# PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

## Public Bill Committee

# ENERGY BILL [*LORDS*]

*Fourteenth Sitting*

*Thursday 22 June 2023*

*(Morning)*

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**not later than**

**Monday 26 June 2023**

**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 22 June 2023*

*(Morning)*

[James Gray *in the Chair*]

## Energy Bill [*Lords*]

### Clause 270

Prohibition of new coal mines

11.30 am

*Question (20 June) 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.

New clause 52—*Principal objectives of Secretary of State and GEMA—*

"(1) Section 4AA of the Gas Act 1986 (principal objective and general duties of Secretary of State and GEMA) is amended as set out in subsections (2) and (3).

(2) In subsection (1A)(a), for 'the reduction of gas-supply emissions of targeted greenhouse gases' substitute 'the Secretary of State's compliance with the duties in sections 1 and 4(1)(b) of the Climate Change Act 2008 (net zero target for 2050 and five-year carbon budgets)'.

(3) In subsection (5B), omit the definitions of 'emissions', 'gas-supply emissions' and 'targeted greenhouse gases'.

(4) Section 3A of the Electricity Act 1989 (principal objective and general duties of Secretary of State and GEMA) is amended as set out in subsections (5) and (6).

(5) In subsection (1A)(a), for 'the reduction of electricity-supply emissions of targeted greenhouse gases' substitute 'the Secretary of State's compliance with the duties in sections 1 and 4(1)(b) of the Climate Change Act 2008 (net zero target for 2050 and five-year carbon budgets)'.

(6) In subsection (5B), omit the definitions of 'emissions', 'electricity-supply emissions' and 'targeted greenhouse gases'."

*This new clause is intended to replace clause 271. The intention is for it to appear at the start of Part 6. It is equivalent in substance to clause 271 but includes some drafting changes and consequential amendments.*

**Alan Brown** (Kilmarnock and Loudoun) (SNP): It is a pleasure to serve under your chairmanship, Mr Gray. I want to make quite a few comments on the clauses, but I hope we are more than halfway through the debate, given how long we spent on it on Tuesday. You were not here then, Mr Gray, but the Labour Front Benchers shared their contributions, which is a luxury that I do not have as the only SNP Front Bencher. I warn the Committee to buckle up for what is now going to be an Alan monologue for a wee while, so be prepared!

First, I want to make some comments about Tuesday's discussion of the merits of clause 270, which was inserted by the Lords. I am sorry that the hon. Member for South Ribble is not in her place; I would rather be saying this with her directly opposite—

**Alec Shelbrooke** (Elmet and Rothwell) (Con): Will the hon. Gentleman give way?

**Alan Brown:** Shortly; I will make the point first. On Labour and the SNP being against opening coal mines, the hon. Member for South Ribble said:

"This is one of the most jaw-dropping moments I have ever had in my parliamentary career. The Scottish National party and the Labour party are arguing against domestic jobs, our proud coalmining heritage and energy security for this country. Is that not flabbergasting?"—[*Official Report, Energy Public Bill Committee,* 20 June 2023; c. 356.]

That was a week in which the former Prime Minister resigned and was proven by the Privileges Committee—with a Tory majority—to be a serial liar, and in which Parliament voted to effectively sanction what would have been a 90-day suspension. I find that a bit more jaw-dropping than ourselves and Labour opposing new coal mines.

**Alec Shelbrooke:** To help the hon. Gentleman, I merely say that my hon. Friend the Member for South Ribble is unfortunately detained in the Chamber because a huge bomb factory was found in her constituency this morning and she needs to raise that on the Floor of the House. I know that my hon. Friend will be here later.

**Alan Brown:** I thank the right hon. Gentleman for that clarification. I was not casting any aspersions about the hon. Member not being here; I was just saying that it was unfortunate when I am addressing her comments. I note how important that issue in her constituency is and hope it gets resolved.

On coalmining heritage—I do not think I need to point this out, but I will anyway, as an obvious history lesson—the coalmines were shut down as a result of Maggie Thatcher putting her anti-union ideology ahead of the coalmining industry. At that time she was more than happy to import coal from the likes of Poland and bring it in from overseas while shutting the coalmines here. That is a fact.

**The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Andrew Bowie)** *indicated dissent.*

**Alan Brown:** The Minister can shake his head but that is a fact.

**Mark Jenkinson** (Workington) (Con): Does the hon. Member agree with the former Labour leader of one of the Aberdeen councils, Barney Crockett, that Labour's energy policy will wreak more harm on industrial communities than anything that Margaret Thatcher ever did?

**The Chair:** Order. Before we allow ourselves to get into what might be an amusing, if controversial, area, I remind the Committee that we are dealing specifically with clause 270, which prohibits new coalmines in the six months after the Bill is passed. Perhaps we could restrict ourselves to that, rather than getting into more exciting rabbit holes.

**Alan Brown:** Excitement is sometimes quite tempting, Mr Gray, but I will try my best. I am trying to draw together the history of the coalmines and the issue of whether we should go forward with more. On the intervention, it is not usually for me to agree with Barney Crockett, but Labour's energy policy is certainly all over the place.

We are debating opening new coalmines, but the reality is that there are now not too many people, even of working age, who have actually worked in coalmines—that is how long ago they were shut down—so there is not even a skillset out there that would be able to operate much of the mines. I realise that technology has moved on—the proposed mine at Whitehaven will use modern technology—but skilled labour will still be hard to get and the Government's immigration policies will prohibit skilled miners coming from elsewhere.

Labour and the SNP are against coalmines, but we need to look at the wider context and consider the comments of the right hon. Member for Kingswood (Chris Skidmore), who was commissioned by the Tory Government to undertake a net zero review. His report was supported and commended by Members on both sides of the House, who agreed with its recommendations. Before the decision on the Whitehaven mine, he said:

"Opening a new coal mine in the UK would send the wrong signal across the world. We are international leaders when it comes to tackling climate change. To act differently, having pledged the ending of coal, would be to surrender that leadership."

After the decision to grant planning permission for the coalmine, the right hon. Gentleman stated that if the recommendations in his report, such as on net zero tests, were part of the process, the coalmine would have been refused. He added:

"I obviously personally believe the coal mine decision is a mistake."

A senior Tory parliamentarian is saying the same things as us. He is against the opening of new coalmines, and by default therefore supports clause 270. On international leadership, he effectively said that by opening new coalmines, the UK can no longer claim to be world leading on climate change.

I understand the importance of the jobs that go along with coalmines. My constituency needs new jobs, but we cannot use the phrase "local jobs" to justify bad decisions. Prioritising jobs above everything else leads to a race to the bottom. We could create jobs by chopping down all the trees in the UK and burning them, but that is a ludicrous proposition, so we cannot use new jobs as a justification.

If we want to talk about jaw-dropping comments, I was surprised to find that the hon. Member for South Ribble was a Parliamentary Private Secretary to the COP26 President, the right hon. Member for Reading West (Sir Alok Sharma), so it is worth while to look at what he said about the proposals for opening new coalmines. He said:

"Over the past three years the UK has sought to persuade other nations to consign coal to history, because we are fighting to limit global warming to 1.5C and coal is the most polluting energy source…A decision to open a new coalmine would send completely the wrong message and be an own goal. This proposed new mine will have no impact on reducing energy bills or ensuring our energy security."

Our comments were deemed jaw-dropping, but I assume that those of the COP26 President, who led the worldwide negotiations on emissions reduction, and those of the chair of the net zero review should not be regarded as jaw-dropping and should be respected.

**Alec Shelbrooke:** The hon. Gentleman said the proposals will not improve our energy security, but will he comment on what will happen to the steel industry if we are not able to produce the electricity needed to move to arc furnaces in the timeframe outlined by the clause? As I said at the end of the previous sitting, we keep identifying areas that will be powered by electricity, but we do not seem to have the ability to catch up with that. On energy security, will he comment on what will happen if we are unable to generate the electricity that the steel industry needs?

**Alan Brown:** I am happy to comment on energy security, but I remind the right hon. Gentleman that those were not my words but the words of the former COP26 President. He said that the proposed new mine will not deliver energy security. I am sure that, like me, the right hon. Gentleman respects the President of COP26 and believes that he did a good job.

This argument about supplying coke and coal to the steel industry has already been debunked: 85% of the coal from the new coalmine will go abroad, so it will not provide energy security by supporting the steel industry in the UK. That is a bogus argument.

**Mark Jenkinson:** The hon. Gentleman says that that point has been debunked, but I actually debunked the debunking in the previous sitting. I am sure he heard those comments. On the issue of 85% being for export, that all depends on whether we want a UK steel industry and whether we want to grow it. Does he agree that we should be growing the UK steel industry and using 100% of that coal here?

**Alan Brown:** I want to debunk the hon. Gentleman's debunking of the debunking. Let me come to the comments of the chair of the Climate Change Committee, Lord Deben, who the last time I checked is a Tory and was a Tory Minister.

**Alec Shelbrooke:** On that very point, will the hon. Gentleman give way?

**Alan Brown:** I am trying to answer the other point first.

**The Chair:** Order. This has become a bit chatty. I think perhaps we should restore a bit of order.

**Alan Brown:** This is an important point. The chair of the Climate Change Committee condemned the opening of the new coalmine and said that opening it would mean the UK emitting 400,000 tonnes of additional carbon dioxide into the atmosphere. He also pointed out that 85% of the coal will be exported because it is high in sulphur and therefore not suitable for the UK steel industry. A former chief executive of British Steel, Ron Deelen, said:

"This is a completely unnecessary step for the British steel industry".

**Alec Shelbrooke:** The hon. Gentleman is being exceptionally generous with his time. He said that exporting 85% of the coal does not add to our energy security, but does he accept that if we have energy at home and do not have to import it, that is energy security by definition?

**Alan Brown:** I agree, which is why I want to see more renewables deployed. That is why I keep arguing for pumped-storage hydro, but the Government have fought that. It would give us storage and additional security and resilience. Obviously, I want the UK to become a net exporter of energy overall—that is the ideal place to get to—but renewables and storage are the answer.

*[Alan Brown]*

Plenty of other senior Tory voices are saying that we should not open coalmines, so I do not see why the SNP and Labour should not be on the side of science and of such otherwise-respected senior Tory parliamentarians. It is also ludicrous that we are still effectively banning onshore wind in England but the Government will not accept a ban on opening up new coalmines and burning fossil fuels. When we talk about trying to lead the world on energy change, that is rank hypocrisy.

I realise the reality is that the transition will use some carbon fossil fuels. We need to understand that. That is why I believe in a just transition and have tabled a new clause that asks the UK Government to follow the lead of the Scottish Government by setting up a just transition commission. I have also tabled a new clause about net zero impact assessments. That in itself should underline Government policy and make the decision-making process transparent, so that we fully understand the impacts of policy decisions on net zero.

The Minister said it was important we ensure that industries that rely on coal can rely on domestic sources of coal, but that is a vacuous comment, because any coal mined in the UK goes on the open market and to whoever pays the most money for it. Having a new UK coalmine does not mean that that coalmine will automatically supply UK-based steel makers.

**Bim Afolami** (Hitchin and Harpenden) (Con): Would the hon. Gentleman accept that any new piece of energy infrastructure or production from the North sea, or indeed on the land in the UK, can be subject to whatever licence terms the licence issuer, which is the Government, decides? Would he therefore accept that, if the licences have specific restrictions, what he says may not necessarily be true?

**Alan Brown:** I cannot disagree with that premise—that could happen—but it is interesting that an ardent free marketeer is advocating for special conditions to be put on licences such that oil, gas or coal could be sold only in the UK. I think the hon. Gentleman knows as well as I do that international companies would be loth to accept a licence on that premise. We would be better off nationalising the industry than putting conditions such as those on licences, but in theory the hon. Gentleman is right: we could make that a condition of the licence.

To return to Tuesday's debate, for me it seemed that there were mixed messages about the possible burning of coal for electricity generation. The right hon. Member for Elmet and Rothwell stated:

"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."—[*Official Report, Energy Public Bill Committee,* 20 June 2023; c. 376.]

Could the right hon. Member tell me how many new coal mines he envisages opening for the burning of electricity?

