

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
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GENERAL COMMITTEES

Public Bill Committee

ENERGY BILL [*LORDS*]

Seventeenth Sitting
Tuesday 27 June 2023
(Afternoon)

CONTENTS

New clauses considered.
Adjourned till Thursday 29 June at half-past Eleven o'clock.

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

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Saturday 1 July 2023

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The Committee consisted of the following Members:

Chairs: DR RUPA HUO, JAMES GRAY, MR VIRENDRA SHARMA, † CAROLINE NOKES

† Afolami, Bim (*Hitchin and Harpenden*) (Con)
 † Blake, Olivia (*Sheffield, Hallam*) (Lab)
 † Bowie, Andrew (*Parliamentary Under-Secretary of State for Energy Security and Net Zero*)
 † Britcliffe, Sara (*Hyndburn*) (Con)
 † Brown, Alan (*Kilmarnock and Loudoun*) (SNP)
 † Clarkson, Chris (*Heywood and Middleton*) (Con)
 † Fletcher, Katherine (*South Ribble*) (Con)
 † Gideon, Jo (*Stoke-on-Trent Central*) (Con)
 † Jenkinson, Mark (*Workington*) (Con)
 † Levy, Ian (*Blyth Valley*) (Con)

† McCarthy, Kerry (*Bristol East*) (Lab)
 † Morrissey, Joy (*Beaconsfield*) (Con)
 Nichols, Charlotte (*Warrington North*) (Lab)
 † Owatemi, Taiwo (*Coventry North West*) (Lab)
 Shelbrooke, Alec (*Elmet and Rothwell*) (Con)
 † Western, Andrew (*Stretford and Urmston*) (Lab)
 † Whitehead, Dr Alan (*Southampton, Test*) (Lab)

Sarah Thatcher, Chris Watson, *Committee Clerks*

† **attended the Committee**

Public Bill Committee

Tuesday 27 June 2023

(Afternoon)

[CAROLINE NOKES *in the Chair*]

Energy Bill [Lords]

2.3 pm

The Chair: We resume the debate on new clause 44. I think the shadow Minister was just winding up.

Kerry McCarthy (Bristol East) (Lab): You wish!

New Clause 44

MAXIMUM ECONOMIC RECOVERY IN THE NORTH SEA

“(1) The Petroleum Act 1998 is amended as follows.

(2) Omit sections 9A to 9I.”—(*Dr Whitehead.*)

This new clause removes reference to Maximum Economic Recovery in the North Sea as placed into the Petroleum Act 1998 by section 41 of the Infrastructure Act 2015.

Brought up, read the First time, and motion made (this day), That the clause be read a Second time.

Dr Alan Whitehead (Southampton, Test) (Lab): The shadow Minister was indeed winding up, and he was slightly wound up by the Minister’s reference to Labour’s allegedly “Just Stop Oil” policies. I admonished the Minister on that before we went for lunch, but let us be clear that Labour has no such “Just Stop Oil” policies.

The question we are talking about, which we will perhaps return to later in a slightly different guise, is that of what “maximum economic recovery” means in the context of a net zero world where we have to be very careful about what we extract from the earth. I will remind Members in a later debate that there is widespread consensus across the energy world—in other words, the world—that further oil and gas exploration and extraction, as my hon. Friend the Member for Sheffield, Hallam pointed out this morning, puts us in grave danger of developing a crisis not just of emissions but of economics, as the assets are likely to be found to be hideously overvalued when we get round to the business of reducing the amount of oil and gas we are using, hence affecting the amount that we leave under the ground.

I am sorry that the Minister, who is normally a very measured and reasonable chap, briefly took out his party’s playbook on oil and gas and renewables. I am sure he does not want to be cast alongside the real climate change sceptics and deniers, who use this debate for their own purposes, not for the purposes that he and I agree on—the future of our low-carbon society. I hope the Minister accepts that that is how the question of maximum economic extraction should be cast. I think that, in the end, he will agree that something like our new clause needs to be in place to underpin the wider and longer-term message. I am sorry he is not prepared to accept our new clause as it stands and hope that, as he did with the previous new clause, he will set some heads thinking in his Department about how best we

can get out of this issue, which is still with us on the statute book, given that we need to move pretty smartly in the other direction.

Although I am a little disappointed in some of the Minister’s response, I accept that quite a lot more work probably needs to be done to get maximum economic recovery off the statute book. I hope that work will be done shortly, and on the basis of that hope I will not press the new clause to a vote. I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

New Clause 45

ELECTRICITY STORAGE CAPACITY

“(1) Within six months of the day on which this Act is passed the Secretary of State must lay before Parliament a strategy for an increase in the provision of electricity storage facilities to enhance the resilience and flexibility of electricity supply and ensure fair pricing for electricity users.

(2) The strategy referred to in subsection (1) must cover all forms of electricity storage, including—

- (a) battery,
- (b) hydrogen,
- (c) ammonia,
- (d) adiabatic compressed air energy storage systems, and
- (e) hydroelectric storage.

(3) The strategy referred to in subsection (1) must address considerations relating to—

- (a) licensing,
- (b) planning,
- (c) regulation,
- (d) subsidy, and
- (e) taxation.

(4) The strategy referred to in subsection (1) must set out—

- (a) proposed pricing mechanisms for stored electricity, and
- (b) provisions ensuring consumers pay a fair price for electricity.”—(*Alan Brown.*)

This new clause seeks to ensure the UK Government sets out a report to Parliament that demonstrates how it plans to meet the increased storage capacity that will be required with a future electricity network that is heavily reliant on renewable sources.

Brought up, and read the First time.

Alan Brown (Kilmarnock and Loudoun) (SNP): I beg to move, That the clause be read a Second time.

It is a pleasure to serve under your chairmanship again, Ms Nokes. The new clause is derived from my frustration at the lack of movement on and support for pumped-storage hydro. For years in this place I have been calling on the UK Government to engage in constructive dialogue with industry and consider a route-to-market revenue mechanism that would allow companies to release investment and fund the various pumped-storage hydro schemes that have been developed, but all I have had to date is the odd sympathetic comment from Ministers. There has been no progress whatsoever—hence this new clause.

A cap and floor mechanism has been mooted, which would mean that companies receive a minimum price for the electricity they generate, based on some form of assessment of capital costs and the borrowing they have undertaken, as well as the operational costs of the pumped-storage hydro schemes. Importantly for bill payers, the whole point of the cap is that the companies would receive a maximum total revenue. That would

make it fair for bill payers and would help to reduce bills in the long run. New clause 45(4) would require the Government to consider any relevant pricing proposals along with the provisions to ensure that consumers pay a fair price for electricity. That would be a much more transparent way forward than, for example, the back-room negotiations over new nuclear projects.

The need for additional electricity storage could not be starker. National Grid Electricity System Operator confirmed that last year system-balancing costs reached £4.2 billion, which is an amount of money that would have been significantly reduced had better grid upgrades been undertaken in advance, and it would have been massively mitigated by a better storage strategy. As it is, we have the absurd position that wind farm operators are paid to turn off their turbines while gas generators are paid to turn on their gas turbines. That is the epitome of bad planning and needs resolved sooner or later.

Additional storage would reduce methane emissions by reducing reliance on gas. Additional storage means less imported gas, and critically it means greater grid resilience in terms of day-to-day operation in meeting peak demand or balancing the intermittency of renewables. Storage also helps in repowering if a black-start scenario is encountered, so it provides additional back-up resilience. If energy security is a key aim of the new Department, surely it would want to embrace the new clause and come forward with a proper electricity storage strategy, given the benefits I have just outlined.

On the revenue mechanism, cap and floor is effectively the system used for interconnectors, so it is a principle that the UK Government could instruct Ofgem to consider and develop.

On pumped-storage hydro itself, SSE has developed Coire Glas in the highlands, which has an estimated output of 1.5 GW. That scheme alone would double the pumped-storage hydro storage capacity that is available in Great Britain. Other projects could quickly get to construction if a revenue mechanism was put in place, including Red John in the highlands, Glenmuckloch in the south of Scotland, Balliemanoach in Argyll and Bute, and Corrievarkie in Perth and Kinross. Along with Coire Glas and the Cruachan extension, those projects would add 5 GW of additional storage capacity. I refer the Minister to the Scottish Renewables report “The Economic Impact of Pumped Storage Hydro”, which was undertaken by BiGGAR Economics. It estimates the creation of 15,000 jobs by 2035 and the generation of around £6 billion in economic benefit for the UK economy.

It should be noted that a fair pricing mechanism within a wider storage strategy is not a subsidy. Given the lack of momentum in addressing the US Inflation Reduction Act, such a mechanism is one way to get major investment moving without any Government subsidy or tax reductions. Just today, industry highlighted its concerns with UK Government inaction in respect of IRA and that fact that the EU and Canada have now acted. Tessa Khan, who is founder and executive director of the climate organisation Uplift, said:

“I think that’s a shocking delay... Given that this is ultimately a competition and a race for investment, supply chains [and] jobs, [this] just means that we end up losing a significant amount of ground.”

