The issue is therefore not whether coal is defended for those industries, but whether they can work well without it. As my hon. Friend said, electric arc furnaces, for example, which use no coal at all, can replace the blast furnaces in the steel industry.

It was the coalmine in Cumbria that particularly concerned their lordships when they considered the clause in the other place. A number of them were rather shocked that an industry that they thought had closed to new entrants had suddenly reared its head again with an application, which the Government were encouraging and agreeing should continue, raising the prospect that we would have not only one new coalmine, but a number of new coalmines, if the principle of the new coalmine were agreed to. In the case of that particular coalmine, the increase in UK coal production would, by and large, not be used by British industry: the coal would be exported abroad.

As far as I am concerned, the figures for the intense pollution that the burning of coal produces are of relevance to the future of carbon dioxide emissions and our planet wherever that coal is burned. In producing power, coal is twice as dirty as gas in terms of pollution produced per kilowatt-hour. Gas, in turn, is about four times as dirty as biomass and other lower-carbon things, and about six times as dirty as wind and nuclear.

Alec Shelbrooke (Elmet and Rothwell) (Con): I am listening carefully to the hon. Gentleman's speech. During his comments, will he reflect on what is happening in Germany with coalmining and coal-fired power stations? He just said that it does not matter where the burning is, it still comes through, so I am interested to hear his comments on what is happening on the European continent with coal burning for power generation.

Dr Whitehead: It is interesting that the right hon. Member should mention coal in Germany. As I am sure he is aware, Germany was and has been a particularly heavy user of coal in electricity generation, even when it had nuclear power. The switching-off or coming to an end of nuclear power in Germany left a large amount—not

increased, but what was always there—of energy generation by coal, lignite in particular. On the scale of pollution, lignite is about one and a half times as polluting as ordinary, mineral, deep-mined coal. A potentially shocking series of emissions is coming out of coal and lignite for generation in Germany, and has done for a while.

The German Government, as the right hon. Member for Elmet and Rothwell will know, have a programme called *Energiewende*, which is about the greening of German energy production over the period. It has to be said that it has taken them a fair amount of time to get down from the position of where they were with their concentration on coal—far higher than ours was, because they have less gas than us, when compared with coal. Germany did not have the same “dash for gas” that we had in the 1990s.

The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Andrew Bowie) *rose*—

Dr Whitehead: I wondered whether the Minister would stop me talking about Germany—

Andrew Bowie: On a point of order, Dr Huq. Some advice from the Chair, if you please: when the Opposition Front Bencher, the hon. Member for Bristol East, passed to the lead Opposition Front Bencher, the hon. Member for Southampton, Test—which is an unusual happening that I do not think I have seen in Committee or in the Chamber—I assumed that the lead Front Bencher would turn to other aspects of what we had discussed and not make the same points that had already been made.

The Chair: I am grateful to the Minister for his point of order. It is an unusual arrangement. I was expecting to go to the general debate but Dr Whitehead's speech flowed so nicely on from that of the shadow Minister Kerry McCarthy, and I thought it would supplement her contribution.

Kerry McCarthy: Further to that point of order, Dr Huq. I sought the advice of another Committee Chair, James Gray, on whether it was appropriate. Obviously, it is appropriate for a shadow Minister to speak on a topic and then a Back Bencher, but I asked whether Mr Gray thought it was appropriate for me to come in on the same topic and he said he thought it was, so that is the basis on which we proceeded.

The Chair: There are so many Chairs of this Committee—there are four of us—that it can cause confusion. The advice from the Clerk is to try to avoid repetition. Kerry McCarthy dealt with the clause very ably, a lot of which was about coalmines. If there is anything new on coalmines, that is all good, but I do not want to disappear down a cul-de-sac of German comparisons, so the point was well made.

Dr Whitehead: Thank you for that guidance, Dr Huq. The difficulty we have on the Opposition Benches is that, because all these clauses have been grouped together for debate, we all have—at least, technically—to speak on all of them in order to be heard in the debate. We cannot have separate speeches on each of them, because the Chair would rule us out of order were we to do so. That is why you will hear quite a lot on community energy this afternoon and a little on coal, although I was tempted by the right hon. Member for Elmet and

Rothwell to go much further down the German coal and decarbonisation route than I had originally intended, so I will shut up about that. You will hear from all Opposition Members this afternoon about the various things that are under debate in this group. It is impossible to avoid that, although I will concentrate far more on community energy.