11.45 am

**Alec Shelbrooke:** I do not know, but what I do know is physics. The physics says that we have to maintain a baseload. If we are unable to maintain that baseload, other options may have to be looked at, as Germany has done.

**Alan Brown:** The whole point is that coal is not being used to support baseload. Even if we believe in the concept of electricity baseload, it is not coal that is doing that. Coal is being used as a back up to the back up for when peak demand is hit, so that argument is wrong. Coal is not used for baseload.

The hon. Member for Workington stated:

"We are far too parochial on the subject of net zero and emissions."

He seemed to be saying that if we do not do it, somebody else will, which is not showing international leadership. He went on to say:

"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."—[*Official Report, Energy Public Bill Committee,* 20 June 2023; c. 373.]

The hon. Member has still not explained how the UK shipping coal to Germany is going to reduce global emissions—I still do not see how that follows—but I do share his concern that a lot of emission reductions have come from that offshoring manufacturing and industry. That is something we have to stop, so I fully agree with him on that, but opening a coalmine to export coal to Germany is not the way to re-shore industry.

**Mark Jenkinson:** The hon. Member is being incredibly generous with his time. On the point on how shipping coal from the UK to Germany lowers emissions, if that happens instead of coal being shipped from the US, Russia or somewhere further afield, then the shipping emissions are greatly reduced. As my right hon. Friend the Member for Elmet and Rothwell points out, it is also much cleaner coal to start with.

**Alan Brown:** I understand the point that Government Members are trying to make but, at the end of the day, if we are shipping coal to Germany, we are still increasing UK shipping emissions. We are increasing emissions from the UK to about 400,000 tonnes of $CO_2$. In the global context, there is no saying whether those coal emissions are getting displaced if the coal is going to Germany, so we cannot guarantee a reduction in global emissions. We would be putting more coal on the market, which is coal somebody else will snap up elsewhere. The likelihood is that we would actually increase emissions.

I should have said in my opening remarks that I represent a former coalmining area, so I recognise the devastation caused by pit closures. My area recovered some jobs through open-cast coalmining, but even that industry collapsed a few years ago, leaving us with devastating blights on the landscape and huge craters that needed filling. Unfortunately, again, there was no help from the UK Government when we needed it. I understand the legacy of coalmining and I want support for these areas, but opening new coalmines is not the way to do it.

We cannot turn back the clock. What we need to do is create jobs for the future. We need green-based jobs in coalmining areas such as mine, using geothermal energy and making use of the closed mines. Let us make them an asset for the future, providing clean energy and reducing energy bills at a local level.

The Committee will be pleased that I am bringing my monologue to an end. I hope that my comments are going to convince the Government and Conservative Committee members that there is no need for new coalmines going forward. I would be delighted to hear

the Minister, in his summing up, say that he is not going to move against clause 270, but is going to retain it and listen to those of us who want it.

Clause 271 is to be replaced by new clause 52. I welcome the Government's change on that and their making reaching net zero a statutory duty of Ofgem. Will the Minister tell us whether new clause 52 and Ofgem's new statutory duties will make it much easier for Ofgem to allow anticipatory investment? That has been one of the issues, so we want to make sure that it can do that and do that forward plan-ahead, rather than building more constraints into the grid while upgrading it at the same time.

Turning to clauses 272 and 273, it seems like for ages Energy Ministers have stated their support for the principle of the Local Electricity Bill—community electricity generation and the sale of electricity locally—but they have always said that the Bill was not the right solution to facilitate that. The original drafters and MPs who have tried to bring forward private Members' Bills have changed the Bill to try to address the concerns of Ministers, but that still was not enough.

The cross-party group of peers who drafted clauses 272 and 273 to mimic the effect of the Local Electricity Bill again tried to address the Government's concerns. I fail to understand why the Government are still against the two clauses. It is worth pointing out that 323 MPs overall, including 128 Tory MPs—let alone myriad local authorities, environmental groups and individuals—have supported the Bill. The feet-dragging makes no sense. I commend the hon. Member for Bristol East for pointing out that the Minister himself was a signatory to the Local Electricity Bill. I wonder what about a ministerial car made him change his mind about supporting it.

**Andrew Bowie:** Jealous!

**Alan Brown:** Not of one down here!

Community energy schemes have seen almost no growth for six years, despite renewables clearly being cheaper than ever. Of course, that is tied in with the removal of feed-in tariffs, which were very successful in delivering the likes of small-scale hydro across the highlands, for example.

The Government are pressing ahead with voting to remove clauses 272 and 273. What are their proposals for facilitating community energy generation and providing the certainty of price that groups and companies need to be able to move forward? The Minister must be aware that the smart energy guarantee does not deliver at present and, as I say, there has been no growth in community energy schemes in six years.

At the moment, community energy schemes account for just 0.5% of the UK's electricity. According to the Environmental Audit Committee, that could increase twentyfold in 10 years, so something like 10% of energy by community generation could be achieved in 10 years if the right conditions are put in place. Even if that is overstated and the reality is only 5%, that would still represent a huge shift in generation and would provide local grids with stability and resilience. That would be much better value than the new £35 billion Sizewell C nuclear station.

If we consider nuclear, price certainty is not a new concept. It underpins the contract for difference auction rates, and it is what is provided for Hinkley Point C. A great example of the potential scope for community energy generation is a study being undertaken in my constituency by the Newmilns Regeneration Association, which is investigating the installation of solar panels on the brownfield site of the former Vesuvius factory. The aim is to sell electricity to local industry, reducing its bills and helping it to be sustainable, and for Newmilns to be a net zero town going forward. The national regulatory authorities believe that the Local Electricity Bill, or the alternative in the form of clauses 272 and 273, needs to be in place to facilitate trading of the electricity that would be generated. That is why I fully support the clauses' retention in the Bill.

Clause 272 would provide guaranteed income for electricity for small-scale renewable energy generators, and clause 273 would enable community schemes registered under the clause 272 guarantee to sell the electricity they generate locally. The Committee Clerks circulated additional written evidence today, in which professors from the University of Manchester say there should be no fear about clauses 272 and 273, because they will not unduly affect the prices that suppliers have to pay for electricity; at worst, the effect will be marginal. They also recommend that the Government retain the clauses. I really hope that they do.

**Andrew Western** (Stretford and Urmston) (Lab): It is a pleasure to serve under your chairmanship again, Mr Gray. After a fairly lively start to the morning, I want to focus predominantly on the matter about which we are all largely in agreement: the addition of new clause 52 to replace clause 271.

I will briefly address clauses 270, 272 and 273, which we have debated at length. I do not wish to add anything particularly new; I will just reiterate colleagues' comments about the clauses' importance. The Minister and the hon. Member for Hyndburn previously supported clause 270, so I am bewildered by their shift, given that, as we have heard, building a new coalmine will not make a material difference to the British people's energy prices, yet it certainly grates against our broader net zero ambitions.

It is a real shame that the Government intend to strike clauses 272 and 273 from the Bill, not least because all we seek is surety for smaller generators that their investment is worthwhile. The other day, my hon. Friend the Member for Southampton, Test gave the example of a hydro turbine that costs in excess of £1 million. It is incredibly difficult for a small-scale producer to make that investment without a guarantee, which the clauses would provide, that it will see a return in the form of a guaranteed purchase by energy suppliers. None the less, although we have not heard in detail why the Government are opposed to the clauses, we are where we are.

As I said, I want to focus most of my comments on new clause 52. I am a little surprised that the Government feel the need to rework clause 271, but we should none the less take the concession for what it is. New clause 52 is incredibly welcome, as it will legally require Ofgem to ensure that its decisions assist the Government's drive to deliver net zero by 2050. Reaching net zero is, of course, one of the most urgent and challenging tasks that we face as a nation, and it is right that we pull every lever at our disposal to achieve it. I am pleased that the Government have conceded that the new clause is a necessary step, given that they previously stated that

*[Andrew Western]*

Ofgem's existing decarbonisation objective was sufficient. That objective was set in 2010, it is limited to targeting greenhouse gases only, and it has no specific timescale attached to it.

The move to update Ofgem's duties so that it has a statutory requirement to support the UK in reaching our net zero emissions targets has huge backing from every part of the energy industry, as well as from consumer campaigners and climate activists. It was recommended by the Skidmore review and by the Climate Change Committee earlier this year. Crucially, it has the support of Ofgem itself. Ofgem's CEO, Jonathan Brearley, said that the net zero duty is

"the best option, not only from a climate perspective, but to ensure a secure, low-cost energy future."

Ofgem's support is most welcome, and the new duty makes its responsibility for ending our reliance on fossil fuels crystal clear. Making net zero one of its core duties will empower Ofgem to deliver the long-term investment in our electricity network and grid that the National Infrastructure Commission has said is critical to achieving the large-scale shift to renewable energy and low-carbon transport and heating that we need. Indeed, there seems to be a broad consensus in the industry that the lack of a clear duty that specifically refers to our net zero targets is a key reason for the historical underinvestment in the grid. This overdue duty can play a key role in reversing that trend and putting an end to a situation in which the absence of investment in the grid has made it very difficult for new renewable infrastructure to be connected to it.

Placing this duty on a national regulator that was created to serve consumers is, in effect, a statutory recognition that the needs of consumers and the planet are very much aligned. The long-term investment that will help us to achieve net zero will also mean sustainable, cheaper forms of energy for consumers and an end to the volatility in the market that has caused such misery to millions of households across the country in recent years. I therefore fully support new clause 52, and I pay tribute to everybody, across parties, who was involved in bringing it to this stage.

12 noon

**Andrew Bowie:** It is a pleasure to see you back in the Chair and to serve under your chairmanship, Mr Gray.

**The Chair:** It is a pleasure to see you.

**Andrew Bowie:** Well, I hope it will remain a pleasure—I am sure it will. Here we are on day eight, sitting 15 of the Committee. There has been a comprehensive debate on the clauses, and I thank all Members on both sides and from all three parties represented for their full contributions. I will respond to some of the points that were made.

The hon. Member for Stretford and Urmston just referred to the Ofgem net zero duty. I am delighted that the Committee has welcomed the Government's commitment on the duty and our new clause, and I pay tribute again to Members across the House and in the other place for their constructive dialogue on the issue. I confirm to the hon. Member for Kilmarnock and Loudoun that the measure will allow for anticipatory investment. I have engaged with industry and others, and they are confident that that is the case and welcome this step.

Community energy projects can have real benefits for the communities in which they are based, which is why so many Members supported the private Member's Bill on the issue. However, the Government and I do not believe that every consumer should have to bear the cost of such projects. That does not seem a fair way to fund them.

**Kerry McCarthy** (Bristol East) (Lab): Will the Minister explain why he does not think that consumers should bear the cost of community energy projects but does think that they should bear the cost of new hydrogen, through the hydrogen levy? That seems rather inconsistent.

**Andrew Bowie:** As the hon. Lady knows, we are listening and acting on the concerns raised by many in this place and the other place, including on Second Reading in the Commons, when issues regarding the hydrogen levy were raised. I am sure that we will have much more to say on that when the Bill comes back to the Floor of the House.

I am also not convinced that the Lords amendments tackle the real issues faced by community energy groups: high start-up costs and lack of expertise. I have had positive engagement with Members on that. The Government are therefore considering other options that could tackle such issues in a fairer and more proportionate way ahead of Report stage. I hope that members of the Committee and those who are following our proceedings with interest are reassured by those comments.

The hon. Member for Kilmarnock and Loudoun spoke at length, as did other Members—I hope to cover most contributions in my response—about coal. The hon. Gentleman specifically mentioned exporting coal to Germany. It is rather ironic that the only reason that Germany is importing coal is its nonsensical position on nuclear and new nuclear power—a position that is shared by the Scottish Government in Edinburgh. The hon. Gentleman might want to take that away and consider it.

The hon. Gentleman also mentioned that he disagreed with the comment by my hon. Friend the Member for South Ribble that the debate in Committee the other day was one of the "most jaw-dropping" moments of her political career, given the events of the week. I concur with the hon. Gentleman that that was a bit surprising, given that this was the week that a former leader of Aberdeen Labour claimed that Labour's energy policies were the "final straw"—this is a Labour councillor saying this—and that

"Margaret Thatcher never delivered a more brutal put down of an industry than that delivered by Keir Starmer in Edinburgh."