Clare Jackson, who is chief executive of the industry body Hydrogen UK, warned:

“The U.K. has not responded and that sends a huge message to the industry, which I’d say is already on slightly shaky grounds in terms of its confidence in the government”.

She added:

“I think the longer this delay goes on without a response to IRA, the more that industries start to make plans elsewhere.”

Meanwhile, the Secretary of State’s response is, “Everybody else is playing catch-up; we do not need to worry if we are 10 years behind.” What industry is saying is that that is not the case. We need a response to IRA, and pumped-storage hydro would release that investment without having to go down some of the other routes.

Both hydrogen and ammonia are seen to be important solutions for the hard-to-decarbonise industry sector and transport. It would therefore be beneficial for the UK to consider those mediums with regard to electricity, which is why they are included in subsection (2) of the new clause.

Returning to pumped-storage hydro, Coire Glas will cost approximately £1.5 billion. SSE has committed £100 million to advance investigation and design works. Coire Glas could generate enough power for 3 million homes for a 24-hour period. That is a level of resilience that should make the UK Government desperate to support and advance the project. In the wider context, we talk about levelling up, which is exactly what the various pumped-storage hydro schemes around Scotland achieve in rural areas. Again, that would be done without Treasury support.

Coire Glas was intended to have the final investment decision taken by SSE next year and to be built within seven years. Originally, it was hoped that it could be built by the end of the decade, but the UK Government have been slow to move, delaying the project. Pumped-storage hydro is much quicker to construct than nuclear, it provides flexibility that nuclear does not and it is much cheaper than nuclear, yet the Minister is tasked with delivering the nuclear obsession of Labour and the Tories instead of looking at a more balanced system to introduce storage.

2.15 pm

New clause 45 would address that imbalance by compelling the Government to have a strategy to increase the provision of electricity storage facilities, to enhance the resilience and flexibility of electricity supply and, crucially, to ensure fair pricing for electricity users. While my frustration stems from the lack of support for pumped-storage hydro, I am looking for the Government to bring forward a balanced, technology-neutral assessment of how to deploy various forms of electricity storage. That is why subsection (2) includes battery storage, hydrogen, ammonia and compressed air, as well as hydroelectric.

On battery storage and hydrogen, there is good development work being undertaken by ScottishPower at Whitelee wind farm in my constituency, and new batteries are being installed at Kilmarnock South substation. There is good pioneering development work going on, but it is too ad hoc, which is why we need a wider strategy.

The reality is that the longer the UK Government dither, the higher the balancing costs for the system. A figure of £4.2 billion in one year is truly astonishing.

That is money that should have been invested in grid upgrades and storage. The new clause would focus UK Government minds on the benefits of storage and set in train a strategy that provides value for money for bill payers as well as all-important resilience, by cutting down the need to import gas. It would prove once and for all the benefits of pumped-storage hydro to the wider grid. Unlike a previous Secretary of State unfortunately said, it is not just a Scottish technology; believe me, pumped-storage hydro benefits all bill payers connected to the grid.

The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Andrew Bowie): It is a pleasure to be back here this afternoon under your chairmanship, Ms Nokes, for sitting 17.

I thank the hon. Member for Kilmarnock and Loudoun for his new clause, but let me first knock one thing on the head. He talked about this Government's nuclear "obsession". It is not an obsession; it is investment in one of the most reliable, proven and secure sources of energy that is available right now, key to delivering our net zero goals and to delivering for a more energy-secure future.

It is not only us who say that, but the Governments of France, Sweden, Italy, Poland, Spain, the Czech Republic, Finland, Japan, Belgium and more. Indeed, only this year, Sweden changed its legislation to move from 100% renewable sources of energy to 100% clean sources so that it can invest in new nuclear, Italy has just voted to reopen its nuclear programme, and countries such as the Czech Republic and Poland are moving into new nuclear facilities as they wean themselves off coal-fired power stations. That is good for the planet and good for everybody's energy security, given the situation in central Europe right now.

Alan Brown *rose*—

Andrew Bowie: I will be delighted to give way if the hon. Gentleman is about to announce a damascene conversion of the Scottish National party to new nuclear power north of the border.

Alan Brown: Well, that is stunning optimism and naivety. If nuclear is so proven and stable a technology, why is it the only power-generation technology to have got more successful and never reduced in price, and why has there not been a successful EPR project delivered on time and on budget?

Andrew Bowie: I thank the hon. Gentleman for pointing out my optimism. I am a Scottish Conservative as well as an Aberdeen and Scotland football fan, so I have to be an optimist; otherwise, I would have to throw myself off Westminster bridge.

On the cost of nuclear, all I will say is that Finland, where a new nuclear power station has come on stream in the past year, has seen its energy bills reduce by a staggering 70%, and I would like to see the same for UK bill payers. That is the sort of thing that nuclear brings to the party: cheaper, more secure and cleaner energy for the United Kingdom.

Mark Jenkinson (Workington) (Con): Will my hon. Friend give way?

Andrew Bowie: I was going to make some progress, but because my hon. Friend asked so politely, I am delighted to give way.

Mark Jenkinson: I just need to put on the record that the current nuclear fleet generated electricity at £45 per MWh. Once we start building more nuclear, I am sure we can get back to lower energy bills, as my hon. Friend points out.

Andrew Bowie: Absolutely—the current nuclear fleet. By the way, the last time we unveiled a new nuclear reactor in this country was in 1995—Sizewell B—and it is about time we got on and delivered some more nuclear reactors so that we can reduce the cost per MWh and thereby reduce British bills in due course. However, I should be speaking to the new clause—

Alan Brown: I thank the Minister for giving way once more. We know that Hinkley Point C, if it comes onstream, will be £92.50 per MWh. Let us not be caught up talking about £45 per MWh, because Hinkley has a very expensive site rate.

The Chair: I gently remind the Minister that we are discussing electricity storage.

Andrew Bowie: On that gentle prodding, I will turn to the new clause. The hon. Member obviously does not share my optimism, but I am sure I can convert him in time into a glass half-full kind of guy—which I know he usually is—on nuclear.

The Government fully recognise the importance of energy storage. The hon. Member says we have done nothing, but actually, through this very Bill, we have sought to provide further regulatory clarity for the sector. Indeed, our measure to define electricity storage provides long-term clarity and certainty over its treatment in regulatory frameworks. That will facilitate storage deployment going forward.

However, I do not believe that a specific electricity storage strategy is necessary. That is because the Government's approach is to remove barriers, facilitate change and spur innovation for all low-carbon flexibility technologies. Indeed, our 2021 smart systems and flexibility plan sets out actions to facilitate the deployment of these technologies, including storage at all scales.

As an example, we are accelerating the commercialisation of novel technologies through the net zero innovation portfolio. In April this year, we confirmed the final allocations of up to £69 million to accelerate the commercialisation of longer-duration energy storage technologies.

However, that is not the only action we have been taking. We have introduced a business rates exemption for eligible storage from 2023 to 2035, as well as a temporary zero VAT rate for battery storage when supplied as part of a qualifying material installation. In addition, we have published a call for evidence that considers the case for extending the relief to electrical battery storage when it is installed on its own.

The Government have also committed to enabling investment for large-scale, long-duration electricity storage by 2024. We outlined our next steps in the Government response to our call for evidence in August 2022. We

reiterated our commitment in “Powering up Britain” earlier this year—I know that Britain is close to the heart of the hon. Member for Kilmarnock and Loudoun.

Together, these actions are facilitating the deployment of electricity storage capacity. That is evidenced by the threefold increase in planning applications for electricity storage facilities since 2020 and the securing of the highest battery capacity to date at the 2023 capacity market auctions. We also anticipate a doubling of the current grid-scale battery capacity to be operational by the end of 2023.

Although I welcome the hon. Member’s intention, as ever, I hope that he can recognise the Government’s sustained commitment to enabling the deployment of electricity storage and that he might be willing to think about withdrawing his new clause.

Dr Whitehead: The Minister apparently stood accused of having a policy he did not actually have, which is a shocking thing, as I am sure we would all agree. I am sure the Minister would never want to be in a position of doing that sort of thing to someone else.

As far as storage is concerned, the new clause is very much on the right track. It is true that we had a long overdue reorganisation of licensing arrangements for storage earlier in the Bill. Those who are looking to develop storage programmes will now have a much better chance of developing what it is they want to develop without fear that they will be charged twice for the same activity or that they will be in a slough of uncertainty concerning exactly the status of their storage proposals.