The only other thing I want to say about coal, to follow on from the able and comprehensive remarks made by my hon. Friend the Member for Bristol East, is to put the record straight about where we are with coal production and consumption. That may give us some further guidance about the wisdom of this clause, which says that we should prohibit the opening of new coalmines.

There is an imbalance between imports of coal and mining of coal in the UK at the moment, but that imbalance is rapidly working down towards balance as the consumption of coal in the UK also falls rapidly. Last year, for example, there was a record low level of mining, with virtually no deep-mine coal coming out, surface mining of about 1 million tonnes, which is about half what it was five years ago, and imports of 4.6 million tonnes, which is also about half what it was just a few years ago. The amount of coal being produced for the market is reducing quite rapidly, and the market is also reducing its use quite rapidly.

Only marginally more coal than has been produced by surface mining was used by industry last year—1.4 million tonnes. Some 2.7 million tonnes were used in power stations. *[Interruption.]* It is in order. It is important that we get this information on the record, because what the Minister said a little while ago about heritage trains, which I will cover briefly, is relevant to the debate. Some 2.7 million tonnes went into power stations, and that will be gone, as the Minister said himself, by the end of 2024.

There is a very small use of coal for domestic purposes, but basically, the amount of coal we consume in the UK will tend towards that which we produce in the UK, with fairly small amounts imported on the back of it. It is not the case therefore that anybody's jobs will be at particular risk or that we somehow have to produce a lot of new coal to keep up with the situation we find ourselves in. Actually, the opposite is the case, so there really is no reason to produce new coal mines in this country, and every reason not to do so, given the intense pollution generated wherever they are and wherever the coal is used. Overwhelmingly, the best thing to do, from a climate change point of view, is leave the stuff in the ground.

The Minister said that heritage railways are an important reason for keeping coal going. Heritage railways consumed 25,000 tonnes of coal last year. He did not mention traction engines, which consumed 4,200 tonnes last year. That is fairly stable because, among other reasons, we are not producing new heritage railway engines. That is about 1% of UK coal production—UK coal can be used in heritage trains—so it is completely ephemeral. I have no beef with heritage trains, but taking part of one year's production and putting it in a pile would probably keep them going for very many years.

2.30 pm

The main things I want to talk about are clauses 271, 272 and 273. First, the very good news: the Minister was kind enough to write to me a little while ago to

indicate that, without paraphrasing or caricaturing him, he was quite seized by what had taken place in the House of Lords about a net zero objective or duty for the Gas and Electricity Markets Authority—in other words, Ofgem—in its regulatory activities and so on. Ofgem has at times expressed concerns about that: various of its chief executive officers have expressed concern to varying degrees about the extent to which it is somewhat hampered in regulating in a positive net zero way because, among other things, it does not have such a direction. Therefore, if it makes a decision that has a strong net zero element, it could be subject to judicial review. In fact, it has been argued on occasion that such decisions are beyond the remit of Ofgem, and that it should have regulated only on the basis of its customer and industry-facing remit and been net zero neutral or blind. Therefore, the idea was to put beyond doubt in the Bill that part of Ofgem's remit is to achieve net zero, and that its regulatory measures should go towards that. It should be mindful of that and should be protected against legal action that tries to persuade it to do otherwise.

I am not saying anything about Ofgem. Certainly, under its current CEO, it is pretty good at pursuing and understanding its net zero objective, although it is still not entirely sure how well that is going to work. I thought that a clause that would require Ofgem to have that net zero instruction from the Government and to act accordingly was a welcome addition to the Bill. The Government have now basically tidied it up so that it works a bit better, and re-presented it as new clause 52. Well done to the Government. I would lightly say that it is a bit of good news for the Opposition, since we particularly pursued that in the Lords, along with other parties, but it is a delight that everybody is now around the table regarding the new clause. After we have introduced it to the Bill, I would have thought that we will sail through Report stage, as the Bill reaches its conclusion. That is great.