In the same week, a Green Minister in the Scottish Parliament faced a vote of no confidence, the Whip was withdrawn from a former SNP Minister, and a person of interest in an ongoing police investigation professed their innocence but could not do the same for another person of interest, to whom she is married. The last week was quite an exciting week for politics—I agree.

Our reliance on coal is rapidly diminishing, but there is still a need for it in industries such as steel and cement, so now is not the right time to make these

licensing changes. I thank colleagues, including my hon. Friend the Member for South Ribble, for highlighting the role that these industries play in our constituencies, where they provide jobs and contribute to the economy.

**Alan Brown:** On coalmines, what does the Minister think about the suggestion from the hon. Member for Hitchin and Harpenden that any new licences could be supplied on the condition that the coal be sold only on the domestic market?

**Andrew Bowie:** I would not like to shut down any of the ideas put forward by my hon. Friend the Member for Hitchin and Harpenden; the Government will consider all suggestions for the future licensing of coalmines. I do not want to go down a rabbit hole and make commitments on matters for which I may not be responsible in future.

I found the comments by my right hon. Friend the Member for Elmet and Rothwell fascinating, as I do all his comments. I was particularly interested in his intervention on the hon. Member for Southampton, Test regarding the situation in Germany, which I also referenced.

A number of Opposition Members mentioned the coalmine in Cumbria. The decision by the Secretary of State for Levelling Up, Housing and Communities followed a comprehensive planning inquiry, which heard from 40 witnesses, and considered matters including the demand for coking coal and its suitability, climate change, and impact on the local economy. The full reasons for the Secretary of State's decision are set out in a published letter, which should be read in its entirety, but he concluded that

"there is currently a UK and European market for the coal,"

and that

"it is highly likely that a global demand would remain".

Alongside that, the UK is working to support the decarbonisation of steel and other industries that still rely on coke and coal through our £315 million industrial energy transformation fund, which helps businesses with high energy use to cut their energy bills and carbon emissions by investing in energy efficiency and low-carbon technologies.

For those reasons, I do not agree with the hon. Members for Bristol East, for Southampton, Test, and for Sheffield, Hallam. A complete ban is not appropriate, and risks our having to meet future demand for the industries that I mentioned from our own resources. The hon. Member for Sheffield, Hallam—I am sorry that she is not here today—mentioned the Government's commitment to COP26. As I said in my opening remarks, coal's share of our electricity supply has already declined significantly in recent years; it has gone from providing almost 40% of our electricity in 2012 to less than 2% in 2021. I do not agree with professions from Opposition Members that we are surrendering our lead on climate issues to the Biden Administration in the USA. It is not for me to question the decisions of that Administration, or to say whether they are for good or ill, but they have just approved a drilling licence in the Arctic circle, so I suggest that our lead on these issues remains extant.

**Alan Brown:** Remember, we are talking about comments from not just Opposition Members; comments about us losing our international lead were made by the right hon. Member for Kingswood, who did a net zero review; the COP26 President, the right hon. Member for Reading West; and the chair of the Climate Change Committee. That is three senior Tories who are saying that the UK is losing its international lead.

**Andrew Bowie:** I recognise that. I speak with my right hon. and hon. Friends on thisissue and others, and I understand the concerns, including those of Committee members. However,I reassure all right hon. and hon. Members that phasing out unabated coal power generation within timeframes that keep 1.5°C within reach remains a key UK Government priority, and the Government are leading on that. That builds on our COP26 energy transition legacy, which included securing agreement to accelerate efforts

"towards the phasedown of unabated coal power"

in the Glasgow climate pact, our co-leadership of the Powering Past Coal Alliance, and launching an international just transition declaration at the Glasgow summit. I would be very surprised if we did not return to some of these issues on Report, but I hope that the Committee will carefully consider my remarks.

**The Chair:** I call Alan Brown, if he wishes to wind up.

**Alan Brown:** I had not expected to be given that privilege, Mr Gray. I remain unconvinced by the Minister's arguments, and I refer him again to the fact that comments about the UK losing its international leadership have come from senior members of his party. He really should reflect on that, instead of arguing that opening new coalmines is the way forward.

*Question put,* That the clause stand part of the Bill.

*The Committee divided:* Ayes 5, Noes 8.

**Division No. 9]**

**AYES**

| | |
|---|---|
| Brown, Alan | Western, Andrew |
| McCarthy, Kerry | |
| Owatemi, Taiwo | Whitehead, Dr Alan |

**NOES**

| | |
|---|---|
| Afolami, Bim | Jenkinson, Mark |
| Bowie, Andrew | Levy, Ian |
| Britcliffe, Sara | Morrissey, Joy |
| Clarkson, Chris | Shelbrooke, rh Alec |

*Question accordingly negatived.*

*Clause 270 disagreed to.*

**Dr Alan Whitehead** (Southampton, Test) (Lab): On a point of order, Mr Gray. May I ask for clarification of the voting process on clause 271 and Government new clause 52? As I am sure all Committee members are aware, new clause 52 will effectively replace clause 271, with the consent of each side. However, although we will be voting on clause 271 stand part today, we will not be voting on new clause 52 until the end of the Committee's business. We could therefore conceivably end up with clause 271 being dropped but not replaced by new clause 52. Is it within procedure to retain clause 271 but assume that new clause 52 will replace it in due course, or are there other ways of doing it?

**The Chair:** The hon. Gentleman makes an interesting point, but he is of course not correct.

**Dr Whitehead:** It was a question.

**The Chair:** Well, I am answering the question in that case. The answer is that I will put the Question on clause 271 now and, depending on what the majority decides, it will either remain in the Bill or be removed. At the end of consideration, we will come to new clause 52. If there is a majority for it, it will be added to the Bill. If there is not, it will not. The two are not conditional on each other; they are entirely separate.

**Clause 271**

GEMA general duties relating to climate change

*Question put,* That the clause stand part of the Bill.

*The Committee divided:* Ayes 4, Noes 8.

**Division No. 10]**

**AYES**

| | |
|---|---|
| McCarthy, Kerry | Western, Andrew |
| Owatemi, Taiwo | Whitehead, Dr Alan |

**NOES**

| | |
|---|---|
| Afolami, Bim | Jenkinson, Mark |
| Bowie, Andrew | Levy, Ian |
| Britcliffe, Sara | Morrissey, Joy |
| Clarkson, Chris | Shelbrooke, rh Alec |

*Question accordingly negatived.*

*Clause 271 disagreed to.*

**Clause 272**

Community and Smaller-scale Electricity Export Guarantee Scheme

*Question put,* That the clause stand part of the Bill.

*The Committee divided:* Ayes 5, Noes 8.

**Division No. 11]**

**AYES**

| | |
|---|---|
| Brown, Alan | Western, Andrew |
| McCarthy, Kerry | |
| Owatemi, Taiwo | Whitehead, Dr Alan |

**NOES**

| | |
|---|---|
| Afolami, Bim | Jenkinson, Mark |
| Bowie, Andrew | Levy, Ian |
| Britcliffe, Sara | Morrissey, Joy |
| Clarkson, Chris | Shelbrooke, rh Alec |

*Question accordingly negatived.*

*Clause 272 disagreed to.*

**Clause 273**

Community and Smaller-scale Electricity Supplier Services Scheme

12.15 pm

*Question put,* That the clause stand part of the Bill.

*The Committee divided:* Ayes 5, Noes 8.

**Division No. 12]**

**AYES**

| | |
|---|---|
| Brown, Alan | Western, Andrew |
| McCarthy, Kerry | |
| Owatemi, Taiwo | Whitehead, Dr Alan |

**NOES**

| | |
|---|---|
| Afolami, Bim | Jenkinson, Mark |
| Bowie, Andrew | Levy, Ian |
| Britcliffe, Sara | Morrissey, Joy |
| Clarkson, Chris | Shelbrooke, rh Alec |

*Question accordingly negatived.*

*Clause 273 disagreed to.*

**Clause 132**

Transfers

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

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

Government amendment 20.

That schedule 7 be the Seventh schedule to the Bill.

Clause 133 stand part.

That schedule 8 be the Seventh schedule to the Bill.

Clauses 134 and 135 stand part.

Government amendment 19.

**Andrew Bowie:** I now return to part 4 of the Bill, which relates to the independent system operator and planner, or ISOP.

Clause 132 introduces schedule 7. The purpose of the schedule is to empower the Secretary of State to make transfer schemes to create the ISOP and give it the capacity to carry out its functions. As discussed already, the ISOP will be founded on the existing capabilities and functions of National Grid Electricity System Operator and, where appropriate, National Grid Gas. That will require several transactions between Government, National Grid plc and other relevant parties, because the property that the ISOP requires is not currently owned by a single entity. The transfers could include matters such as personnel, IT systems, physical assets, methodologies, models, data, and other resources and inputs used by the existing entities in performing their functions.

Schedule 7 sets out a set of principles, procedures and expectations in relation to the transfer scheme that will help provide clarity to affected parties. For example, it outlines that the Government are required to consult the transferor or transferors when the transfer scheme power is expected to be used. Not all the detail of the scheme can be determined in advance, so the Bill also includes a small number of time-limited powers to make regulations, which include regulations to provide further details to all parties, including third parties, on procedures for agreeing and paying compensation.

Government amendment 19 makes a minor procedural amendment to clause 275, to include the Treasury in the list of persons that can make regulations under the Bill.

Amendment 20 clarifies that, because regulations under paragraph 9 of schedule 7 deal with financial matters, they can only be annulled in the House of Commons.

Clause 133 introduces schedule 8, which relates to pensions. As part of the transfer of functions, some employees will transfer into the ISOP. The purpose of the schedule is to allow the Secretary of State to separate the pension arrangements of the ISOP and to provide scope for various forms of reorganisation that may be appropriate in the light of the transfer. That includes making provision for the responsibility for the affected employees' qualifying pension schemes and protecting the value of their benefits during the transfer. In exercising powers, the Secretary of State must ensure that the arrangements made for each employee's pension provision is, in all material respects, at least as good immediately after any transfer-related changes are made as they were before that point.

Clause 134 grants the Secretary of State the power to provide financial assistance to the ISOP—that is, to draw on the financial resources available to Government in the kind of circumstances when the existing electricity system operator and gas system operator would have relied on the financial strength of their corporate group to raise capital sums. The Secretary of State will have the power to set conditions on the financial assistance provided, which may include conditions about repayment with or without interests or other return. In the highly unlikely situation that the ISOP faces financial difficulty, the power would also allow the Secretary of State to step in and avoid any disruption to the electricity and gas sectors.

Finally, clause 135 removes the barriers, in section 7 of the Electricity Act 1989 and section 7B of the Gas Act 1986, to payments raised in one sector being used to benefit consumers in the other. It also introduces a provision, in each Act, to expand licence holders' statutory duties and require them to have regard to the interests of consumers of the other energy sector where directed by their licence. The removal of such barriers is fundamental, because it will enable the ISOP to co-ordinate and ensure strategic planning across the energy sector more effectively.

**Dr Whitehead:** We come to a part of the Bill that we should have discussed a couple of weeks ago: clauses 132 to 139. When we discussed the rest of the business relating to the ISOP, these debates were moved by the Government towards the end of the consideration of later clauses in the Bill. At the time, I thought that was because there was some blockbusting new clause that the Government were thinking of introducing, which was not quite down the slipway at that point. I thought it would appear when we considered the clauses today.

I was disappointed to see that nothing has appeared. There are two Government amendments that were there previously, and nothing in the way of new clauses. I assume the reason for discussing the provisions now—although the Minister may have an interesting explanation up his sleeve—may well be because Ofgem has just produced a consultation—*[Interruption.]* No, the Minister is shaking his head. In any event, had the Minister consulted with Ofgem about whether it was going to produce a consultation on transfers and various other things, then he would have found that they have produced a consultation, "Funding the transition to a Future System Operator", which was published today. The Minister will understand that not a great deal of time has elapsed since the publication of that consultation.