All that is very good. What we do not have at the moment is not exactly what is in the new clause, but a clear plan and strategy for what storage is appropriate under what circumstances. We have at last realised that storage is potentially important, but it is important for a range of different circumstances and uses. Battery storage, for example, will be important for managing the circumstances in which we require a large amount of electricity at a particular point—say, for photovoltaic charging, where a PV charging site would otherwise have to deliver a much greater jolt of electricity into a particular set of charging circumstances. The provision of batteries is already beginning to happen; indeed, it is currently being discussed in “The Archers”, curiously. A battery storage facility can help to uprate charging, which is an immediate deficiency that can be rectified. Overall, battery storage is useful and important, over and above intra-day balancing, but it actually does not have a function much beyond that.

In intra-seasonal balancing, one can try to take the product of something offshore, where that is constrained, and it can be stored for quite a long time and then used in the system at other stages, where circumstances allow that to happen. That may be today, it may be over a longer period of time and it may be quite inter-seasonal. Technologies listed in the new clause include compressed-air energy storage systems—indeed, there is a company proposing to develop about 40 or so compressed-air storage systems around the country—whereby the product of various sources of electricity coming from offshore can be fed into the system as and when it is required.

The same can be done for hydrogen, which can be made from electricity coming in that is surplus to grid requirements at certain times. It can then be reconverted to electricity when the time is right, but there is considerable

loss in the conversion of hydrogen into electricity and electricity into hydrogen, so that has certain disadvantages for running the system. Chemical arrangements, such as those involving ammonia, have a similar sort of function, but a slightly more complicated chemical trail.

Of course, we have hydroelectric storage, which the hon. Member for Kilmarnock and Loudoun mentioned. It essentially requires two lakes, with one lake feeding the water downhill. A turbine is driven at certain times, and then the water is pumped back up the hill again for use at other times. Hydroelectric can be used for reasonably long-duration storage, but it is perhaps rather obvious and does not need spelling out that it requires two lakes in reasonable proximity to each other for it to work really well. Unfortunately, in most parts of the country, there are not two lakes in close proximity up and down a hill—particularly in East Anglia, where we would be lucky to find a hill at all.

2.30 pm

All those methods of storage have different functions and uses in the system, as we move towards a more balanced demand-side and supply-side energy economy, but they also have drawbacks in terms of their particular uses. Therefore, a strategy that gets that right, in terms of what we need, where and when—we know we will need a lot of storage—will be a useful addition to our general strategy on low-carbon power. However, I have to say that that strategy is not in the new clause, and although I strongly support what the hon. Member is driving at, I will not be able to fully support it. I hope he will join me in saying that we should perhaps lay this issue on the table, having made it clear to the Minister that we need some kind of storage strategy. When the Bill is over and done with and he has a bit more time available, he might put his mind to getting one under way.

Alan Brown: The shadow Minister says that the new clause does not deliver a strategy in itself, but it would obviously require the Government to deliver one. From the Minister’s response, it seems the Government still think they are doing enough, but frankly they are not. The reclassification of electricity storage will not in itself release this additional key investment in long-duration storage, such as pumped-storage hydro.

Although the Minister listed some Government policies and plans, the Government still do not have the overarching strategy required to look at different storage mechanisms. As the shadow Minister said, there are advantages and drawbacks to the various technologies, and we have to consider where they are best utilised and deployed. In doing that, we should look at how best to balance the grid overall.

I am used to being defeated and being a lone voice. I still do not want to withdraw the motion, but it will not take long to resolve the matter.

Question put and negatived.

New Clause 46

CARBON CAPTURE, USAGE AND STORAGE: SPENDING COMMITMENT

“Within one month of the day on which this Act is passed the Secretary of State must bring forward legislation that commits the United Kingdom Government to spending £20 billion on carbon capture, usage and storage over the 20 year period starting with the day on which that legislation is passed.”—(*Alan Brown.*)

This new clause seeks to require the Secretary of State to set out in legislation a commitment to spend £20 billion on CCUS over the next two decades.

Brought up, and read the First time.

Alan Brown: I beg to move, That the clause be read a Second time.

The Chair: With this it will be convenient to discuss new clause 47—*Timeline for track 2 carbon capture, use and storage projects*—

“Within one month of the day on which this Act is passed the Secretary of State must bring forward legislation that sets out the timeline for track 2 carbon capture, use and storage projects.”

This new clause seeks to require the UK Government to commit to a clear timeline for track 2 CCUS projects.

Alan Brown: I am wondering whether I should go straight to a vote and see whether the Minister agrees this time.

New clause 46 is very simple: it says to the Government, “Show me your working.” It was all too easy for the Chancellor and the Secretary of State to commit to spending £20 billion over 20 years on carbon capture and storage. That was a good headline, a welcome commitment, in theory, for industry, and a good indicator, but that commitment does not start until 2028. That means that there is no Budget line. There is therefore no binding commitment, other than a statement saying, “At some point in the future, we will spend £20 billion on carbon capture.”

The Tory Government continually talk about unfunded spending commitments by Labour, but that £20 billion in the future—£1 billion per year—is just the same: it is an unfunded spending commitment that has no corresponding Budget line or legislation behind it. The new clause therefore forces the Government to make good on their pledge and commitment. It is sometimes argued that we cannot bind a future Government and that future Governments can, in any case, change and overturn commitments, and that is the reality, but I would still rather see that commitment put in black and white now and then challenge future Governments to change it if they want to.

We have already seen that in Peterhead. Before the 2014 referendum, there was a £1 billion pot for carbon capture and storage; then, after the referendum, that £1 billion miraculously disappeared. Nine years on from that decision, it is truly shameful that the Acorn carbon capture cluster is still classed as a reserve or, as Tories from the north-east like to tell us, “the” reserve. However, the reality is that being “the” reserve does not unlock funding. We are supposed to be grateful that “the” reserve has received £40 million from the UK Government, but that £40 million is nowhere near enough, and the Scottish Government have provided £80 million—double that amount. Saying that Acorn is well placed for track 2 also means nothing until a clear decision is made, especially given the let-downs I have outlined for Peterhead and the failure to support Acorn to date.

The Minister earlier made comments about Scotland not meeting its climate change targets. Given how important carbon capture and storage is for Scotland, we will never meet our climate change targets, particularly the 2030 emission reduction target, without Acorn and carbon capture and storage going ahead and addressing the emissions from Peterhead power station and from the Grangemouth refinery and chemical plant.

If Acorn does not go ahead and is not operational by 2030, the UK Government will miss their own 2030 targets as well, so this is a critical cluster for both Scotland and the UK. Although Acorn is my biggest concern, other clusters are also looking for certainty, and new clause 47 is about compelling the Government to bring forward a definitive programme and expand the decision-making process in terms of when the track 2 clusters will be announced and supported.

I should also say that, given that carbon dioxide from the Peterhead facility and elsewhere in the UK would be transported and stored in the North sea basin, Acorn should be a strategically critical project for the UK as well, and would allow the reduction in emissions from other industries, outwith the main clusters themselves.

There is no doubt that a fag-end Government are approaching their dying days. What is needed is certainty attached to those projects, rather than us getting lost in the mire of a general election and the legislative paralysis that would follow. I really want to see certainty for carbon capture clusters.

Andrew Bowie: I thank the hon. Gentleman for his comments and for tabling new clause 46. For clarity, Storegga, which is the lead company in the Acorn project Scottish cluster is headquartered in Westhill, in my constituency. I would just like to place that on the record, as I obviously have a constituency interest in this particular debate.

The hon. Gentleman talked about the UK Government supporting the Acorn project Scottish cluster, but we have spent £40 million to date supporting it. That is £40 million more than the Scottish Government supported it with from their own pocket. For once, I would like to see the Scottish Government and the SNP not continually talking the project down, but talking it up. That is what the UK Government have been doing.

The hon. Gentleman said that Tories from the north-east of Scotland talk about Acorn being “the” reserve. Well, it was the reserve—there was no other reserve. It was the only one that was classed as a reserve, and it is in a very good place moving into track 2, which is where we are going now. We will get more detail on the timescales of that as we move through the summer.

The new clause seeks to emphasise the Government’s March Budget commitment to spending £20 billion on carbon capture, usage and storage over the next two decades by setting out that commitment in primary legislation. I appreciate the hon. Gentleman’s support for the funding and the benefits it will bring in establishing the UK’s CCUS industry and its important role in supporting our net zero ambitions.

None the less, the new clause is inappropriate, as embedding a specific funding amount in primary legislation could result in poor value for money. We want initial development of CCUS in the UK to be delivered with the maximum value for money for taxpayers and consumers within the funding envelope announced in the 2023 Budget. None the less, actual costs are subject to negotiation and inherently uncertain economic variables.

Spending reviews set out the Government’s plan for departmental expenditure over a specified period. For example, the 2021 spending review set departmental budgets for 2022-23 to 2024-25 for day-to-day resource and capital budgets. Estimates are the mechanism by which Parliament authorises this and other departmental spending year on year. These estimates are appropriately

provided and voted on by Members of Parliament; it would therefore be inappropriate for Government to set out longer-term spending plans in legislation.