Not so great is the Government's approach to clauses 272, 273 and 274, which relate to community and small-scale energy production in the UK, which I would hope that everybody in the room supports, particularly for renewable energy. The Bill's present provisions on the assistance that is required specifically preclude emerging local but high-carbon energy schemes from gaining that support. A lot of diesel reciprocating engines, which have been around for quite a while, can be converted for local energy production. Over quite a few years, in one form or another, they have been, for example, employed as back-up generators for local companies and industries. I do not think that any of us wants local, highly polluting diesel engines and the like to be categorised as local energy production for the purpose of communities getting assistance with their production.

This is about local community energy, which takes a number of forms, being able to get projects off the ground, sustain itself, and take its place with all the other energy producers—some very large, some regional and some very small—in the national landscape. If such schemes are undertaken properly, collectively, they provide quite a lot of our energy. One detail is how they get connected up to the district distribution networks, but that may be a debate for another day.

Local community energy schemes come in all sorts of forms. My hon. Friend the Member for Bristol East mentioned the new onshore turbine in Bristol—one of

the very few that have been produced in the UK—and the community energy scheme to provide the city with electricity from wind turbines. I recently went to see a community hydro turbine, which is at the confluence of two rivers to the west of Oxford and produces a substantial amount of electricity by community standards. It is 100% reliable all year round. There is a little fish channel around the side of the turbine, in case anybody is worried about fish—I am, so it is good to see that there.

The hydro turbine is one of a variety of community energy enterprises. A common theme among them all is that they have big problems finding deep enough pockets to get through all the planning arrangements and so on in order to establish themselves in the first place. Furthermore, unless they have power purchase agreements—the Minister mentioned that some larger community energy projects do, but their output is, by and large, not large enough for reliable PPAs to be put in place—they are faced with the prospect of being treated as if they were rooftop solar installations, whereby they get the same export tariff and so on even though they are much larger. I have both solar photovoltaics and solar thermal on my roof; I get a small amount of renewable heat incentive for one, and a very small export tariff for the other.

That means that community ventures, which could provide very cheap energy, not just for their immediate neighbourhood but, in some instances, for half a town, have to act as if they were rooftop solar generators: they export their electricity, it goes into the national grid, they get a not very reasonable tariff for it, and that is the end of the matter. If community generators were able to sell their electricity locally, not only would that provide a great deal of support for local community energy, but people would have a reasonably permanent level of cheap electricity that was produced and consumed locally, rather than going up and down wires across the country. The electricity would be consumed around the corner from where it had been produced, which would be good for grid capacity nationally. That would not necessarily result in the community cutting itself off completely from the grid, but, under most circumstances, it would not need to draw much on the grid at local level.

The clauses in this group are a way—I agree that they are not necessarily the only way—to make sure that community energy enterprises can work well in local communities, because they ensure that enterprises will know that they will have a market for their electricity once the project has been developed. That is important for whether community energy generators get money to invest in their schemes. The Bristol wind turbine, for example, probably cost over £1 million to get into place. That is not just the cost of the wind turbine itself, but the money that had to be put into the permissioning and investment process so that the turbine could be produced. A lot of community energy producers do not have that sort of money, unless they have a reasonable guarantee that once the project is up and running it really will make the money that it says it is going to make, on a reasonably guaranteed basis.

2.45 pm

Katherine Fletcher (South Ribble) (Con): I agree with the hon. Gentleman about the importance of community energy schemes, and I support and applaud his ambition for meaningful feed-in rates that would allow the economics

of a scheme to be assessed. The issue that we are grappling with is that this is not just like a single commercial offering. There is a need for us not to have too many of these things that plug into the grid and—if I can use a layman's term—blow it up, because the grid is not balanced properly. I just wonder whether he has considered how community schemes might contribute to the capital expenditure of the grid input that would allow for them to connect successfully and proliferate.

Dr Whitehead: That is a very interesting question, or challenge, from the hon. Member, and I hope that I will not go into that issue as far as I went off on one concerning Germany. [*Interruption.*] I see the Minister's frosty glare at his own Back Benchers.

I will just say briefly that that certainly is potentially a problem for local energy and the grid, as it is set up. It is potentially a problem, for example, if we move forward very rapidly with electric vehicles in a neighbourhood; we could blow up Acacia Avenue if everyone turned up with their EVs and put them all on charge at the same time.