That consultation is very relevant to the provisions we are discussing. If the Minister did think the consultation would be published in time, it would have been helpful of him to bring that to the Committee's attention. Apparently, however, there are different reasons for discussing these provisions later in the Committee cycle than planned.

A headline in *Utility Week* said the full costs of the transition to a future system operator could come to about £392 million. I read that headline but I am too mean to go behind the paywall of *Utility Week* to read the rest of the article. I sought out the Ofgem consultation instead and got the full picture. The consultation indicates that this level of cost for the transition is accurate. In clauses 132 to 139, provision is given for the bringing together of the various agencies' present responsibilities for what would be the new independent system operator. That extends beyond just taking the National Grid ESO away from National Grid and putting it into ISOP. It involves other agencies—the Minister is absolutely right.

In this instance, however, the prime issue of the transition is of course the ESO itself. At the moment and for a long time, the ESO has had a relationship with National Grid involving separation by Chinese walls. It was, in effect, owned by National Grid and so was part of the National Grid family of companies, but over the recent period, since the ESO was set up, its operation has been separated from that of National Grid. Previously, we have discussed the extent to which the Chinese walls were strong enough for what ESO was doing in relationship to what National Grid might be doing—for example, potential conflict on interconnectors, with National Grid owning at least part of an interconnector while ESO was planning for interconnectors overall.

The fact that the separation will take place and that the business of the ESO will be transferred fully into the ISOP is important. That will complete the process of setting up the ISOP properly, so that it can operate fully independently from day one—in Committee, we have expressed strong interest in ensuring that. However, with the Ofgem consultation, the issue of compensation for those transfers arises to some extent. According to the consultation, part of the transfer arrangements relates to transferring personnel across and part to what assets and so on will be transferred. What is not entirely clear in the consultation is also alluded to in the provisions in the group, in particular schedule 7.

Paragraph 8 of schedule 7, headed "Compensation", appears to start talking about compensation in general terms for, as it were, the loss to National Grid of its ownership of the ESO, as well as of the various things relating to the transfer of assets and individuals. Compensation would be couched in two parts: literally, which desks and pot plants are going over to the ISOP, with personnel and various other things, and what the compensation for that is, presumably; and compensation for the fact that the ESO was part of the National Grid corporate family and no longer will be.

I am not clear whether the provision on compensation encompasses that consideration. If so, what might that consideration be? Do the Government have a figure in mind for compensating National Grid for its losing ESO to the ISOP? Is that facilitated through these

*[Dr Whitehead]*

clauses or a separate arrangement to be arrived at? In other words, do the clauses deal just with compensation relating to bodies, pot plants and desks, or with compensation more widely?

12.30 pm

That is important, because schedule 7—and, indeed, the explanatory notes to the Bill—sets out how issues of compensation may be resolved by bodies that have either received it or been subject to providing it. From one end, there are clauses—I do not have to hand the exact detail of which ones—relating to the Government providing the ISOP with funding from various sources—*[Interruption.]* The Minister is beginning to look for inspiration; I hope that it will come.

**Andrew Bowie:** Inspiration has arrived.

**Dr Whitehead:** Good.

As I was saying, this is potentially important, because the clauses in this part of the Bill relate to the Secretary of State's ability to provide the ISOP with finance. Will the ISOP undertake the job of providing the compensation due under the clause—presumably it would be provided with money by the Government to do that—or will the Government deal with that separately before the ISOP is set up?

There is also an important point about compensation for the loss of the ESO to the ISOP. It would seem inappropriate for the ISOP to pay compensation to National Grid, given its removal from National Grid in the first place. I therefore assume that other mechanisms will be in place to provide that compensation. If that compensation is paid, there are provisions in the Bill allowing for such payments to be recovered by companies involved in the process in the course of their activities. *[Interruption.]* I will pause for a moment while the Minister consults his Whip.

**The Chair:** There is no need to pause. Please crack on.

**Dr Whitehead:** This is something I specifically want the Minister to say something about. It is important that we get it right.

Assuming that compensation is given for the loss of the ESO and the companies concerned can recover that, do the Government intend for the ISOP to have a part in the mechanism whereby costs are recovered through standing charges on bills? As the Minister knows, standing charges are substantially made up of a combination of charges for TNUoS and DUoS—transmission network use of system and distribution use of system—and a balancing charge, and, as he and other hon. Members will know, standing charges are increasing substantially as a proportion of our electricity bills. They are now about 25% of our energy bills.

It looks as if the compensation, if it can be recovered by somebody—I assume it could be recovered one way or another by National Grid in its network charges, or by the ISOP in what it eventually contributes to the standing charge—will eventually work its way into the standing charge, and hence on to customers' bills. That makes it important to understand what the Government have in mind about what compensation should be paid to National Grid for the loss of ESO and its transfer to the ISOP.

It may be that there has been a nice agreement that no one will pay anyone compensation, and National Grid will just hand over ESO to the ISOP. I suspect that is not the case, but I have not seen anywhere—and it is not explicit in the consultation—what the level of compensation might be, who will pay it, how it might be transferred to bills and standing charges, if necessary, and how the process overall might work. It would be helpful if the Minister could give us an understanding of all that. It would certainly enable us to better judge schedule 7, as it relates to the process of how those transfers take place and what their consequences are.

**Andrew Bowie:** On the question of why we have returned to these clauses, I am sorry that I was unable to turn up today with a blockbuster moment for the Committee. I know they were all expecting it and waiting with bated breath. Unfortunately, it is a simple matter of procedure. We temporarily skipped over the remaining clauses in part 4 to ensure that the necessary Ways and Means motion could be agreed by the House. I am pleased to confirm that the resolution was obtained on Tuesday, allowing us—I was expecting a "Hear, hear!"—to continue with clauses 132 to 139.

The Ways and Means resolution was necessary as a result of provisions that confer power on the Treasury to make regulations setting out the way taxes have effect in connection with a transfer of assets from one body to another. It was impossible to proceed with debate on the clauses until the motion was passed by the House. That has now been done, so we can proceed.

On the consultation that was published this morning, I cannot mandate when Ofgem publishes its consultations, so unfortunately that was not a consideration. However, we note that the Ofgem consultation launched today, and I will of course consider it in detail. I am happy to provide hon. Members with more detail in writing should they wish.

The hon. Member for Southampton, Test spoke about transfers. The Bill provides multiple steps for agreement on the value of compensation: first, simple agreement between parties—in this case the Secretary of State, National Grid and the owners of National Gas—secondly, in a situation of non-agreement, the joint appointment of an independent valuer to assess the value of the assets to be transferred; or, thirdly, as a fall-back option, the appointment of an independent valuer by the Secretary of State on behalf of both parties. The framework of considerations to be made by the independent valuer will be set out in regulations to be made under the Bill.

The entire process is an ongoing commercial transaction, so the Government are limited in the extent of the information they can provide at this point, although I recognise the importance of the hon. Gentleman's questions. I will respond specifically to his point about the standing charge and his worry that that could have an effect on bills. We do not expect costs to rise at all as a result of the establishment of the ISOP. The ISOP will be funded by Government, and its ongoing operations will continue to be supported by funding from the network balancing charges at a level determined through a price-control mechanism, much like the current gas and electricity system operators are. However, we expect the ISOP to enable a long-term reduction in costs compared with the status quo.

**Dr Whitehead:** I think the Minister just said that he expects compensation to be included in network charges, which means that in the end it will go on standing charges for customers. There will be an effect on customers' bills.

**Andrew Bowie:** I reiterate that we are not expecting any increase in customers' bills as a result of the creation of the ISOP. There will be no increase. We expect the ISOP to enable a long-term reduction in costs, so its creation will have the opposite effect on customers' bills. Future network decisions will be built on the expert and impartial advice of the truly whole-system body that many in the industry and outside it have been calling for for some time.

**Dr Whitehead:** I appreciate that the Minister cannot tell me—presumably because of an ongoing discussion relating to commercial companies—what the compensation for National Grid is likely to be. However, I assume that, in stating that he cannot tell me, he has confirmed that that will be part of the transfer arrangements. I was trying to distinguish between the compensation for pot plants and desks, and compensation for the loss of the ESO by National Grid.

That leads us to an unsatisfactory position in which we do not know how much the compensation will be. Presumably, we have to take it on trust that the Government will be fairly rigorous about ensuring that the compensation is proportionate to the actual loss, but I am not sure how it will be determined. Sorry, Mr Gray, this is a long intervention.

**The Chair:** No, it is a speech. The Minister finished, and therefore the hon. Member is making a speech.

**Dr Whitehead:** Good, I can go on forever then. I was trying to make my remarks as brief as possible in order to accommodate the Minister's previous comments, so I will just round them off.

We do not know the detail of the procedure for determining compensation, we do not know even what ballpark figure the Government have in mind for compensation to National Grid for the loss of the ESO, we do not know what strategies the Government might adopt in their negotiations on what the compensation might consist of, and we do not know whether there is any process of arbitration if National Grid, for example, thinks that the compensation it receives is not the right amount, or what mechanisms—perhaps under the Bill—would enable the final amount to be determined to the satisfaction of all sides.

We do know that some compensation may find its way on to network charges, one way or another. Therefore, it is important for the economy and the effectiveness of network charges that we at least have a ballpark figure for the sort of compensation that might be considered. If the Government are minded to provide huge amounts of money in compensation to National Grid, that might have an inflationary effect on network charges; if they have a more robust view of what the compensation should look like, that would have a lesser effect on charges. Either way, as I think the Minister will agree, we are in a position of some fog.

As the Bill makes progress we legislate for all this to happen, we still do not have a clear handle on what those procedures will look like or the money that might be involved. I do not know whether the Minister will respond to this speech, but I think that he should be able at least to write to us about the procedure and the arrangements. Ideally, that would include further and better particulars on the range of compensation, while not giving away anything commercially sensitive. Alternatively, he could take His Majesty's loyal Opposition into a position of trust and get around a table with us to talk these things through, so that, between us, we are clear about how they might proceed.

12.45 pm

**Andrew Bowie:** Let me briefly answer those points. As I have set out, this is an ongoing commercial discussion between parties. The Bill provides multiple steps for agreement on the value of compensation, which has yet to be determined, and I do not think that it would be good governance to insert a ballpark figure into the Bill. I cannot underline enough that the creation of the ESO will not have any adverse effect on consumers' bills. In fact, as a result of it, we will see bills reduce in time. I am happy to write to the hon. Gentleman with more information.

*Question put and agreed to.*

*Clause 132 accordingly ordered to stand part of the Bill.*

**Schedule 7**

INDEPENDENT SYSTEM OPERATOR AND PLANNER: TRANSFERS

*Amendment made:* 20, in schedule 7, page 282, line 7, at end insert—

"(3A) A statutory instrument containing regulations under this paragraph is subject to annulment in pursuance of a resolution of the House of Commons."—*(Andrew Bowie.)*

*This amendment provides for a statutory instrument containing regulations made by the Treasury under paragraph 9 of Schedule 7 to be subject to annulment in pursuance of a resolution of the House of Commons.*

*Schedule 7, as amended, agreed to.*

*Clause 133 ordered to stand part of the Bill.*

*Schedule 8 agreed to.*

*Clauses 134 and 135 ordered to stand part of the Bill.*

**Clause 136**

PRINCIPAL OBJECTIVE AND GENERAL DUTIES OF SECRETARY OF STATE AND GEMA UNDER PART 4

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

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

Clause 137 stand part.

That schedule 9 be the Ninth schedule to the Bill.

Clause 138 stand part.

Government amendment 18.

Clause 139 stand part.

**Andrew Bowie:** Clause 136 ensures that when carrying out various functions in relation to the ISOP under the Bill, the Secretary of State and Ofgem must have regard to their principal objective and general duties as defined in the Electricity Act 1989 and the Gas Act 1986. The principal objective of the Secretary of State and Ofgem can be characterised as protecting the interests of existing and future electricity and gas consumers. General duties include promoting effective competition in the energy sector, having regard to security of supply and securing a healthy energy market.