The hon. Member for Kilmarnock and Loudoun also tabled new clause 47. The new clause seeks to require the Secretary of State to commit to a clear timeline for track 2 CCUS projects in primary legislation. Track 2 relates to the Government's cluster sequencing process, by which the Government are delivering on their commitment to establish CCUS clusters. Track 1 selected the first two clusters and a reserve cluster, and track 2 will select a further two clusters to be deployed by 2030.

I appreciate the hon. Member's support for the cluster sequencing process and the Government's ambition to scale up the deployment of CCUS across the UK, as supported by the carbon dioxide transport and storage provisions in the Bill. None the less, setting out the Government's commitment for deployment by adhering to a specific timeline in primary legislation would place an unreasonable burden on the Government in designing and delivering the track 2 policy. Such an amendment would be inappropriate, as it would obstruct and restrict the Government's ability to effectively design the track 2 model in line with our objectives of ensuring that track 2 enhances competition, optimises delivery and represents value for money. Time for proper consideration of the outcome of the recent track 2 expression of interest is needed, and it is crucial to ensure that we are able to meet these objectives.

I once again reassure the hon. Member that the Government remain committed to the deployment of four CCUS clusters, with an ambition to capture and store 20 million tonnes to 30 million tonnes of carbon dioxide per year across the economy by 2030. As I said a second ago, we will publish an update on the next steps for track 2 later in the summer. I politely and humbly ask that the hon. Member withdraw his amendments.

Dr Whitehead: The timeline mentioned in new clause 47 is a timeline for track 2 carbon capture, usage and storage projects. There are several important things about what has happened with timelines and industrial clusters over the recent period. The first point is that industrial clusters are much more than just carbon capture, usage and storage; they are clusters that can actually bring together hydrogen, carbon capture, usage and storage and all sorts of other low-carbon arrangements. In particular, they can use the concentration of infrastructure in those areas to get these sorts of technologies underway.

It was just a crashing nonsense, frankly, that the Government decided they would have track 1, track 2 and possibly further tracks, and then, as far as track 1 was concerned, declare of the Acorn project, "Well, this particular cluster is a reserve", as if it were highly commended in best of breed but did not quite win the prize. The Acorn project, the Scottish cluster, is absolutely essential to the development of CCUS in the UK, particularly in enabling the UK to develop facilities for a combination of barged and piped CCUS from parts of the country that do not have their own industrial cluster immediately handy, but may want to develop CCUS in a very proactive way.

If the Acorn project is supposed to be a reserve, what is that supposed to mean? Is it that if another cluster turns out not to want to proceed, that cluster slips in, or

was it just a device to say, "Actually, we have a pretty feeble competition going on here, and we don't want to completely disappoint the Scottish cluster, but we are going to have to disappoint them in practice because we are not going to advance them to track 1. Talking about tracks, we have our mind on a particular track of two clusters here, two clusters there, and then we get to 2030." The answer is just to let the clusters go ahead together, because that is what we will need in the not-too-distant future for CCS, hydrogen and other developments.

2.45 pm

I ought to mention the world's forgotten cluster, which is the greater Southampton cluster. You and I, Ms Nokes, have expended considerable efforts to try to push that cluster forward, but it may well get dropped off in the end when other tracks come forward. If that were the case, I am sure that both you and I, Ms Nokes, would be pretty cross. I do not expect you to comment other than to look reproachfully at the Minister.

Andrew Bowie: Terrifying!

Dr Whitehead: I hope the Minister will take that away and think about it. It is just not appropriate to put these sorts of competitions in place for things that are vital for the future. The Government ought to have sufficient funds available to allow all the clusters to go ahead. In some clusters, there is already uncertainty about not just when they are going ahead, but whether and how they are going ahead.

I know that uncertainty is beginning to build in the Scottish cluster. The firms that are investing are asking, "Well, what's going on? Are the Government in favour of it or not? Are they supporting it or not? Should we put in our investment early, late or not at all? If we do put it in, how can we be certain that it will come to fruition in the timescale that we thought it would when we first committed to invest in that area?" It has very real consequences for investment in CCS, hydrogen and various other things.

I do not particularly think these things should be placed on the face of the Bill, but they ought to be placed on the face of the Minister. He seriously ought to sort out what the spending commitment on carbon capture, usage and storage is going to look like so that, among other things, the companies that are investing can have greater certainty. He ought to ensure that the industrial-cluster arrangements properly support all the work that has gone into the industrial clusters, and get them going in a timely manner so that the investment that everybody is working so hard to get into those clusters, and the benefits of the clusters, can be realised in good order. As I said, the Minister would be relieved of a stern glare from you, Ms Nokes, and that is really worth putting in the bank.

Alan Brown: In the Minister's opening remarks, he challenged me to talk up the Scottish cluster. He was perhaps not listening to me and just reverting to a stock phrase. The whole point is that I am asking for funding for the Acorn cluster to get the go-ahead, and arguing that it is a strategically important project for Great Britain. I want to see it operational by 2030. I am quite confident that I am talking it up, and I am talking up the need for it to get that support. Calling it the reserve

[Alan Brown]

is not talking it up. Being the reserve is just not good enough. As the shadow Minister outlined, being the reserve is still an uncertain case because we do not know what will happen going forward, and investors are getting a bit jittery

The point raised about Southampton was interesting. Again, that shows the issue with the kind of beauty parade-type system in place at the moment and the playing off of some against others. While I hope Southampton is successful—obviously, there are two strong advocates for it—it would be even more frustrating from our point of view if Southampton suddenly went in front of the reserve. Again, that is what is wrong with the process at the moment. We actually want to see all carbon capture clusters get as much support as they can and be allowed to go on and develop.

Andrew Bowie: I absolutely understand. If the Government could wave a magic wand and say, “Every carbon capture and storage project in the country can get the go-ahead today”, that would of course be fantastic. But I would like to ask the shadow Minister and the SNP spokesperson where exactly they are getting the billions and billions of pounds necessary to fund all those projects at the same time.

The shadow Minister has said we should just have the money available to support all projects right now. Either we are talking about a hefty increase in people’s taxes to support that, or we are seeing it put on their energy bills. If we were to support every project today and not have the tracking process that allows us to spend incremental amounts over time, we would have to find billions upon billions of pounds at this moment when, as I am sure everyone recognises, the economy is under quite a bit of strain and people are paying a heck of a lot on their energy bills as it stands.

Alan Brown: I am quite concerned by that intervention because if we are talking about staggering payments, we actually need to stagger them over a very long time to smooth out the spend profile; if it is only a couple of years, we will still have substantial payments to make. Is the Minister actually saying that the Government cannot afford to support several of those at the same time? That is what I heard.

Andrew Bowie: The hon. Gentleman is playing a bit fast and loose with what I said—he obviously understands. We are supporting two projects right now. The contracting process is coming along. We will be supporting two projects moving forwards or four on-stream by 2030, but to have money available, as the shadow Minister argued, to support every project today is just inconceivable and unrealistic, and I know the hon. Gentleman knows that.

Alan Brown: As I pointed out, I am a glass half-full man, and I think the Government can find that money if they put their mind to it. That is what the broad shoulders of the UK are all about. We could be reinvesting all those oil and gas revenues to support this industry. That would have been a logical way forward.

Anyway, on new clause 46, I take the Minister’s point that legislation is not an appropriate way to deal with the issue, but I want to make the point that that £20 billion

is still not a firm commitment. As I pointed out, the estimates process is not going to kick in for a number of years, so I would still like to see a better way for the Government to show that the £20 billion will be available for industry in future.

With the leave of the Committee, I will not push the new clauses to Divisions, having—belatedly—read the room today. I am starting to catch on that they might be defeated. I want to make the point behind new clause 47: I want to see that certainty for the category 2 clusters and greater support going forward, because we only want to see the Acorn CCS cluster delivered. I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

New Clause 48

PRE-CONDITIONS FOR HYDROGEN GRID CONVERSION TRIALS

“Before a hydrogen grid conversion trial may be conducted, the Secretary of State must—

- (a) consult with the relevant local authority or authorities, affected consumers and relevant statutory bodies, and have due regard to—
 - (i) the level of local consent from consumers and other people in the trial location who would be affected, or are likely to be affected, by such a trial;
 - (ii) disruption to infrastructure in the trial location;
 - (iii) the potential economic impact on the trial location;
 - (iv) the advice of the Environment Agency on the environmental impact, including the volume of hydrogen released, as part of the proposed trial;
 - (v) the advice of the Health and Safety Executive on the safety of the proposed trial; and
 - (vi) any further impact on the trial location that the Secretary of State considers relevant;
- (b) publish a response to the consultation referred to in paragraph (a), indicating the proportion of consumers who support or oppose the trial; and
- (c) ensure that all households taking part in the trial are not disadvantaged by their involvement.”—(*Alan Brown.*)

This new clause requires the Secretary of State to consult locally in relation to a proposed hydrogen grid conversion trial and to publish a response to the consultation.