The answer to that, and the answer to local energy, is not just to build more local network but to have smart protocols—which may depend, among other things, on smart meters—to ensure that the energy goes into the system in a controlled and protocol-based way, and not surging in the way that has been suggested. One of the contributions that local energy suppliers could make under those circumstances is to be a party to those smart protocols—I am sure they would be—regarding how they put their energy into the system and how they sell it locally. We could say a few more things about that, but we will not—or I will not.

Clause 272 builds into the system a guarantee for the organisations, bodies and companies that produce local energy. It provides that licensed energy suppliers with more than 150,000 customers should be required provide those small companies with an export guarantee—essentially, those licensed suppliers guarantee that they will buy on a local basis from those companies. This is not a Government intervention in particular; it is just changing the terms of licences a little, in order to allow that to happen.

Clause 273 in effect tweaks licence arrangements so that companies can specifically sell to local customers in a way they are not allowed to at the moment. Among other things, that sits alongside the view, which has been expressed frequently in this place, including just a little while ago by the then Secretary of State for Business, Energy and Industrial Strategy—the one who did not last very long—that it would not be a bad idea if there was a financial relationship between local onshore wind production and local communities affected by that onshore wind production. The clause would allow that to happen really well. As I have said, small-scale enterprises could sell locally without having to undertake a national licensing process or anything like that. They would be able to operate properly locally, in their area, without having to pretend to be a large-scale supplier or anything like that, and very straightforwardly sell their energy locally.

That is why I think that these clauses should stand part of the Bill. I am disappointed that the Government response has been simply to try to knock them out of the Bill. I would be the first to say that there are other

ways to achieve the aim of getting local energy suppliers to prosper and be a real part of their community as regards both energy production and energy supply. There are changes that can be made to licences, and other forms of guarantees that can be supplied.

The Minister says that the Department is looking carefully at these things. At the moment, though, we have no indication of what that careful looking might be like. Are the Government actually in favour of doing something like this? If they are, what measures do they think are the chief candidates for genuine local energy resilience as regards local supplies? If the Government do not like this particular way of doing things, what alternative will they put forward? All we have at the moment is the Government saying, “No, we don’t want it to happen. Please could you put it back in the box?” My hon. Friend the Member for Sheffield, Hallam has tabled a new clause, which we will debate later, that may reflect on that conundrum. It essentially challenges the Government to come up with what they want to do, assuming that they want to do something.

I would therefore welcome an indication from the Minister whether he actually supports the principle of this provision, as a number of his hon. Friends on the Government Benches have already done through their commitment to support the Local Electricity Bill. If he does support the principle, what are his proposals for the future? I hope that we can hear from him about that, and that we can make positive progress together in order to get local community energy on the basis on which it needs to be for its future prosperity.

Mark Jenkinson: It is a pleasure to serve under your chairmanship, Dr Huq. I did not intend to contribute this afternoon, and I apologise to the Committee for detaining it longer, but I feel the need to expand on some of the points that I made earlier. As I said before, I have something of a constituency interest in the Cumbrian coalmine: it is in the constituency of my hon. Friend the Member for Copeland (Trudy Harrison), which neighbours mine. But it is the disingenuity, for want of a better term, of some of the statements that we have heard—not just today but previously—on coal that drives me to want to expand on some of those points.

I want to cover some of the facts. The Labour council gave permission three times for the coalmine in Cumbria. The relevant Secretary of State then approved it after it was called in. They recognised that the coal mined would replace imported coal, which has incumbent shipping emissions. I just need to point out that from a constituency perspective—

Alan Brown (Kilmarnock and Loudoun) (SNP): If the estimate is that more than 80% of the coal from the mine will be exported, how will it be displacing imported coal and shipping emissions?

Mark Jenkinson: I will come to export, which is on my list of points to cover. We have heard a number of mistruths. I am reminded of a debate when I became deputy leader of Allerdale Borough Council. At one of our first meetings, there was a climate change motion, and I talked about how carbon emissions in Allerdale had been reduced by more than half over the previous 10 years. The former Labour leader of the council was sitting on the front row in front of me, nodding like the

Churchill dog on speed, really proud of himself. I had to point out that the reduction had come from a reduction—a decimation—in manufacturing and industry across Allerdale under a Labour Government and Labour council.

When the current leader of Cumberland County Council, the mineral planning authority for the Cumbria mine, took his position as leader of the shadow authority last year, he wrote an op-ed with the right hon. Member for Doncaster North (Edward Miliband) about how the coalmine was the wrong thing to do. That made it online in our local newspaper but, such was the pushback, I do not think it ever made it into print.