It is relatively common to extend the application of those principles where a new Act gives new, freestanding functions to the Secretary of State or Ofgem. The clause states that the Secretary of State must have regard to the principal objective and general duties when carrying out new functions relating to designation under clause 120 or when making an order that an existing transmission licence becomes the ISOP's electricity system operator licence.

Clause 137 introduces schedule 9, which contains necessary consequential amendments to the Gas Act and Electricity Act to enable the ISOP and its licensable activities to be integrated into the existing framework of the energy system regulated by Ofgem.

Clause 138 contains provisions on the interpretation of terms used in part 4 of the Bill. I draw hon. Members' attention in particular to subsection (3), which is intended to make it clear that whenever part 4 includes a proposition about the ISOP's functions, that is to be understood as applying to any and all of the ISOP's functions, whether provided by the Bill, by other legislation, or as functions ancillary to them.

Clause 139 concerns the limited regulation-making powers in part 4. Government amendment 18 is consequential on Government amendment 20, which we have already discussed. It ensures that regulations made by the Treasury under schedule 7(9) are not subject to the negative procedure. As these are financial regulations, the intention is for them to be laid before the House of Commons only and approved by the House of Commons alone.

**Dr Whitehead:** These measures are essentially consequential on those we have already discussed. I have no particular comment to make on them other than to say hooray; I am happy to let them go through undiscussed.

*Question put and agreed to.*

*Clause 136 accordingly ordered to stand part of the Bill.*

*Clause 137 ordered to stand part of the Bill.*

*Schedule 9 agreed to.*

*Clause 138 ordered to stand part of the Bill.*

### Clause 139

REGULATIONS UNDER PART 4

*Amendment made:* 18, in clause 139, page 122, line 32, at end insert—

"(2) Subsection (1) does not apply to regulations under paragraph 9 of Schedule 7."

*This amendment excludes regulations made by the Treasury under paragraph 9 of Schedule 7 from the provision about negative procedure in Parliament made by clause 139. This is consequential on Amendment 20.—(Andrew Bowie.)*

*Clause 139, as amended, agreed to.*

### New Clause 8

KEY DEFINITIONS

"(1) This section applies for the purposes of this Chapter.

(2) 'Carbon storage licence' means a licence granted, or having effect as if granted, by the OGA under section 18(1) of the Energy Act 2008 (and references to a 'licensee' are to a person who holds such a licence).

(3) 'Exploration operator', in relation to a carbon storage licence, means a person who is responsible for organising or supervising—

(a) the carrying on of exploration, within the area within which activities are authorised under the licence, with a view to, or in connection with, the carrying on of activities within section 17(2)(a) or (b) of the Energy Act 2008, or

(b) the establishment or maintenance in a controlled place (as defined in section 17 of the Energy Act 2008) of an installation for the purposes of such exploration.

(4) 'Carbon storage information' means information acquired or created by or on behalf of a licensee in the course of carrying out activities under the licensee's carbon storage licence.

(5) 'Carbon storage samples' means samples of substances acquired by or on behalf of a licensee in the course of carrying out activities under the licensee's carbon storage licence.

(6) 'Sanctionable requirement' means a requirement imposed on a person by or under a provision of this Chapter which, by virtue of the provision, is sanctionable in accordance with this Chapter.—*(Andrew Bowie.)*

*NC8 to NC28 and NS1 and NS2 make provision about carbon storage information and samples, and the powers of the OGA, corresponding to the provision made by Chapters 3, 5 and 6 of Part 2 of the Energy Act 2016 in respect of offshore petroleum. They are intended to form new Chapter 4A in Part 2. This new clause defines key terms for the purposes of the intended new Chapter.*

*Brought up, and read the First time.*

**Andrew Bowie:** I beg to move, That the clause be read a Second time.

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

Government new clause 9—*Retention of information and samples.*

Government new clause 10—*Preparation and agreement of information and samples plans.*

Government new clause 11—*Information and samples plans: supplementary.*

Government new clause 12—*Information and samples coordinators.*

Government new clause 13—*Power of OGA to require information and samples.*

Government new clause 14—*Prohibition on disclosure of information or samples by OGA.*

Government new clause 15—*Power of Secretary of State to require information and samples.*

Government new clause 16—*Power of OGA to give sanction notices.*

Government new clause 17—*Enforcement notices.*

Government new clause 18—*Financial penalty notices.*

Government new clause 19—*Revocation notices.*

Government new clause 20—*Operator removal notices.*

Government new clause 21—*Duty of OGA to give sanction warning notices.*

Government new clause 22—*Publication of details of sanctions.*

Government new clause 23—*Subsequent sanction notices.*

Government new clause 24—*Withdrawal of sanction notices.*

Government new clause 25—*Sanctions: information powers.*

Government new clause 26—*Appeals in connection with Chapter.*

Government new clause 27—*Procedure for enforcement decisions.*

Government new clause 28—*Interpretation of Chapter.*

Government new schedule 1—*Permitted disclosures of material obtained by OGA.*

Government new schedule 2—*Carbon storage information and samples: appeals.*

**Andrew Bowie:** New clause 8 provides the key definitions for the purposes of this new chapter, enabling the effective understanding of all carbon storage information and samples provisions. The powers provided by this chapter specifically support the Oil and Gas Authority, the business name of which is the North Sea Transition Authority, in its role as a regulator of carbon storage.

New clause 9 provides the Secretary of State with the power to make regulations on the retention of information and samples acquired by carbon storage licensees acting under the authority of the NSTA. The provisions will align carbon storage information requirements with existing petroleum licensing provisions, as established in the Energy Act 2016.

The specific type of information and samples that licensees will be required to retain will be set out in regulations. That will be alongside the form and manner in which they are to be retained, the period of retention and the events that trigger the commencement of such requirements. The various exploration, appraisal and monitoring activities that will be carried out on and under the seabed by carbon storage licence holders will yield important information, supporting the NSTA to carry out its regulatory functions.

New clauses 10 and 11 establish requirements for the preparation and agreement of information and samples plans. These are agreements between the NSTA and a carbon storage licence holder that set out what should happen to carbon storage information and samples held by the licence holder before the occurrence of certain carbon storage licence events. Provisions involving information and samples plans were introduced for petroleum licences in the Energy Act 2016. We therefore expect them to provide the same benefits for carbon storage licence events.

New clause 12 establishes provisions for the designation of information and samples co-ordinators, which will monitor compliance with obligations imposed under the new chapter, uphold the requirements of any information and samples plans, and help to protect against the risks of data loss during a licence event. Information and samples co-ordinators are expected to prove a valuable aid in respect of data reporting compliance. That is evident in the instrumental role they currently play in relation to petroleum licensees under the Energy Act 2016.

New clause 13 establishes powers for the NSTA to obtain information and samples collected through carbon storage activities to support its regulatory functions. This includes information and samples held by persons in accordance with regulations made under new clauses 9 and 10.

New clause 14 prohibits the NSTA from disclosing any information and samples it holds in accordance with the powers in this chapter, subject to the provisions of new schedule 1 and the power of the Secretary of State to obtain information from the NSTA in new clause 15. This will provide carbon storage licensees with the reassurance that any information and samples provided to the NSTA in support of their regulatory functions will not be allowed to be disclosed, except in specified circumstances.

New schedule 1 sets out the circumstances in which, to whom, and for what purposes the NSTA can disclose information. This includes providing for disclosure in accordance with regulations made by the Secretary of State that may permit protected material to be published, or made available to the public, after a specified period. The public disclosure of this information after a suitable period of confidentiality will support effective regulation by the NSTA.

New clause 15 provides powers to the Secretary of State to require information and samples held by, or on behalf of, the NSTA. It will align powers for carbon storage information and samples with the equivalent powers established for petroleum information and samples under the Energy Act 2016. This power will be used to enable the Secretary of State to carry out statutory functions, to monitor the performance of the NSTA, or to provide information for the purposes of parliamentary proceedings. Carbon storage licences return to the Government once storage sites have been closed for a designated period, and the Government are liable for any potential future leakage.

I turn now to new clauses 16 to 25. New clause 16 provides the NSTA with powers to issue sanction notices to persons who fail to comply with the requirements imposed on them under this chapter of the Bill. Such sanction notices can be in the form of an enforcement, a financial penalty, a revocation or operator removal notices. New clauses 17 to 20 make the necessary provisions for each of those types of notice. Importantly, new clause 21 places a requirement on the NSTA to issue a sanction warning notice ahead of any sanction notice that it proposes to issue under the powers established in new clause 16.

New clause 22 establishes that the NSTA may publish details of any sanction notices issued under new clause 16, including details of any sanction notice that is cancelled or withdrawn. New clause 22 also provides that the NSTA may not publish information that it considers to be commercially sensitive, not in the public interest or otherwise inappropriate to publish. New clause 23 places a restriction on the NSTA issuing more than one sanction notice in respect of the same contravention. New clause 24 provides the NSTA with the power to withdraw any sanction notices issued. Finally, new clause 25 enables the NSTA to require specified documents or information to support an investigation into whether a sanction notice ought to be provided under new clause 16.

*[Andrew Bowie]*

New clause 26 introduces new schedule 2 to the Bill. Alongside new schedule 22, new clause 26 provides for an appeal to be made to the first-tier tribunal against any decision made by the NSTA. This is in relation to the NSTA exercising its new power to require carbon storage information samples. As I am sure Committee members will agree, the right of appeal for licence holders is a necessary and important part of conferring new regulatory powers on the NSTA.

New clause 27 will require the NSTA to determine and publish the procedure it proposes to follow in its decision making when issuing a sanction notice under new clause 16, which ensures public transparency in how the NSTA will enforce the sanctionable requirements and provides clarity for licence holders in respect of the NSTA's procedures.

Finally, new clause 28 provides definitions to aid the interpretation of the provisions relating to carbon storage information samples detailed in this chapter. The definitions cross-reference the relevant existing legislation where appropriate.

**Dr Whitehead:** This group consists primarily of new clauses that the Government introduced. A substantial number of new clauses relate to the very sensible business of securing samples and various other things that can be of use in the regulation of the process and quality control, and in various other things relating to carbon capture and storage activity. So far, so good. These are certainly sensible clauses that establish arrangements for disputes and various other things, such as sanctions for when samples are not properly provided and so on—all good stuff.

However, there is an important point about the collection and retention of samples, as set out in the factsheet, which was subsequently published, that the Minister kindly provided me with when he said he intended to produce these new clauses. By the way, the factsheet refers to the NSTA, but the legislation refers to the OGA—again, maybe that is something we can discuss later. The Government say:

"We are legislating to provide the NSTA with appropriate powers to require carbon storage licensees to retain and report information and samples gathered as part of activities associated with the geological storage of carbon dioxide, and to enable the NSTA to publicly disclose this information after a suitable confidentiality period."

I understand and appreciate the need for a suitable confidentiality period, but it is really important that the samples and data collections are available publicly for the greater benefit of the sector as a whole, in terms of its future development of carbon capture and storage. Government new clause 14 has a fairly fierce title: "Prohibition on disclosure of information or samples by OGA". It effectively prohibits disclosure except under slightly unclear circumstances set out in new schedule 1, which states that the material may nevertheless be published and put into the public domain, but there is no real definition of how that may be done.

1 pm

The factsheet states:

"after a suitable confidentiality period";

how limited might that period be? If the OGA, having properly stored and sorted out samples, retains them for a considerable period, and they remain confidential throughout a considerable period of the development of carbon capture and storage in the North sea, the general development of carbon capture and storage may be materially slowed, whereas if the Government propose to apply the minimum confidentiality period that accords with the immediate issues relating to confidentiality, that is a much better position.

There is also, in the new schedule, the issue of consent and agreement to the release of samples by the people who gave the samples to the OGA. There is no definition, as far as I can see, of unreasonably withholding consent. Conceivably, a company could provide samples that are subject to a confidentiality period but then state, "We will not give our consent to publication for a while." The Minister's powers to override that are rather uncertain. I am not really clear about how the procedure can best ensure publication, as the factsheet says it should, and how it will work towards the speedy development of carbon capture and storage.