Brought up, and read the First time.

Alan Brown: I beg to move, That the clause be read a Second time.

The aim of the new clause is to set out considerations that need to be taken in advance of hydrogen trials. I do support the concept of hydrogen trials. I support H100 Fife, which is a green hydrogen trial, and I hope to visit that in due course. I am keen, however, that we ensure that there is complete buy-in from participants in the hydrogen trials. Full buy-in can be achieved only by understanding what levels of disruption there will be in and out of the home and on the street. Wider buy-in can also only be achieved by consultation and assessment of the health and safety risks, especially in relation to hydrogen leakage. There needs to be full transparency. If the schemes are successful, which we hope they are, with full transparency in terms of reporting assessments, that will mean some of the hydrogen myths will be debunked as a consequence, and that will be beneficial.

It is clear that hydrogen development requires financial support. From comments that the Minister and the Secretary of State have made, it seems that the UK Government are U-turning on a hydrogen levy on our bills. Will the Minister confirm how the Government propose to support hydrogen, or will it be through general taxation?

Andrew Bowie: I thank the hon. Member for Kilmarnock and Loudoun for his new clause. As he said, it covers several aspects, which I fully agree are important for the safe and effective delivery of the hydrogen village trial and other trials.

In comments in the other place, the Minister for Energy Efficiency and Green Finance, my colleague the noble Lord Callanan, explained why a statutory consultation is not required. The reason is that we are already considering these matters in our decision making. As we have already discussed, we have now received two final proposals for the village trial from the gas transporters. These detailed plans have been developed following extensive consultation with local residents and local partners, including councils. We are assessing the proposals against our key requirements for the trial, including those mentioned in the new clause. These include local support, costs, environmental impact and consumer protections.

This thorough assessment process already includes expert input from statutory bodies, including the Health and Safety Executive and Ofgem. We will publish the result of the assessment later this year, including relevant evidence to explain our decision. That will be available for all right hon. and hon. Members to read. We will go ahead with the trial only if it can be conducted properly. Evidence of strong support from the local community, validated by an independent external source such as a local council, will be a critical factor in the final selection of the trial location.

The gas transporters have extensively consulted local residents to develop an attractive consumer offer that is tailored to the community, and there have been drop-in centres in Whitby and Redcar where anyone can directly ask questions about what the project means for them. They have also held a number of public events. The views of local people and communities are a vital part of delivering these trials. I recently met the hon. Member for Ellesmere Port and Neston (Justin Madders) and my hon. Friend the Member for Redcar (Jacob Young) to discuss the respective trial proposals in their constituencies. My officials also meet regularly with the local authorities, as do the gas transporters.

We agree that safety is fundamental. Before any community trial can go ahead, the Health and Safety Executive will need to be satisfied that it will be run safely. No trial will go ahead until we have that confirmation. I am sure that hon. Members support our commitments to introduce additional consumer protections, which we published in the response to our public consultation in 2022. Among other important protections, this means that consumers in the trial area will not be financially disadvantaged as a result of taking part in the trial and will pay no more for their heating than they would if they remained on natural gas. It also means that the gas transporters must make all efforts to minimise disruption as far as possible. These protections must be met by the gas transporters in order to receive any funding for the trial.

I hope I have reassured right hon. and hon. Members that the Department is already carefully considering all these factors before coming to a decision on the trial. Importantly, we will be closely examining the evidence and outcomes of the gas transporters' engagement with local authorities and consumers. Undertaking a formal consultation, however, would duplicate the work that the Department and the gas transporters are already doing and could delay important milestones on the way to these trials and net zero. Given that detailed explanation, I hope the hon. Member for Kilmarnock and Loudoun might feel willing to withdraw the motion.

Alan Brown: The Minister's comments were—I hesitate to use the word “reassuring”, but he said all the right things. The proof of the pudding will be in how things work out going forward, but he definitely said the right things to give us reassurance, and I am happy to beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

New Clause 49

LICENCES TO SEARCH AND BORE FOR AND GET PETROLEUM

“(1) The Petroleum Act 1998 is amended as follows.

(2) At end of section 3(1) insert ‘provided that no new licences to search and bore for and get petroleum will be issued after 1 January 2024.’—(*Dr Whitehead.*)

This new clause seeks to ensure that no new licences be granted to search and bore for and get petroleum after 1st January 2024.

Brought up, and read the First time.

Dr Whitehead: I beg to move, That the clause be read a Second time.

The new clause essentially states that we should not provide new exploration licences to bore for and explore for new petroleum outside of our existing field. It would not stop production or the development of existing fields; rather, it focuses on the development of new fields, over and above what we already know we have in reserves and in production, and what we have following completion of the exploration and production development process in our fields.

3 pm

A very important article came out a little while ago in *Nature*, the prime scientific journal in our country, that was entitled “Unextractable fossil fuels in a 1.5 °C world”. Members of the Committee will be delighted to know that I am not going to read out the article at any great length—although if anybody goads me, I am sure I can.

The Chair: It would be out of order to read it, Dr Whitehead, so please do not.

Dr Whitehead: Indeed, Ms Nokes. I always take your advice, and that is the main thing that would swing it.

The abstract of the article states:

“Parties to the 2015 Paris Agreement pledged to limit global warming to well below 2 °C and to pursue efforts to limit the temperature increase to 1.5 °C relative to pre-industrial times. However, fossil fuels continue to dominate the global energy system and a sharp decline in their use must be realized to keep the temperature increase below 1.5 °C.”

[Dr Whitehead]

The article uses a

“global energy systems model to assess the amount of fossil fuels that would need to be left in the ground, regionally and globally, to allow for a 50 per cent probability of limiting warming to 1.5 °C.”

The conclusion of the article is that, across the globe, “nearly 60 per cent of oil and fossil methane gas, and 90 per cent of coal must remain unextracted to keep within a 1.5 °C carbon budget.”

In parallel with that article, the hyper-authoritative International Energy Agency, which has not in the past been at the forefront of radical action on climate change targets, produced “Net Zero by 2050: A Roadmap for the Global Energy Sector”. It concluded in its pathway to 2050:

“Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required. The unwavering policy focus on climate change in the net zero pathway results in a sharp decline in fossil fuel demand, meaning that the focus for oil and gas producers switches entirely to output—and emissions reductions—from the operation of existing assets.”

We now have a world consensus and an academic consensus that, if we are to get anywhere near a 1.5°C limit following Paris, we simply have to leave stuff in the ground to a great extent. That conclusion—and this is particularly important in terms of the IEA road map and, indeed, the *Nature* article to a considerable extent—is not just plucked out of thin air. It stems from looking at what we know we have at the moment and how we know that will be used in the future as oil and gas demand declines, which we know has happened in the UK in recent years and will continue to accelerate, particularly as we complete the transition from the internal combustion engine to electric vehicles and replace heating in homes with non-gas alternatives; all those things will, institutionally, press down on demand greatly.

The question we then need to ask ourselves about the UK’s contribution to global warming is, in a world where everybody is pushing down on demand for oil and gas—and, as a whole, is moving towards production as insurance for the continuation of an oil and gas industry, in order to deal with the relatively small amounts of demand that will exist in 2050—are we actually going to be the nation that goes in a completely different direction and decides instead to ramp up our supplies of oil and gas? Are we going to be the nation that—one might say, unbelievably selfishly—decides to pull all our oil and gas out of the ground and fly completely in the face of what the international community is increasingly trying to do on oil and gas production?

The argument is sometimes made that if we do not extract the stuff, someone else will, and we will have to import it, and that when we do that it may be at higher carbon emissions levels than in the UK because our systems are rather better than some of their systems, which therefore means, without reference to numbers or totals or consequences, that we should continue to seek and extract oil and gas from the ground. Frankly, if everybody around the world took that attitude, nothing would happen; in fact, we would bust our 1.5° target almost immediately and would not be able to get back to it in the future.

It is imperative that every country in the world is responsible about its own oil and gas assets for the future—not that, as my hon. Friend the Member for

Sheffield, Hallam mentioned before lunch, those assets will necessarily have a great deal of value at certain points in the future. It is essential that we all work together across the world to manage downwards our oil and gas assets.

If the UK, among other things, is seen to be moving in the opposite direction, that will discourage other countries from doing the responsible thing themselves, and we will be in an anti-climate reduction bunfight to get hold of additional resources, perhaps under the guise of energy security, but collectively, as the International Energy Authority quite clearly states, in defiance of the work that needs to be done by moving to production and away from exploration.