From a constituency perspective, I need to point out that even just discussing the potential of a future Government restricting coalmine activity puts at risk £169 million of foreign direct investment in my constituency and the neighbouring one. That means 500 well-paid jobs and 1,500 jobs in the supply chain. We heard before about heritage. Net zero is, as “net” suggests, not absolute. There will be an ongoing need for oil, gas, coal, heritage rail—all those things.

Kerry McCarthy: Clause 270 is about prohibition of new coalmines going forward. The reason the Lords felt that was needed, although there had been a de facto position of no new coalmines for three decades, was Cumbria, but we are not talking about the Whitehaven coalmine; we are talking about no new coalmines going forward. Does the hon. Member see it as his role, as a local MP, to support a just transition and ensure that his constituents have jobs in the green industries of the future?

Mark Jenkinson: Absolutely. Wind turbines cannot be built without steel. It is a very simple chemical reaction: iron plus carbon equals steel. We cannot build wind turbines or small modular nuclear reactors without it—and it should be UK-produced steel. The hon. Lady talks about the Cumbrian coalmine. The clause would prohibit the licensing of new coalmines. There is still a risk to the Cumbrian coalmine if the clause remains part of the Bill.

I want to deal with some of the mistruths and misreporting around the coalmine, and the idea that the steel industry does not need coal. The hon. Member for Southampton, Test said that we do not use coal in electric arc furnaces. That is simply not true. We can recycle steel in electric arc furnaces, which requires the correct formulation of recycled steel to give the output, because different steels have different carbon content. We cannot make new steel in an electric arc furnace without coal. HYBRIT in Sweden is not making green steel without the addition of coking coal. It is much reduced from the quantity used in a blast furnace—absolutely—but we continue to use it.

I mentioned that the idea of high-sulphur coal comes from a planning condition, but that would mean that the mine would not meet another planning condition—that only high-vol A must come out of it. There is the idea that we are burning this stuff in power stations at £400 a tonne, which the hon. Member for Bristol East referred to. It would not end up in power stations, by virtue of pure economics.

That leads us on to the export argument. We need to make a decision today about whether we continue to import coke and coal or use UK sources. If we continued

[Mark Jenkinson]

to import, that would probably mean, de facto, that we had no UK steel industry. There would be no industry for creating new steel in the UK, because economics would rule it out. The export level therefore depends purely on the future size of our UK steel industry, and on whether we continue to have a UK steel industry and choose to grow it, in which case we would not necessarily be exporting stuff that came out of the mine.

3 pm

We are far too parochial on the subject of net zero and emissions. Reducing carbon emissions is a global issue, and if we can export to Germany or somewhere else where people make large quantities of steel using coking coal, that is a reduction in total global emissions that we should champion.

I have covered all the points that I wanted to make. We have to remind ourselves that there is no point in us getting to 2050, reaching net zero and clapping ourselves on the back if we have done so by offshoring our emissions to poorer countries, possibly with worse environmental records and certainly with worse health and safety records.

Olivia Blake (Sheffield, Hallam) (Lab): It is a pleasure to serve under you again, Dr Huq. I will redeclare my interest, given what we are discussing: my husband is the company secretary of Sheffield Renewables, a community benefit society that funds, develops, owns and operates renewable energy systems in Sheffield and probably South Yorkshire as well.

I rise to speak in defence of the clause, which will prevent the Coal Authority and its successors from opening any new coalmines. I am dismayed by the Government seeking to remove the clause. To be clear—this has not been in the debate so far—it is important to recognise that it will prohibit the opening of new coalmines, not mining as such.

Having lived in South Yorkshire for such a long time—I am from West Yorkshire originally, although I was born in North Yorkshire, which a lot of people do not realise and was a bit of an incident—I am wary of the cliff edge and the real challenges facing an industry that could decline quite quickly. We have heard about deindustrialisation and the long shadow it can cast over communities. On steel and coal, that shadow remains deep and causes issues for my area even today, which means that it takes us longer to recover from economic instability than other areas of the UK.