**Andrew Bowie:** As ever, I do not have all the information the hon. Gentleman is asking for at my fingertips, but I am happy to write to him with more detail on exactly how we will proceed.

On information samples being stored, and how they are publicly disclosed, as in the petroleum industry, the reporting of information to the North Sea Transition Authority will allow it to be securely stored in the NSTA controlled online data systems, such as the national data repository, or as open data in the NSTA data centre, which are both accessible via any internet browser.

Information in the national data repository becomes publicly accessible, online, upon disclosure. All information in the NSTA open data centre is disclosed information and is publicly accessible online. Reported samples are held by the British Geological Survey on behalf of NSTA. Disclosed geological samples are physically accessible by the public at the British Geological Survey geological sample storage facility in Nottinghamshire.

The hon. Gentleman asks why we are not fully changing the name of the OGA to the NSTA. We understand that the name change is important. We are considering legislative options for amending the statutory name of the Oil and Gas Authority. However, as was outlined in the other place, if we legislatively changed the OGA's name to the NSTA, we would need to address all the instances in which the OGA is mentioned in primary and secondary legislation, and any partial name change could undermine or change the North Sea Transition Authority's statutory functions, powers and objectives. I promise that I will write to the hon. Gentleman will more information on the other points he raised.

*Question put and agreed to.*

*New clause 8 accordingly read a Second time, and added to the Bill.*

**New Clause 9**

RETENTION OF INFORMATION AND SAMPLES

"(1) Regulations made by the Secretary of State may require—

(a) specified licensees to retain specified carbon storage information;

(b) specified licensees to retain specified carbon storage samples.

(2) 'Specified' means specified, or of a description specified, in regulations under this section.

(3) Regulations under this section may include provision about—

(a) the form or manner in which information or samples are to be retained;

(b) the period for which information or samples are to be retained;

(c) the event that triggers the commencement of that period.

(4) Regulations under this section may provide for requirements imposed by the regulations to continue following a termination of rights under the licensee's carbon storage licence (whether by transfer, surrender, expiry or revocation and whether in relation to all or only part of the licence).

(5) Regulations under this section may not impose requirements which have effect in relation to particular carbon storage information or particular carbon storage samples at any time when an information and samples plan dealing with the information or samples has effect.

(6) Requirements imposed by regulations under this section are sanctionable in accordance with this Chapter.

(7) Before making regulations under this section, the Secretary of State must consult each licensing authority that may under section 18(1) of the Energy Act 2008 grant a licence in respect of the carrying on, in a place to which the regulations would apply, of activities within section 17(2) of that Act.

(8) Regulations under this section are subject to the negative procedure."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), enables the Secretary of State to make regulations about the retention of information acquired or created, or samples acquired, by or on behalf of the holder of a carbon storage licence.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 10

PREPARATION AND AGREEMENT OF INFORMATION AND SAMPLES PLANS

"(1) The responsible person must prepare an information and samples plan in connection with any of the following (each 'a licence event')—

(a) where a licensee is a company, a change in control of the company within the meaning of paragraph 6 of Schedule 1 to the Carbon Dioxide (Licensing etc.) Regulations 2010 (S.I. 2010/2221) (inserted by Schedule 6 to this Act);

(b) a change in the identity of—

(i) the exploration operator under a carbon storage licence, or

(ii) where a storage permit has been granted under a carbon storage licence, the operator in relation to the storage permit (within the meaning of regulation 1(3) of the Carbon Dioxide (Licensing etc.) Regulations 2010);

(c) a transfer of rights under a carbon storage licence, whether in relation to all or part of the area in respect of which the licence was granted;

(d) a surrender of rights under a carbon storage licence in relation to all of the area in respect of which the licence was granted, or in relation to so much of that area in respect of which the licence continues to have effect;

(e) the expiry of a carbon storage licence;

(f) the termination of a carbon storage licence;

(g) the revocation of a storage permit.

(2) 'Responsible person', in relation to a licence event, means the person who is or was, or the persons who are or were, the licensee in respect of the relevant licence immediately before the licence event.

(3) 'Relevant licence', in relation to a licence event, means the carbon storage licence in respect of which the licence event occurs.

(4) 'Information and samples plan', in relation to a licence event, means a plan dealing with what is to happen, following the event, to—

(a) carbon storage information held by the responsible person before the event, and

(b) carbon storage samples held by that person before the event.

(5) The responsible person must agree the information and samples plan with the OGA—

(a) in the case of a licence event mentioned in subsection (1)(a), (b), (c), (d) or (e), before the licence event takes place, or

(b) in the case of a licence event mentioned in subsection (1)(f) or (g), within a reasonable period after the termination of the carbon storage licence or revocation of the storage permit.

(6) An information and samples plan has effect once it is agreed with the OGA.

(7) If an information and samples plan is not agreed with the OGA as mentioned in subsection (5)(a) or (b), the OGA—

(a) may itself prepare an information and samples plan in connection with the licence event, and

(b) may require the responsible person to provide it with such information as the OGA may require to enable it to do so.

(8) The OGA must inform the responsible person of the terms of any information and samples plan it prepares in connection with a licence event.

(9) Where the OGA—

(a) prepares an information and samples plan in connection with a licence event, and

(b) informs the responsible person of the terms of the plan,

the plan has effect as if it had been prepared by the responsible person and agreed with the OGA.

(10) Where an information and samples plan has effect in connection with a licence event, the responsible person must comply with the plan.

(11) The requirements imposed by subsection (5) and (10), or under subsection (7)(b), are sanctionable in accordance with this Chapter."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about the preparation and agreement of plans dealing with what is to happen to carbon storage information and samples following certain events.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 11

INFORMATION AND SAMPLES PLANS: SUPPLEMENTARY

"(1) Where an information and samples plan has effect in relation to a licence event, the OGA and the responsible person may agree changes to the plan.

(2) Once changes are agreed, the plan has effect subject to those changes.

(3) Where—

(a) two or more persons are the responsible person in relation to a licence event, and

(b) those persons include a company that has, since the licence event, been dissolved,

the reference to the responsible person in subsection (1) does not include that company.

(4) An information and samples plan, in relation to a licence event, may provide as appropriate for—

(a) the retention, by the responsible person, of any carbon storage information or carbon storage samples held by or on behalf of that person before the licence event,

(b) the transfer of any such information or samples to a new licensee, or

(c) appropriate storage of such information or samples.

(5) Where an information and samples plan makes provision under subsection (4) for a person, other than the responsible person, to hold information or samples in accordance with the plan—

(a) the plan may, with the consent of that other person, impose requirements on that person in connection with the information and samples, and

(b) any such requirements are sanctionable in accordance with this Chapter.

(6) An information and samples plan prepared by the OGA under section (Preparation and agreement of information and samples plans) may not include provision under subsection (4)(b) for the transfer of information or samples to another person without the consent of the responsible person.

(7) An information and samples plan may provide for the storage of information or samples as mentioned in subsection (4)(c) to be the responsibility of the OGA.

(8) Where a transfer of rights under a carbon storage licence relates to only part of the area in relation to which the licence was granted, the information and samples plan prepared in connection with the transfer is to relate to all carbon storage information and carbon storage samples held by the responsible person before the licence event, and not only information and samples in respect of that part of the area.

(9) In this section, 'licence event' and 'responsible person' have the same meaning as in section (Preparation and agreement of information and samples plans).''—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision supplementing the provision about information and samples plans made by NC10.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 12

INFORMATION AND SAMPLES COORDINATORS

''(1) A person within subsection (2) (a 'relevant person') must—

(a) appoint an individual to act as an information and samples coordinator, and

(b) notify the OGA of that individual's name and contact details.

(2) The following persons are within this subsection—

(a) a licensee, and

(b) an exploration operator under a carbon storage licence.

(3) The information and samples coordinator is to be responsible for monitoring the relevant person's compliance with its obligations under this Chapter.

(4) A relevant person must comply with subsection (1) within a reasonable period after—

(a) the date on which this section comes into force, if the person is a relevant person on that date, or

(b) becoming a relevant person, in any other case.

(5) The relevant person must notify the OGA of any change in the identity or contact details of the information and samples coordinator within a reasonable period of the change taking place.

(6) The requirements imposed by this section are sanctionable in accordance with this Chapter.''—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision requiring licensees and exploration operators to appoint an individual (an information and samples coordinator) to be responsible for monitoring their compliance with obligations imposed by or under the intended new Chapter.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 13

POWER OF OGA TO REQUIRE INFORMATION AND SAMPLES

''(1) The OGA may by notice in writing, for the purpose of carrying out any of its functions under Chapter 3 of Part 1 of the Energy Act 2008 (storage of carbon dioxide), require—

(a) a licensee to provide it with any carbon storage information, or a portion of any carbon storage sample, held by or on behalf of the licensee;

(b) a person who holds information or samples in accordance with an information and samples plan to provide it with any such information or a portion of any such sample.

(2) The notice must specify—

(a) the form or manner in which the information or the portion of a sample must be provided;

(b) the time at which, or period within which, the information or the portion of a sample must be provided.

(3) Information requested under subsection (1) may not include items subject to legal privilege.

(4) Requirements imposed by a notice under this section are sanctionable in accordance with this Chapter.

(5) Where a person provides information or a portion of a sample to the OGA in accordance with a notice under this section, any requirements imposed on the person in respect of that information or sample by regulations under section (Retention of information and samples) are unaffected.''—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about the power of the OGA to require licensees and certain other persons to provide it with any carbon storage information or samples they hold (or that are held on their behalf).*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 14

PROHIBITION ON DISCLOSURE OF INFORMATION OR SAMPLES BY OGA

''(1) Protected material must not be disclosed—

(a) by the OGA, or

(b) by a subsequent holder,

except in accordance with section (Power of Secretary of State to require information and samples) or Schedule (Permitted disclosures of material obtained by OGA).

(2) In this section and in Schedule (Permitted disclosures of material obtained by OGA)—

'protected material' means information or samples which have been obtained by the OGA under section (Power of OGA to require information and samples) or (Sanctions: information powers);

'subsequent holder', in relation to protected material, means a person holding protected material who has received it directly or indirectly from the OGA by virtue of a disclosure, or disclosures, in accordance with Schedule (Permitted disclosures of material obtained by OGA).

(3) References to disclosing protected material include references to making the protected material available to other persons (where the protected material includes samples).''—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision prohibiting the disclosure by the OGA of information and samples obtained under NC13 except in accordance with NS1 or with a requirement imposed by the Secretary of State under NC15.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 15

POWER OF SECRETARY OF STATE TO REQUIRE INFORMATION AND SAMPLES

"(1) The Secretary of State may require the OGA to provide the Secretary of State with such information or samples held by or on behalf of the OGA as the Secretary of State may require for the purpose of—

(a) carrying out any function conferred by or under any Act,

(b) monitoring the OGA's performance of its functions, or

(c) any Parliamentary proceedings.

(2) The Secretary of State may use information or samples acquired under subsection (1) ('acquired material') only for the purpose for which it is provided.

(3) Acquired material must not be disclosed—

(a) by the Secretary of State, or

(b) by a subsequent holder,

except in accordance with this section.

(4) For the purposes of subsection (3)(b), 'subsequent holder', in relation to acquired material, means a person who receives acquired material directly or indirectly from the Secretary of State by virtue of a disclosure, or disclosures, in accordance with this section.

(5) Subsection (3) does not prohibit the Secretary of State from disclosing acquired material so far as necessary for the purpose for which it was provided.

(6) Subsection (3) does not prohibit a disclosure of acquired material if—

(a) the disclosure is required by virtue of an obligation imposed by or under any Act, or

(b) the OGA consents to the disclosure and, where the acquired material in question was provided to the OGA by or on behalf of another person, confirms that that person also consents to the disclosure.

(7) References in this section to disclosing acquired material include references to making the acquired material available to other persons (where the acquired material includes samples)."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision, corresponding to the provision made by section 11 of the Energy Act 2016, about the power of the Secretary of State to require the provision of carbon storage information or samples held by or on behalf of the OGA.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 16

POWER OF OGA TO GIVE SANCTION NOTICES

"(1) If the OGA considers that a person has failed to comply with a sanctionable requirement imposed on the person, it may give the person a sanction notice in respect of that failure.