The UK can agree this measure, among other things, to signal that it is on board with what the IEA says about production being the norm for the future. We do not go around prospecting and exploring for new sources of oil and gas when we know that we probably have quite enough resources already known, in reserve or ready to go to deal with the UK’s path down towards very low levels of oil and gas production and use, and to incorporate that relatively low level into a stable, low-carbon environment for the future. In terms of planning for the North sea in the future, depending on how we deal with what we import, we know that there are complications in UK oil production. Quite a lot of UK oil has to be exported, because it is not of the type that we need for some of the cracking processes in our refineries, and we need other oil to come in to complete those processes, so it is not as simple as all that. This is a process of collectively bringing down the levels of oil and gas production so that, between us, we can get to a position where countries are increasingly self-sufficient in their relatively minimum amounts of oil and gas production in the future.

Certainly, if we work in conjunction with other countries over the next period, we will find that there is a better and longer-term future for those working in oil and gas in the North sea, because they will have some resources to manage, husband and produce for a much longer period than if we bet our future on exploration and extraction in a hurry. The last thing the world as a whole needs is extraction in a hurry, because of the global warming crisis we face.

That is what the new clause seeks to do. The Minister may want to correct me, but I would point out that the new clause is based on the Petroleum Act 1998, in which there is a provision for licences to search and bore for and to get petroleum. I think that is where the licences for exploration have their origin, but I understand that it is not necessarily the case that the provision in the 1998 Act can be construed as just covering exploration.

For the avoidance of any doubt, what we want to do in the future is not approve new exploration licences outside existing fields. I am not absolutely certain that the current formulation in the new clause does exactly that. I would want us to stand by and expand on the principle of not approving new exploration licences, but there may well be ways in which we can better express that in legislation than through this new clause.

For that reason, I do not intend to press the new clause to a Division. I place before the Committee the in-principle notion that we should not, for the reasons I have outlined, introduce new exploration licences for

petroleum in the future, and thereby align the UK with what is increasingly happening in the world, and not walk away in the opposite direction.

The Chair: Dr Whitehead, may I check whether you have moved the new clause for debate?

Dr Whitehead: If I did not move it, we could not have a debate, but as I indicated in my speech, I will not call a vote.

3.15 pm

Andrew Bowie: For a minute there I thought I would be denied the opportunity to speak about the new clause, which I know would have disappointed hon. Members.

The hon. Member for Southampton Test took issue with how I described Labour's policy on oil and gas. I can understand that, but I draw the Committee's attention to comments made by Gilad Myerson, the head of Ithaca Energy, which were reported only two hours ago on the BBC News website. He said that Labour's policies—including this one of not allowing licences to explore new fuels in the North sea, which the hon. Gentleman seeks to add to the Bill—would put off investment in the North sea. That would be “starving the UK of energy, and it will become very dependent on energy from abroad.”

That means we would become more energy insecure.

I acknowledge the hon. Member for Southampton, Test's concern with and consternation at how I described Labour's policies earlier, but it is clear that the new clause and the wider Labour policy towards oil and gas are causing significant concern, putting off investment in our North sea basin, and could probably result in us becoming more reliant on imports from overseas. That would be a dangerous place to get to, specifically and critically, in the world we live in right now.

The “Powering Up Britain” plan set an ambitious pathway for the UK to move to clean, cheap power and lead the world in moving to net zero by 2050. The UK has decarbonised more than any other major economy since 1990, but oil and gas still supply about three quarters of the UK's overall energy use today.

Our aim is to accelerate the reduction in oil and gas use. We recognise, however, that they remain essential to modern life, and will do so for many years to come, not just for energy, but to manufacture materials such as chemicals, plastics and steel. We want to avoid an increased reliance on foreign oil and gas imports as we move to net zero. Surely that is brought home by Putin's illegal invasion of Ukraine, which reminded us all of the importance of a secure and resilient energy system. We are determined to power Britain from Britain.

We are a net importer of oil and gas and a rapidly declining producer, so new oil and gas development and licences will simply reduce the fall in the UK supply; they do not increase it above existing levels and will not increase emissions above legally binding carbon budgets. As someone who was born, brought up, schooled and went to university in, and now represents, the north-east of Scotland, I can tell the hon. Member for Southampton, Test that the North sea basin is in decline. Even with continued exploration and development, UK oil and gas production is expected to decline by 7% a year. Contrary to what the hon. Gentleman said, that decline

is faster than the average global decline needed to align with the Intergovernmental Panel on Climate Change 1.5° pathways.

We already lead the world, therefore, and are already moving beyond what we need to do to reach our commitments regarding the climate goals that we have signed up to. By preventing the issuing of exploration and production licences, however, Labour's policy—this new clause—would cause a faster decline in UK oil and gas production. That would lead to increased liquid natural gas imports, which are less secure and more carbon intensive, and provide no tax revenue or employment benefit to the United Kingdom.

The domestic oil and gas industry brings huge economic benefits to the UK. Domestic oil and gas production adds about £17 billion to the UK economy annually, and the sector supports about 120,000 British jobs. As the hon. Member for Southampton, Test mentioned exports, it should be noted briefly that right now the majority of our oil and gas exports go to countries in central and eastern Europe, replacing the Russian oil and gas that they relied on until the invasion of Ukraine.

We are also working to clean up existing production, whether it is by reducing flaring and venting of excess gas, or by converting existing offshore operations to use clean electricity. The North Sea Transition Authority has already worked alongside industry to halve the amount of gas flared since 2018.

The hon. Gentleman has said already that he is not minded to press the new clause to a vote, but given all that, I also ask him humbly to consider changing Labour's position. The Labour position on oil and gas is leading to us being seen internationally as not having a sustainable and investable oil and gas industry, which will lead to this country being less energy secure—a bad place to be.

Dr Whitehead: I do not think that I have too much to add to the discussion. I do not accept that this provision would lead to a collapse in interest or investment in our present North sea activities. Indeed, I have received assurances to that effect from a number of people who are concerned with making the most of production in the North sea over that period in precisely the way that I described. They see a strong, bright future for the North sea under those circumstances.

I think that there is an increasing consensus about new exploration. That means that we will not be alone in this move, and it will not necessarily be the case that everyone will say, “Right, we are desperate to explore for new oil, and we cannot explore in the UK, so we'll go and explore somewhere else,” because it may well be that that “somewhere else” is also saying that they will not explore any more. That, indeed, is what the IEA is trying to achieve for the future—that the world oil industry concentrates on production and not on exploration—so we will be in good company. The arrangements that people will judge us by will be very much about what we look to do in terms of the longevity of the fields in terms of production and similar activities. Therefore, they will start to change their attitudes towards those fields in the longer term.

I would add that if they do not, and we continue to value supposed unexplored assets—undeveloped assets—as part of our book, which a number of companies tend to do, then, between us, we will be very much in a carbon bubble situation, and at some stage those assets will

[Dr Whitehead]

collapse in an uncontrolled way. Calculations have been done on that, and that will be a much worse economic outcome for this country—among others—than the alternative of actually managing a good production level from a declining field, in conjunction with others that are doing the same thing in their particular areas.

For technical reasons, we will not press the new clause to a vote. As far as the principle is concerned, we are proud to be behind that principle and we think that many other people in the world will also be pleased to see that we are behind it. I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

New Clause 56

ONSHORE WIND

“(1) The Secretary of State must by regulations ensure that onshore wind installations are treated for the purpose of planning and development as local infrastructure and will be permitted or otherwise as if they were.

(2) Regulations under subsection (1) may amend any primary legislation passed before the passage of this Act.”—
(Dr Whitehead.)

This new clause aims to ensure that the development of onshore wind is subject to the same planning and development rules as other local infrastructure.

Brought up, and read the First time.

Dr Whitehead: I beg to move, That the clause be read a Second time.

New clause 56 relates to perhaps a rather more immediately clear position. If we are to move towards a sustainable low-carbon economy in this country—I am sure that the Minister is absolutely at one with me in wishing that that would come about—we must ensure that we have available to us all of the sources of renewable energy that we can get hold of to provide the amount of renewable generation necessary for clean energy provision for our country. There is a divergence between the Opposition and the Government on the dates by which this would be achieved. The Government would like to see our energy supply system effectively decarbonised by 2035; Labour thinks that should be 2030, and that the resources and arrangements should be put in place to allow that to happen.

One particular criticism that we have of the Government's 2035 target is that, while they have some good ideas on how to make that happen in the abstract, they are very lacking in how to go about the process of quickly reaching a low-carbon energy economy in the not-too-distant future. Indeed, a Climate Change Committee report will come out very shortly that may reflect the Government's lack of preparedness to do what they say they will about low carbon energy for the future.

One of the key elements that anyone who studies this reasonably closely would know is that wind is, and has to be, part of that process. We cannot get there without a substantial element of wind power coming into our generation capacity for the future. Not only can we not get there without a large amount of wind, we probably cannot get there without both onshore and offshore wind.