It is important to recognise that the latest Intergovernmental Panel on Climate Change report makes it clear that greenhouse gas emissions from existing fossil fuel infrastructure are more than enough to push us beyond the 1.5°C limit for global heating compared with preindustrial times. The report tells us that if the world is serious about living up to its commitments and avoiding catastrophic climate collapse, no more fossil fuel sources should be opened. When certain factors come together, they complicate and escalate the situation. Everything is unpredictable, including our ability to tell how quickly the changes will come.

The Government seemed to recognise that at COP26, as they proudly announced that they were leading an international effort to end the use of coal. That commitment

on coal was one of the few things that the Government, and Governments internationally, got out of COP26. In December 2022, however—just a year later—the Government went ahead with the Cumbria coalmine. Given what we have heard in today's debate, I think they realise that that was somewhat nonsensical. Yet I do not understand why they are still trying to remove the clause.

We have heard a lot about steel, but we must be clear about the Cumbria example. British Steel is clear that there is too much sulphur in the contents of the mine, which means that they cannot be used. Tata Steel has said that it is seeking to move away from coal completely. Chris McDonald, the chief executive of the Materials Processing Institute, which serves as the UK's national centre for steel, told *The Guardian*—I cannot remember the date, but I remember the article vividly—that research shows that there is “no demand” from the industry for that coking coal. Those are not my words, but those of Chris McDonald.

Mark Jenkinson: I should point out that it is Chris McDonald's job to find alternatives to coal, so perhaps he has a vested interest. The hon. Lady's point on sulphur—I dealt with this in my earlier contribution and in an intervention on the hon. Member for Bristol East—relates to a misrepresentation of a planning condition. It is not an accurate reflection of the reality of the coal.

Olivia Blake: I gave just one example but could have listed several steel experts who have said similar. I will not back down on that point. It is a very valid point and I have heard it made by many in the industry who are very confused by the Government's approach to steel. The loan arrangement with Forgemasters was cancelled and the organisation nationalised, but the greening of that industry is not being pursued particularly quickly, even though we have some ownership of it.

It is not right to argue that we need the coal for steel. Estimates show that 85% of it will be taken from ship to shore. We have had a conversation about our moral duty to prevent UK fossil fuels from being burned internationally, and we have had similar arguments about imported carbon being burned here. It is a thin argument to say that that is necessary, given that there is clearly no demand. However, that is not deterring the minds currently responsible for planning and operation. I thank the Government for tabling new clause 52, though: it is a positive step and I am pleased to see it.

On community energy, I am really disappointed that the Government want to remove clauses 272 and 273. The Bill could have been an opportunity to help community groups deliver useful schemes that could have provided the clean and green energy that we all want. Sometimes those things happen at a better rate at a local level. We know that a lot of delivery will happen through local authorities, as well as local groups and schemes.

I expected Ministers to want to redraft the clauses, rather than to scupper them. I would not have been surprised if the Government had gone further and proposed slightly different methods to increase the number of community energy schemes and their capacity. After all, Ministers have lined up to say that community energy is worth supporting and is important. They say that it is a good thing and that they want to see more of

it, but those warm words have yet to translate into concrete actions. Instead, the number of schemes has stagnated and growth in the sector could at best be called anaemic.

There is clear cross-party support for community energy schemes. In the Commons, a majority of MPs from all parties support them. It is important that we remember that the measure agreed in the Lords was a cross-party amendment. There is broad support for the issue in both Houses. There is also clear public support, with more than 60 businesses writing to the Secretary of State for Energy Security and Net Zero and the Minister to declare their support for community energy schemes and calling for the Government to support clauses 272 and 273.

Despite all that support and the Government saying that they want this policy outcome, and despite the fact that the Bill provides the opportunity to do so, the response has been, “Computer says no.” That is not for want of trying on the part of campaign groups, such as Power for People, as well as MPs and peers who have been pushing for action. They have repeatedly shown that they are keen to try to find a way to work through some of the difficulties that the Government may have in this space, but so far every proposal has seemingly been refused, or not looked at objectively with any seriousness. In order to achieve the type of transformation that we are all ambitious for, I really hope that the Government can come back with some more options as the Bill moves forward. Removal of the clauses would be very challenging, and I have tabled some amendments to give the Government another opportunity to set out how they would achieve these aims.