(2) If the OGA considers that there has a been a failure to comply with a sanctionable requirement imposed jointly on two or more persons, it may give a sanction notice in respect of that failure—

(a) to one only of those persons (subject to section (Revocation notices)(2)),

(b) jointly to two or more of them, or

(c) jointly to all of them,

but it may not give separate sanction notices to each of them in respect of the failure.

(3) In this Chapter 'sanction notice' means—

(a) an enforcement notice (see section (Enforcement notices)),

(b) a financial penalty notice (see section (Financial penalty notices)),

(c) a revocation notice (see section (Revocation notices)), or

(d) an operator removal notice (see section (Operator removal notices)).

(4) Sanction notices, other than enforcement notices, may be given in respect of a failure to comply with a sanctionable requirement even if, at the time the notice is given, the failure to comply has already been remedied.

(5) Where the OGA gives a sanction notice to a person in respect of a particular failure to comply with a sanctionable requirement—

(a) it may, at the same time, give another type of sanction notice to the person in respect of that failure to comply;

(b) it may give subsequent sanction notices in respect of that failure only in accordance with section (Subsequent sanction notices) (subsequent sanction notices).

(6) The OGA's power to give sanction notices under this section is subject to section (Duty of OGA to give sanction warning notices) (duty of OGA to give sanction warning notices).

(7) Where the OGA gives a sanction notice to a licensee in respect of a failure to comply with a sanctionable requirement—

(a) the matter is to be dealt with in accordance with this Chapter, and

(b) any requirement under the licensee's carbon storage licence to deal with the matter in a certain way (including by arbitration) does not apply in respect of that failure to comply."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about the power of the OGA to give sanction notices to persons who have failed to comply with requirements imposed on them by or under the intended new Chapter.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 17

ENFORCEMENT NOTICES

"(1) An enforcement notice is a notice which—

(a) specifies the sanctionable requirement in question,

(b) gives details of the failure to comply with the requirement, and

(c) informs the person or persons to whom the notice is given that the person or persons must comply with—

(i) the sanctionable requirement, and

(ii) any directions included in the notice as mentioned in subsection (2),

before the end of the period specified in the notice.

(2) The notice may include directions as to the measures to be taken for the purposes of compliance with the sanctionable requirement.

(3) Requirements imposed by directions included in an enforcement notice as mentioned in subsection (2) are sanctionable in accordance with this Chapter."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about enforcement notices (notices requiring a person to take measures for the purposes of complying with a requirement imposed by or under the new Chapter), which may be given by the OGA under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 18

FINANCIAL PENALTY NOTICES

"(1) A financial penalty notice is a notice which—

(a) specifies the sanctionable requirement in question,

(b) gives details of the failure to comply with the requirement, and

(c) informs the person or persons to whom the notice is given that the person or persons must—

(i) comply with the sanctionable requirement before the end of a period specified in the notice, where it is appropriate to require such compliance and the failure to comply with the requirement has not already been remedied at the time the notice is given, and

(ii) pay the OGA a financial penalty of the amount specified in the notice before the end of a period specified in the notice.

(2) The period specified under subsection (1)(c)(ii) must not end earlier than the end of the period of 28 days beginning with the day on which the financial penalty notice is given.

(3) The financial penalty payable under a financial penalty notice in respect of a failure to comply with a sanctionable requirement (whether payable by one person, or jointly by two or more persons) must not exceed £1 million.

(4) If a financial penalty notice is given jointly to two or more persons, those persons are jointly and severally liable to pay the financial penalty under it.

(5) A financial penalty payable under a financial penalty notice is to be recoverable as a civil debt if it is not paid before the end of the period specified under subsection (1)(c)(ii).

(6) The OGA must—

(a) issue guidance as to the matters to which it will have regard when determining the amount of the financial penalty to be imposed by a financial penalty notice, and

(b) have regard to the guidance when determining the amount of the penalty in any particular case.

(7) The OGA may from time to time review guidance issued under subsection (6)(a) and, if it considers appropriate, revise it.

(8) Before issuing or revising guidance under this section, the OGA must consult such persons as it considers appropriate.

(9) The OGA must—

(a) lay any guidance issued under this section, and any revision of it, before each House of Parliament;

(b) publish any guidance issued under this section, and any revision of it, in such manner as the OGA considers appropriate.

(10) The Secretary of State may by regulations subject to the affirmative procedure amend subsection (3) to change the amount specified to an amount not exceeding £5 million.

(11) Money received by the OGA under a financial penalty notice must be paid into the Consolidated Fund."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about financial penalty notices (notices requiring a person to pay a financial penalty for failure to comply with a requirement imposed by or under the intended new Chapter), which may be given by the OGA under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 19

REVOCATION NOTICES

"(1) A revocation notice may be given only in respect of a failure to comply with a sanctionable requirement imposed on a licensee in that capacity.

(2) Where two or more persons are the licensee in respect of a carbon storage licence, the revocation notice must be given jointly to all of those persons.

(3) A revocation notice is a notice which—

(a) specifies the sanctionable requirement in question,

(b) gives details of the failure to comply with the requirement,

(c) informs the person or persons to whom the notice is given that—

(i) where no storage permit has been granted under the carbon storage licence, the licence is to be terminated, or

(ii) where a storage permit has been granted under the carbon storage licence, the permit is to be revoked,

on the date specified in the notice ('the revocation date').

(4) The revocation date must not be earlier than the end of the period of 28 days beginning with the day on which the revocation notice is given.

(5) A revocation notice may not be given in circumstances where the carbon storage licence to be terminated, or the storage permit to be revoked, in accordance with the notice is one which, on the date the notice is given, the OGA would not have the power to grant.

(6) Where a carbon storage licence is terminated in accordance with a revocation notice—

(a) the rights granted to the licensee by the licence cease on the revocation date;

(b) the revocation does not affect any obligation or liability imposed on or incurred by the licensee under the terms and conditions of the licence;

(c) the terms and conditions of the licence apply as if the licence had been terminated in accordance with those terms and conditions, subject to section (Power of OGA to give sanction notices)(7)(b).

(7) Where a storage permit is revoked in accordance with a revocation notice—

(a) the authorisation granted by the storage permit ceases on the revocation date;

(b) the revocation does not affect any obligation or liability imposed or incurred under the terms and conditions of the storage permit;

(c) the terms and conditions of the carbon storage licence apply as if the storage permit had been revoked in accordance with those terms and conditions, subject to section (Power of OGA to give sanction notices)(7)(b)."
—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about revocation notices (notices terminating a carbon storage licence, or a storage permit, where a licensee has failed to comply with a requirement imposed by or under the intended new Chapter), which may be given by the OGA under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 20

OPERATOR REMOVAL NOTICES

"(1) An operator removal notice may be given only in respect of a failure to comply with a sanctionable requirement imposed on an exploration operator under a carbon storage licence in that capacity.

(2) An operator removal notice is a notice which—

(a) specifies the sanctionable requirement,

(b) gives details of the failure to comply with the requirement, and

(c) informs the exploration operator to whom it is given that, with effect from a date specified in the notice ('the removal date'), the licensee under whose carbon storage licence the exploration operator operates ('the relevant licensee') is to be required to remove the exploration operator (see subsection (4)).

(3) The OGA must—

(a) give a copy of the operator removal notice to the relevant licensee, and

(b) require the relevant licensee to remove the exploration operator with effect from the removal date.

(4) Where a licensee is required to remove an exploration operator from a specified date, the licensee must ensure that, with effect from that date, the exploration operator does not exercise any function of organising or supervising any of the activities referred to in paragraphs (a) and (b) of section (Key definitions)(3).

(5) The removal date must not be earlier than the end of the period of 28 days beginning with the day on which the operator removal notice is given.

(6) An operator removal notice may not be given in circumstances where the carbon storage licence under which the exploration operator operates is one which, on the date the notice is given, the OGA would not have the power to grant.

(7) A requirement imposed on a licensee under subsection (3)(b) is sanctionable in accordance with this Chapter." *—(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about operator removal notices (notices requiring a licensee to remove an exploration operator who has failed to comply with a requirement imposed by or under the intended new Chapter), which may be given by the OGA under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 21

DUTY OF OGA TO GIVE SANCTION WARNING NOTICES

"(1) This section applies where the OGA proposes to give a sanction notice in respect of a failure to comply with a sanctionable requirement.

(2) The OGA must give a sanction warning notice in respect of the sanctionable requirement to—

(a) the person or persons to whom it proposes to give a sanction notice, and

(b) where it proposes to give an operator removal notice, the relevant licensee (see section (Operator removal notices)(2)(c)).

(3) A sanction warning notice, in respect of a sanctionable requirement, is a notice which—

(a) specifies the sanctionable requirement,

(b) informs the person or persons to whom it is given that the OGA proposes to give a sanction notice in respect of a failure to comply with the requirement,

(c) gives details of the failure to comply with the sanctionable requirement, and

(d) informs the person or persons to whom it is given that the person or persons may, within the period specified in the notice ('the representations period'), make representations to the OGA in relation to the matters dealt with in the notice.

(4) The representations period must be such period as the OGA considers appropriate in the circumstances.

(5) Subsections (6) and (7) apply where the OGA gives a sanction warning notice to a person or persons in respect of a sanctionable requirement.

(6) The OGA must not give a sanction notice to the person or persons in respect of a failure to comply with the requirement until after the end of the representations period specified in the sanction warning notice.

(7) Having regard to representations made during the representations period specified in the sanction warning notice, the OGA may decide—

(a) to give the person or persons a sanction notice in respect of the failure to comply with the requirement detailed in the sanction warning notice under subsection (3)(c),

(b) to give the person or persons a sanction notice in respect of a failure to comply with the requirement which differs from the failure detailed in the sanction warning notice under subsection (3)(c), or

(c) not to give the person or persons a sanction notice in respect of a failure to comply with the requirement." *—(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about the duty of the OGA to give a sanction warning notice where it proposes to give a sanction notice under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 22

PUBLICATION OF DETAILS OF SANCTIONS

"(1) The OGA may publish details of any sanction notice given in accordance with this Chapter.

(2) But the OGA may not publish anything that, in its opinion—

(a) is commercially sensitive,

(b) is not in the public interest to publish, or

(c) is otherwise not appropriate for publication.

(3) If, after details of a sanction notice are published by the OGA, the sanction notice is—

(a) cancelled on appeal, or

(b) withdrawn under section (Withdrawal of sanction notices),

the OGA must publish details of the cancellation or withdrawal." *—(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about the publication by the OGA of details of sanctions notices given under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 23

SUBSEQUENT SANCTION NOTICES

"(1) This section applies where the OGA gives a sanction notice in respect of a particular failure to comply with a sanctionable requirement (whether the notice is given alone or at the same time as another type of sanction notice).

(2) If the sanction notice given is a revocation notice or an operator removal notice, no further sanction notices may be given in respect of the failure to comply.

(3) If the sanction notice given is a financial penalty notice which does not require compliance with the sanctionable requirement, no further sanction notices may be given in respect of the failure to comply.

(4) Subsection (5) applies if the sanction notice given is—

(a) an enforcement notice, or

(b) a financial penalty notice which requires compliance with the sanctionable requirement.

(5) No further sanction notices may be given in respect of the failure to comply before the end of the period specified under section (Enforcement notices)(1)(c) or (Financial penalty notices)(1)(c)(i), as the case may be (period for compliance with sanctionable requirement)."*—(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision restricting the power of the OGA under NC16 to give more than one sanction notice in respect of the same failure.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 24

WITHDRAWAL OF SANCTION NOTICES

"(1) The OGA may, at any time after giving a sanction notice, withdraw the sanction notice.

(2) If a sanction notice is withdrawn by the OGA—

(a) the notice ceases to have effect, and

(b) the OGA must notify the following persons of the withdrawal of the notice—

(i) the person or persons to whom the notice was given;

(ii) in the case of an operator removal notice, the licensee under whose carbon storage licence the exploration operator operates."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about the withdrawal of sanction notices given by the OGA under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 25

SANCTIONS: INFORMATION POWERS

"(1) This section applies for the purposes of an investigation which—

(a) concerns whether a person has failed to comply with a sanctionable requirement, and

(b) is carried out by the OGA for the purpose of enabling it to decide whether to give the person a sanction notice, or on what terms a sanction notice should be given to the person.