As I am sure the Minister will remind us, we have made very good progress with offshore wind. We are now getting towards 14 GW or 15 GW of offshore wind energy being developed—we almost have the 15:15:15 ratio of offshore deployment, onshore deployment, and solar deployment. But we should not underestimate what we will have to do in addition to that, to get us to where we need to be—to be able to say with hand on heart that a low-carbon energy supply economy will be in place by 2030 or 2035.

The Opposition think that, roughly speaking, to move from the current deployment to a position in which we can truly say we have sufficient ways to reach our low carbon energy targets, we need to quadruple our offshore wind provision; we need to treble our solar deployment; and we need to at least double our onshore wind deployment. When we say we want to do that, it sounds as though we will put quite a bit more effort into offshore than onshore, but we are talking about a running start for offshore wind, because of all the deployment that has gone on recently, and a standing start for onshore, because since 2015 it has effectively been banned in this country. I say banned: although the way it was undertaken was a little more weaselly—shall we say—than a straight ban, that has been the effect for onshore wind. When the Cameron coalition Government put the ban in place, I am afraid to say as a disgraceful capitulation to a number of their own Back Benchers at the time, it was severalfold in its operation.

3.30 pm

It was firstly a ban by fiat—that is, the Government were going to take away any support for onshore wind, in terms of contracts for difference and its preceding processes. If a developer of offshore wind wanted to come forward, they would get no support from Government. They then put in other ways of deterring onshore wind. Every local authority had to produce a revision to their local plan, saying where onshore wind could or could not be sited in their area. That would have meant that pretty much every local authority would have to dismantle their local plan and start again, which most of them were not going to do. Finally, the Government introduced planning changes that effectively meant that if one person objected to an onshore wind planning proposal, it would not go ahead.

In practice, that meant that anybody trying to develop onshore wind, certainly in England—not necessarily Scotland—would simply say, “We will not put millions of pounds into going through these various processes only to know that there was a 99.9% chance at the end that our proposals would not go forward. We would simply have thrown that money down the well in pursuit of an application that would not go ahead.” That is why we have had a virtual standstill in the deployment of onshore wind; I think only three turbines were put up in England recently. It has been a devastating blow for all the elements of low-carbon energy advancing together to get us to our future target, with this one vital area lagging completely in its development.

That also means that the public have missed out on a substantial source of cheaper energy. Onshore wind is the cheapest form of energy now. Renewables overall are three times as cheap as gas at the moment. Among the array of low-carbon energy sources—we should include nuclear here—onshore wind is by far the cheapest

of all. We can draw a very direct relationship between the absence of additional onshore wind over the eight years between 2015 and today and the real addition to energy prices that people have paid as a result of that act of energy and environmental vandalism.

Hon. Members may ask, “Well, hang on a minute, aren’t we dropping our ban on onshore wind? Haven’t the Government indicated that actually things will change as far as a ban is concerned?” The headlines are not terribly encouraging: “Rishi Sunak will keep ban on fracking in UK, No 10 confirms”, from a newspaper article on Wednesday 26 October 2022. Of course, that was in response to the brief period of magical realism that occurred with the previous Conservative Administration, when it looked like they would drop the ban; the Prime Minister was coming into No. 10 and saying in Parliament, “We will actually keep the ban.” Consultations have been going on about how the planning arrangements might be changed, but as campaigners have pointed out, promises to lift the ban, which appear to be in that consultation—

Katherine Fletcher (South Ribble) (Con): I am listening quite hard to the hon. Gentleman. I cannot work out whether he is talking about onshore wind or fracking. Can he clarify that? I thought we were talking about onshore wind. Forgive me if I have misunderstood.

Dr Whitehead: The hon. Member is quite right; the article I just cited actually refers to fracking. The article I am about to cite concerns wind. She is quite right; that was inadvertent on my part, but it makes no difference to the—

Katherine Fletcher: I am listening to you, Alan, I promise.

Dr Whitehead: Thank you. It makes no difference to the general point. I will come back to that article.

The Chair: I remind the shadow Minister that it is very clear in the rules that any extracts from documents need to be short.

Dr Whitehead: I will make sure, Ms Nokes, that any extracts I read will indeed be short.

I have here an article about, among other things, Hugh Fearnley-Whittingstall sending a letter to Secretaries of State voicing concerns that the Government will renege on promises to lift the onshore wind ban. The concern is that

“proposed changes to the National Planning Policy Framework” will not actually do what they propose to do in lifting the ban. Campaigners are concerned that the status quo of—effectively—a ban will stay in place for the future in England.

Proposals are sort of under way supposedly to ease some of the planning restrictions in place on onshore wind farms, but there is great deal of controversy about whether even those proposals would actually change things. Meanwhile, the onshore wind farm industry does not move ahead in England at the expense of customer bills and the targets that we need to reach to achieve a low-carbon energy economy. Our amendment seeks to cut through a great deal of that.

The Chair: I remind the hon. Member that it is a new clause, not an amendment.

Dr Whitehead: Sorry, it is late in the afternoon. It is indeed a new clause. Our new clause tries to cut through a lot of that by stating:

“The Secretary of State must by regulations ensure that onshore wind installations are treated for the purpose of planning and development as local infrastructure and will be permitted or otherwise as if they were.”

That means no special pleading, one way or the other, for onshore wind; it is dealt with just as if it were another local infrastructure application. It of course has to go through the proper planning procedures, consideration of acceptability and all the rest of it, but there would be no special measures in place to discourage onshore wind, just as other local infrastructure developments are not discouraged or encouraged. The new clause would also introduce the simple provision that

“Regulations...may amend any primary legislation passed before the passage of this Act.”

That tidies things up.

This is a pretty simple new clause that puts onshore wind infrastructure on the same footing as any other local infrastructure. I do not think anybody wants to say that onshore wind should get a free pass under all circumstances in planning. There are clearly a number of circumstances where onshore wind will be inappropriate, and circumstances where it is quite right that those involved in local planning will need to make sure that onshore wind acts as a good neighbour, and does what it says it will. There are of course questions about where turbines might best be sited and so on. That can all be considered under our general planning arrangements. There should be no special weaselly devices to try to stop onshore wind developing. That view is the difference, I think, between ourselves and the Government at the moment.

Although the Government saying that they are consulting on lifting the ban, they do not appear to be serious about making arrangements in planning guidance, which still effectively trips up onshore wind as it seeks to develop. We do not want that to happen. We think there is a simple solution. We think onshore wind should be treated no better or worse than anything else being considered locally, and we think the legislation ought to be in place to make sure of that.

Andrew Bowie: I thank the hon. Member for Southampton, Test for tabling the new clause. We are in agreement on most things, including the importance of onshore wind to meeting our net zero and carbon budget ambitions, but I am not convinced that the new clause is necessary.

Let me begin by recapping on the role of onshore wind. Onshore wind is an important part of our energy mix. We have around 15 GW of onshore wind installed in the UK—the biggest amount of any renewable technology. Last year, onshore wind generated around 10% of our electricity. Not only that, but the cost of onshore wind has fallen significantly over the last 10 years; it is now among the UK’s cheapest electricity generation technologies. If we had more low-cost renewables, such as onshore wind, in the system, it would limit household electricity bills and ensure Britain was less affected by fluctuations in volatile global gas prices. So far, so good.

[Andrew Bowie]

That is why this Government acknowledge that we will need more. The recent publication “Powering up Britain” accelerates our plans through a series of ambitious pledges. Those pledges will put Great Britain at the leading edge of the global energy revolution by facilitating more wind power, offshore and onshore, and many other technologies.

The new clause asks that the Government change national planning policy on onshore wind to bring forward more onshore wind installations in England. However, I assure Committee members that His Majesty’s Government are already looking into that point. While the Government understand the strength of feeling about onshore wind turbines in England, we are serious about delivering cheaper, cleaner, more secure energy, so we are considering all options. That is why we are consulting on making changes to the national planning policy framework. The Government believe that decisions on onshore wind sites are best made by local representatives, who know their areas best and are democratically accountable to the local community.

Under our proposals, local authorities that wish to host onshore wind infrastructure can better respond to the views of their communities. The consultation has closed, and the Government are considering their response, which we will publish in due course. There should be no doubt of the value that the Government place on a strong renewable power sector, which includes onshore wind.

Dr Whitehead: Does the Minister accept the point that I was trying to put across, which is that even the changes that the Government proposed in the consultation would not free up onshore wind? Even if there is a positive response to the consultation, the ambitions that the Government have set out will not really get us where we want to get to.

3.45 pm

Andrew Bowie: I understand the hon. Gentleman’s concern, which I know comes from the right place, but I stress that the changes that we propose are designed to give local authorities more flexibility to respond when their communities wish to host onshore wind infrastructure. Where there is support, of course they will be able to host it. As we have not yet published our final position, I will not prejudice the outcome of the consultation while we are still considering our response; he would not wish me to. As I said, we will publish the response in the near future.