Assuming that all the schemes are unable to get off the ground, we are missing a massive opportunity. It is down to the Government to come up with more ideas in this space. The Government may say, “Well, it’s easy to say that in Opposition.” Being in a minority, on the Opposition Benches, means that I sadly do not hold much hope of stopping the Government removing the two clauses, but I hope that they will look at what the Labour party has proposed on community energy. Just this weekend, we proposed a major investment of £400 million in community energy and £600 million for local authorities to build clean-power cities, towns and villages. Our local power plan provides much more detail.

This is about ensuring that we are kickstarting our local community energy projects, and helping to build skills, jobs and local supply chains. That can only be of benefit as we try to get to net zero as quickly as possible. I know for a fact that people have schemes that are oven ready, or on the shelf and ready to go, but they do not have the confidence to introduce them because they do not have the support that they need from the Government, which the two clauses would provide.

Alec Shelbrooke: May I say for the first time what a pleasure it is to serve under your chairmanship, Dr Huq? Many hours ago, the Minister said that we need to prevent additional costs—I put it in my diary at some point. As we have said many times in Committee, this is a really important Bill, which sets the groundwork for decades to come. At the same time, we are trying to do everything at once. I have a few concerns that we are doing a bit here and a bit there, and bringing things in separately. I am not sure that we are always completely joining up the dots for what it means as a whole.

I have spoken before in the House about taking the public with us, which is really important. Some very interesting polling in *The Sun* newspaper today showed that 65% of people agree with the idea of net zero. That was the only positive outcome; all the other aspects of it were rejected. One of the reasons for that is the speed at which things need to happen, which creates a real burden on people. I will touch on a few themes that have been mentioned. The issue surrounding the coalmine, as the Minister described, is about coking coal for making steel. We know that almost all of what we need to achieve in the renewables sector—indeed, in anything that involves manufacturing—relies on huge quantities of steel.

A huge amount has been said about the decarbonisation of that process, which, as the Minister pointed out, cannot be an entire decarbonisation, for chemical reasons. Electric arc furnaces have one key word in them: electric. So far, we have talked about using electricity to make steel, the expansion of electric vehicles and charging those vehicles, and the generation of hydrogen, which also involves electricity. We do not actually have the capacity at the moment to generate all the electricity we need, and that leaves us with an interesting choice. Throughout humanity’s history, there are three things that it fears more than anything else: dark, cold and hunger.

Alan Brown: When you are in government.

3.15 pm

Alec Shelbrooke: We’ll let that one fly. Let us reflect on how well it is going up in Scotland.

Therefore, any Government faced with not having enough electricity capacity to do x, y and z will always, as a priority, make sure people at home can switch their lights on, cook their food and heat their homes.

Katherine Fletcher: Some would say, in counter to my right hon. Friend’s argument, that it is a case of installing, say, more onshore or offshore wind, but does he agree that that misses the scale of the transition and the volume of electricity we need for it?

Alec Shelbrooke: Indeed that is true. It comes back to the physics of the situation and maintaining the base load. Wind turbines cannot be sped up or slowed down. I do not want to jump around the clauses, so I will come back to local energy grids in a moment.

I raised Germany with the hon. Member for Southampton, Test—he gave a very good answer to my question, although I was not quite sure where it was going—because it has got itself into an energy generation situation that it will be difficult to get out of, especially given that it now has to import liquefied natural gas and change things because its whole gas supply system is off. It is not certain that it will be able to stop using coal in the way it wants. As the hon. Gentleman absolutely rightly pointed out, it uses some of the worst coal that can be burned—it is a highly polluting material.

Why is that happening? I believe that we cannot just disregard the opening of coalmines, because this is about where we generate all this electricity from. If we cannot generate that electricity, we need back-up plans, including these mines.

Charlotte Nichols (Warrington North) (Lab): The right hon. Gentleman asks where the issue came from. The issue in Germany was caused by the frankly idiotic decision to stop new nuclear, but I am not sure that that makes the case for new coal. Surely, we should be arguing for more new nuclear in the UK.

Alec Shelbrooke: I am grateful to the hon. Lady, because that is sort of the point I am making. Germany made a policy decision to switch off nuclear, and it became far more reliant on coal. It made a policy decision to import all its gas from Russia, and we know where we are with that; that did not reduce the coal either. My point is that these clauses make a policy decision that shuts off an area that could be used in the steel-making industry. We do not have the ability to generate the electricity we need to satisfy hydrogen production, electric vehicles and other new areas, and that will hit industry and homes.