(2) The OGA may by notice in writing, for the purposes of that investigation, require the person to provide specified documents or other information.

(3) 'Specified' means specified, or of a description specified, in a notice under this section.

(4) A requirement under subsection (2) applies only to the extent—

(a) that the documents requested are documents in the person's possession or control, or

(b) that the information requested is information in the person's possession or control.

(5) A requirement imposed by a notice under subsection (2) is sanctionable in accordance with this Chapter.

(6) The documents or information requested—

(a) may include documents or information held in any form (including in electronic form);

(b) may include documents or information that may be regarded as commercially sensitive;

(c) may not include items that are subject to legal privilege.

(7) The notice must specify—

(a) to whom the information is to be provided;

(b) where it is to be provided;

(c) when it is to be provided;

(d) the form and manner in which it is to be provided."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about the power of the OGA to require the provision of information for the purposes of an investigation carried out to enable it to decide whether to give a person a sanction notice under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 26

APPEALS IN CONNECTION WITH CHAPTER

"In Schedule (Carbon storage information and samples: appeals)—

(a) Part 1 contains provision about appeals against decisions by the OGA relating to the preparation of an information and samples plan and appeals against the giving of a notice under section (Power of OGA to require information and samples), and

(b) Part 2 contains provision about appeals against the imposition of sanction notices and appeals against the giving of a notice under section (Sanctions: information powers)."—*(Andrew Bowie.)*

*This new clause introduces NS2, which contains provision about appeals in connection with the new Chapter intended to be formed by NC8 to NC28 (see the explanatory statement for NC8).*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 27

PROCEDURE FOR ENFORCEMENT DECISIONS

"(1) The OGA—

(a) must determine the procedure that it proposes to follow in relation to enforcement decisions, and

(b) must issue a statement of its proposals.

(2) The procedure mentioned in subsection (1)(a) must be designed to secure, among other things, that an enforcement decision is taken—

(a) by a person falling within subsection (3), or

(b) by two or more persons, each of whom falls within subsection (3).

(3) A person falls within this subsection if the person was not directly involved in establishing the evidence on which the enforcement decision is based.

(4) The statement mentioned in subsection (1)(b) must be published in whatever way appears to the OGA to be best calculated to bring the statement to the attention of the public.

(5) When the OGA takes an enforcement decision, the OGA must follow its stated procedure.

(6) If the OGA changes its procedure in a material way, it must publish a revised statement.

(7) A failure of the OGA in a particular case to follow its procedure as set out in the latest published statement does not affect the validity of an enforcement decision taken in that case.

(8) But subsection (7) does not prevent the Tribunal from taking into account any such failure in considering an appeal under paragraph 4 or 5 of Schedule (Carbon storage information and samples: appeals) in relation to a sanction notice.

(9) In this section, 'enforcement decision' means—

(a) a decision to give a sanction notice in respect of a failure to comply with a sanctionable requirement, or

(b) a decision as to the details of the sanction to be imposed by the notice."—*(Andrew Bowie.)*

*This new clause, which is intended to form part of new Chapter 4A in Part 2 (see the explanatory statement for NC8), makes provision about the procedure for the taking of decisions by the OGA in relation to the giving of sanction notices under NC16.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 28

INTERPRETATION OF CHAPTER

"In this Chapter—

'information and samples plan' has the meaning given in section (Preparation and agreement of information and samples plans);

'items subject to legal privilege' —

(a) in England and Wales, has the same meaning as in the Police and Criminal Evidence Act 1984 (see section 10 of that Act);

(b) in Scotland, has the meaning given by section 412 of the Proceeds of Crime Act 2002;

(c) in Northern Ireland, has the same meaning as in the Police and Criminal Evidence (Northern Ireland) Order 1989 (S.I. 1989/1341 (NI 12));

'OGA' means the Oil and Gas Authority;

'protected material' has the meaning given in section (Prohibition on disclosure of information or samples obtained by OGA);

'sanction notice' has the meaning given in section (Power of OGA to give sanction notices);

'storage permit' has the same meaning as in the Storage of Carbon Dioxide (Licensing etc) Regulations 2010 (S.I. 2010/2221) (see regulation 1(3) of those Regulations);

'subsequent holder' has the meaning given in section (Prohibition on disclosure of information or samples obtained by OGA);

'Tribunal' means the First-tier tribunal."—*(Andrew Bowie.)*

*This new clause makes provision about the interpretation of the new Chapter intended to be formed by NC8 to NC28 (including NS1 and NS2): see the explanatory statement for NC8.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 29

### Designation of hydrogen transport counterparty

"(1) The Secretary of State may by notice given to a person designate the person to be a counterparty for hydrogen transport revenue support contracts.

(2) A 'hydrogen transport revenue support contract' is a contract to which a hydrogen transport counterparty is a party and which was entered into by a hydrogen transport counterparty in pursuance of a direction given to it under section (Direction to offer to contract with eligible hydrogen transport provider)(1).

(3) A person designated under subsection (1) is referred to in this Chapter as a 'hydrogen transport counterparty'.

(4) A designation may be made only with the consent of the person designated (except where that person is the Secretary of State).

(5) The Secretary of State may exercise the power of designation so that more than one designation has effect under subsection (1), but only if the Secretary of State considers it necessary for the purposes of ensuring that—

(a) liabilities under a hydrogen transport revenue support contract are met,

(b) arrangements entered into for purposes connected to a hydrogen transport revenue support contract continue to operate, or

(c) directions given to a hydrogen transport counterparty continue to have effect.

(6) As soon as reasonably practicable after a designation ceases to have effect, the Secretary of State must make one or more transfer schemes under section 82 to ensure the transfer of all rights and liabilities under any hydrogen transport revenue support contract to which the person who has ceased to be a hydrogen transport counterparty was a party.

(7) In this Chapter 'hydrogen transport provider' means a person who carries on (or is to carry on) in the United Kingdom activities of transporting hydrogen.

(8) In subsection (7) the reference to carrying on activities in the United Kingdom includes carrying on activities in, above or below—

(a) the territorial sea adjacent to the United Kingdom;

(b) waters in a Renewable Energy Zone (within the meaning of Chapter 2 of Part 2 of the Energy Act 2004);

(c) waters in a Gas Importation and Storage Zone (within the meaning given by section 1 of the Energy Act 2008).

(9) In subsection (7) 'transporting hydrogen' includes transporting a compound, of which hydrogen is an element, which revenue support regulations specify as a qualifying compound for the purposes of this section."—*(Andrew Bowie.)*

*This new clause and NC30, NC31 and NC32 (which are intended to be inserted after clause 60) enable the Secretary of State to designate a counterparty and direct it to offer to contract with hydrogen transport providers or (as the case may be) with hydrogen storage providers.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 30

### Direction to offer to contract with eligible hydrogen transport provider

"(1) The Secretary of State may, in accordance with any provision made by revenue support regulations, direct a hydrogen transport counterparty to offer to contract with an eligible hydrogen transport provider specified in the direction, on terms specified in the direction.

(2) Revenue support regulations may make further provision about a direction under this section and in particular about—

(a) the circumstances in which a direction may or must be given;

(b) the terms that may or must be specified in a direction.

(3) Provision falling within subsection (2) may include provision for calculations or determinations to be made under the regulations, including by such persons, in accordance with such procedure and by reference to such matters and to the opinion of such persons, as may be specified in the regulations.

(4) Revenue support regulations must make provision for determining the meaning of 'eligible' in relation to a hydrogen transport provider."—*(Andrew Bowie.)*

*See the explanatory statement for NC29.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 31

### Designation of hydrogen storage counterparty

"(1) The Secretary of State may by notice given to a person designate the person to be a counterparty for hydrogen storage revenue support contracts.

(2) A 'hydrogen storage revenue support contract' is a contract to which a hydrogen storage counterparty is a party and which was entered into by a hydrogen storage counterparty in pursuance of a direction given to it under section (Direction to offer to contract with eligible hydrogen storage provider)(1).

(3) A person designated under subsection (1) is referred to in this Chapter as a 'hydrogen storage counterparty'.

(4) A designation may be made only with the consent of the person designated (except where that person is the Secretary of State).

(5) The Secretary of State may exercise the power of designation so that more than one designation has effect under subsection (1), but only if the Secretary of State considers it necessary for the purposes of ensuring that—

(a) liabilities under a hydrogen storage revenue support contract are met,

(b) arrangements entered into for purposes connected to a hydrogen storage revenue support contract continue to operate, or

(c) directions given to a hydrogen storage counterparty continue to have effect.

(6) As soon as reasonably practicable after a designation ceases to have effect, the Secretary of State must make one or more transfer schemes under section 82 to ensure the transfer of all rights and liabilities under any hydrogen storage revenue support contract to which the person who has ceased to be a hydrogen storage counterparty was a party.

(7) In this Chapter 'hydrogen storage provider' means a person who carries on (or is to carry on) in the United Kingdom activities of storing hydrogen.

(8) In subsection (7) the reference to carrying on activities in the United Kingdom includes carrying on activities in, above or below—

(a) the territorial sea adjacent to the United Kingdom;

(b) waters in a Renewable Energy Zone (within the meaning of Chapter 2 of Part 2 of the Energy Act 2004);

(c) waters in a Gas Importation and Storage Zone (within the meaning given by section 1 of the Energy Act 2008).

(9) In subsection (7) 'storing hydrogen' includes storing a compound, of which hydrogen is an element, which revenue support regulations specify as a qualifying compound for the purposes of this section.'—*(Andrew Bowie.)*

*See the explanatory statement for NC29.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 32

### Direction to offer to contract with eligible hydrogen storage provider

"(1) The Secretary of State may, in accordance with any provision made by revenue support regulations, direct a hydrogen storage counterparty to offer to contract with an eligible hydrogen storage provider specified in the direction, on terms specified in the direction.

(2) Revenue support regulations may make further provision about a direction under this section and in particular about—

(a) the circumstances in which a direction may or must be given;

(b) the terms that may or must be specified in a direction.

(3) Provision falling within subsection (2) may include provision for calculations or determinations to be made under the regulations, including by such persons, in accordance with such procedure and by reference to such matters and to the opinion of such persons, as may be specified in the regulations.

(4) Revenue support regulations must make provision for determining the meaning of 'eligible' in relation to a hydrogen storage provider."—*(Andrew Bowie.)*

*See the explanatory statement for NC29.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 52

### Principal objectives of Secretary of State and GEMA

"(1) Section 4AA of the Gas Act 1986 (principal objective and general duties of Secretary of State and GEMA) is amended as set out in subsections (2) and (3).

(2) In subsection (1A)(a), for 'the reduction of gas-supply emissions of targeted greenhouse gases' substitute 'the Secretary of State's compliance with the duties in sections 1 and 4(1)(b) of the Climate Change Act 2008 (net zero target for 2050 and five-year carbon budgets)'.

(3) In subsection (5B), omit the definitions of 'emissions', 'gas-supply emissions' and 'targeted greenhouse gases'.

(4) Section 3A of the Electricity Act 1989 (principal objective and general duties of Secretary of State and GEMA) is amended as set out in subsections (5) and (6).

(5) In subsection (1A)(a), for 'the reduction of electricity-supply emissions of targeted greenhouse gases' substitute 'the Secretary of State's compliance with the duties in sections 1 and 4(1)(b) of the Climate Change Act 2008 (net zero target for 2050 and five-year carbon budgets)'.

(6) In subsection (5B), omit the definitions of 'emissions', 'electricity-supply emissions' and 'targeted greenhouse gases'."—*(Andrew Bowie.)*

*This new clause is intended to replace clause 271. The intention is for it to appear at the start of Part 6. It is equivalent in substance to clause 271 but includes some drafting changes and consequential amendments.*

*Brought up, read the First and Second time, and added to the Bill.*

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

1.12 pm

*Adjourned till this day at Two o'clock.*