I keep coming back to the fundamental idea that we have to take the public with us. We are trying to accelerate very quickly, and I am sure there is not a single Member in this Committee or the House who does not want us to decarbonise as much as we can. One of the reasons I mentioned Germany is that I am frustrated that we are doing a lot, and yet just over the channel there are countries that are not pursuing the agenda that we are pursuing because they say, “We’ve got to keep the lights on and do x, y and z,” following the energy decisions that they have made.

This is such a big Bill and it has been discussed for so long, and I do not want the little aspects that do x, y and z to suddenly box us in. We will then find ourselves saying, “Well, we’re going to have brownouts, and possibly blackouts, because we are not able to produce replacements in time.”

The hon. Member for Bristol East was right to mention the Inflation Reduction Act, because it is a very important global event. Let me be blunt: this started under Trump and carried on under Biden—namely, protectionism and America first. That has left the EU with no choice but to react by putting something similar in place, and it has created a real difficulty for this country. How are we going to approach this area? I do not want an extra set of handcuffs to be placed on the Government, limiting their ability to do what they need to do to stay competitive in the market. We are not able to provide \$400 billion in subsidies to ensure that everything is manufactured onshore in the UK. There have been examples of companies pulling potential investments in Europe and moving them over to the United States. I hope the Committee will forgive my complete forgetting of which companies, but I will look them up later.

Kerry McCarthy: I just do not understand how clause 270, which would ban new coalmines, would handcuff us, given that we are seeking to compete with the US and the EU on green investment.

Alec Shelbrooke: If we cannot generate the electricity in time for arc furnace steel production, that industry will cease to exist. If we are subject to tariffs and are

reliant on energy and resources from abroad to do that, we will not be able to achieve some of our overall objectives. We are halfway through 2023 and are moving towards 2035. The Government will have to row back on other things when reality bites, such as the non-replacement of off-grid businesses’ combustion heating systems from 2024—that includes much of agriculture—and the non-replacement of off-grid houses’ combustion furnaces after 2026. I do not think that those are achievable. I do not think the money is there for households or for businesses to achieve them, and I think we will have to give on them.

I am sure we all agree on decarbonisation objectives, but clauses such as clause 270 and the tying of hands will lead to unforeseen circumstances. Looking at the Bill as a whole, I see a lot that we want to achieve but I am not sure that we will be able to do so within the given timeframe.

I want to cast a note of caution about local generation. The hon. Member for Sheffield, Hallam made a point about local power plants. Her speech was very interesting and I listened to it closely. A certain amount of battery storage is necessary. This is a live issue in my constituency and around Leeds and other areas of West Yorkshire. Battery storage is a developing technology. We can return to the issue of the resource supply chains of the rare earth elements and their availability. However, there are problems with the chemicals that need to be used to stop thermal runaway. There are reports from certain areas that it has taken 10 days to put down. Chemicals must be used, not water, yet there is nothing in planning law that states that it must take place at a minimum distance from a residential area.

This is a live issue in my constituency. I fully understand where a planning application is going in relation to an electricity substation, but it is not that far from houses and the research simply has not been done on what would happen if all sorts of chemicals needed to be poured, or if chemicals were released from a thermal runaway incident. There is, therefore, a slight concern—I am not making a political comment—that planning rules could be overridden in favour of a local power plant. This needs to be investigated further.

Everyone has the same objectives, but we are trying to do so much through this Bill that at no point is anyone tying up the points and checking whether we can achieve them on top of generating all the electricity we need. I therefore agree with the Minister that we should not be handcuffing ourselves and that we have the option to achieve things in the longer term. My hon. Friend the Member for Workington has pointed out that jobs rely on it and that the industry may collapse if we are not able to manufacture because of a move to electricity. I fully support the Minister. That does not mean that we are taking a luddite approach by opposing this sort of thing. It is just about ensuring that we have the ability to achieve our objectives without drastic unforeseen economic consequences.

Ordered, That the debate be now adjourned.—(*Joy Morrissey.*)

3.26 pm

Adjourned till Thursday 22 June at half-past Eleven o’clock.

Written evidence reported to the House

EB25 Hydrogen UK (supplementary submission)