There should be no doubt of the value that the Government place on a strong renewable power sector, which includes onshore wind. Over recent years, we have committed to delivering deep decarbonisation of the grid by implementing new legislation, stimulating growth through ambitious policy pledges, and bolstering growth through the provision of financial support. I very much doubt it, but I hope that the hon. Gentleman is reassured by the actions that we are taking, which will facilitate the growth of onshore wind while ensuring, importantly, that local communities continue to have a say on their area.

Andrew Western (Stretford and Urmston) (Lab): It is a pleasure to serve under your chairship, Ms Nokes. The Minister touched on the points on which I will

contribute. My understanding of the recent consultation is that the only specific change proposed by the Government and consulted on is the power to replace existing onshore wind turbines at the end of their 25 years of life. As my hon. Friend the Member for Southampton, Test, suggested, that would do nothing to enhance levels of onshore wind—the cheapest form of energy, as has been said—and would not address the two fundamental problems in the planning system.

As a former local authority leader, I am incredibly familiar with challenges in, for instance, bringing forward and maintaining an up-to-date local plan. The Minister will be aware that fewer than half of local authorities have an up-to-date local plan. The ban effectively introduced by the Government in 2015 is incredibly difficult to deal with; only one in nine local authorities has felt able to bring forward a local plan that addresses the question of onshore wind. That may or may not be because of intransigence on their part, but having led a large local authority, I know the significant pressures on planning departments up and down the country.

Mark Jenkinson: I want to check the figure of nine local authorities. In Cumbria, seven local authorities came together to produce a supplementary planning document on wind. That is seven in one county alone.

Andrew Western: I think the hon. Gentleman misheard me: I said one in nine local authorities. Just 11%—I flipped the presentation of the figures—of local authorities have been able to resource bringing forward such a local plan. That could be because they are unwilling to bring one forward, as their communities are not supportive; however, the reality is that there is significant pressure on local authority planning departments, which have been decimated by the austerity measures since 2010 because they are not a statutory service in the same way that adult or children’s services are. They are therefore seriously under-resourced. Local authorities are also unable to pay planners salaries that are available in the private sector. There is therefore a significant shortage of people who can be recruited to undertake the work. That is barrier No. 1.

Barrier No. 2 is the community consent clause that the Government introduced in 2015, which creates an absurd position. I have said in the House that the planning system should be scrapped because it inhibits development in a way that is totally unnecessary, or prohibits it in a way that is damaging to our economy, and in this case to our future renewable energy security. The idea that one person can object to national infrastructure of that importance is frankly ridiculous.

The Government and the Minister suggest that the consultation will deal with all the issues, but as I understand it, the consultation tabled only one question of direct relevance to this issue, which is about the replacement of existing turbines when they get to the end of their 25 years of life.

Katherine Fletcher: Prior to being encumbered by a payroll title, I believe I was the first signatory to the proposed onshore wind amendment, which the Government kindly allowed us to withdraw, having taken on the consultation. This is an issue that I feel quite passionate about and

follow quite closely. I am not convinced that what the hon. Member believes to be the case is actually the case. Perhaps he can take some reassurance from that.

Andrew Western: I am certainly happy to say that there was flexibility to make additional comments. I would need to check back before withdrawing any supposition I made on the specifics of the question. I do not recall seeing, for instance, a question on whether we should remove the community consent clause, or on the 2015 changes that mean that local plans must consider onshore wind if they are to appear in localities. If I am wrong, I will happily correct the record at our next sitting. By contrast, I know there was a question in the consultation on the power to replace existing onshore wind turbines.

In any case, we have ended up with nowhere near the amount of action, rigour and drive needed to achieve a significant increase in onshore wind. As usual in this country, at the heart of that are significant problems with our planning system. We see how that cuts across multiple Departments and holds back our aspirations for onshore wind. I gently say to the Minister that if we are reliant on changes to planning policy to ensure that we can deliver what we require while still holding on to the idea of community consent, I fear that we will never upscale to the amount of onshore wind production that we need in this country.

Dr Whitehead: My hon. Friend the Member for Stretford and Urmston was absolutely right to draw attention to the distinction between repowering and new onshore wind sites. There has certainly been an issue to do with whether sites that have been in operation for quite a long time, and are coming to the end of their life, would have to go through the whole process, as though they were a brand new scheme, before the site could be repowered. There has been quite a lot of controversy not only on that, but on whether they would have to repower to the same level as previously, or could increase their power. If existing sites can produce a lot more power from their wind, that is a substantial prize. It is almost inevitable that they will be able to, because when sites first came into operation, turbines were generally small and underpowered; sites could increase the power that they produce by between a third and half, simply by using modern turbines. There may be some progress on that point, but that is it, really.

The Minister is effectively saying, “Don’t worry. Take us on trust that, even though it appears we are not actually going to do anything much, we are secretly doing a bit more.” I think we ought to take the opportunity to get this clear now, and the new clause would get it clear. Obviously, we can have consultations on what exactly happens afterwards, but the principle that onshore wind is just a local infrastructure project that stands or falls by the way it goes forward does seem the right way to go. I am therefore not particularly reassured by the Minister’s suggestions and would like to press new clause 56 to a vote.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 5, Noes 8.

Division No. 18]

AYES

Blake, Olivia	Western, Andrew
McCarthy, Kerry	
Owatemi, Taiwo	Whitehead, Dr Alan

NOES

Afolami, Bim	Gideon, Jo
Bowie, Andrew	Jenkinson, Mark
Clarkson, Chris	Levy, Ian
Fletcher, Katherine	Morrissey, Joy

Question accordingly negatived.

New Clause 58

HYDRAULIC ONSHORE FRACTURING

“(1) Section 4A of the Petroleum Act 1998 is amended as follows.

(2) In subsection (1) at end insert (as closing words)—
‘(but see subsection (1ZA)).’

(3) After subsection (1) insert—

‘(1ZA) After 1 January 2024, the OGA must not issue a well consent for a well situated in the English onshore area that is required by an onshore licence for England or Wales unless the well consent imposes a condition which prohibits associated hydraulic fracturing from taking place in land.’—(*Dr Whitehead.*)

This new clause would implement a sunset clause for issuing new fracking licences after 1st January 2024.

Brought up, and read the First time.

Dr Whitehead: I beg to move, That the clause be read a Second time.

New clause 58 is an attempt to get some clarity on the position relating to fracking, in the same way that we tried to get clarity about the position on onshore wind. As hon. Members will know—here I reprise my reference to the newspaper article that I inadvertently introduced in the previous debate; I thank the hon. Member for South Ribble for drawing my attention to that—we supposedly have a ban on fracking in the UK.

The article to which I referred was about the—
[*Laughter.*]

Andrew Bowie: Will the hon. Gentleman give way?

Dr Whitehead: Yes.

Andrew Bowie: I apologise to the hon. Gentleman, but as he is speaking he is brandishing a large picture of the Conservative party chairman, my right hon. Friend the Member for Chelsea and Fulham (Greg Hands). It is quite distracting, so I wanted to draw his attention to it.

Dr Whitehead: If I drew a moustache like mine on the right hon. Member in question, it would not look too bad. The reason why I have a big picture of the then Energy Minister in March 2022 is because, in response to an urgent question, he actually produced an answer that set out what he thought was the Government position on shale gas at that time. He said:

“We have always been clear that the development of shale gas in the UK must be safe and cause minimal disruption and damage to those living and working in nearby sites. This is not a new position. Shale gas and new approaches could be part of our future energy mix, but we need to be led by the science and have the support of local communities. That was in our general manifesto...The pause on fracking implemented in November 2019 on the basis of the difficulty in predicting and managing seismic activity caused by fracking remains in place, and we will continue to be led by the science in our approach.”—[*Official Report*, 15 March 2022; Vol. 710, c. 761.]

4 pm

The important point to recognise is that the then Minister, the right hon. Member for Chelsea and Fulham, referred to a “pause on fracking”. He indicated at that time, as did the Prime Minister, that it was a pause and not the end of fracking. The legislation on fracking goes back to one of hon. Members’ favourite Acts, the Infrastructure Act 2015, which set out a large number of conditions that have to be met in order for fracking to take place. After those conditions have been met, the legislation is clear that a hydraulic fracking consent may be issued, subject to any conditions that the Secretary of State thinks are appropriate. The door is still open for fracking to take place. Fracking is paused for further and better particulars to be received about seismicity and various other things, but in principle it has not been put out of contention.

With new clause 58 we want to be clear that fracking has no place in our energy pantheon. To undertake to try to get hydrocarbons out of the soil requires extreme measures. We have to drill a well, blast the rocks to bits and then see what comes out. What comes out is a small amount of hydrocarbons that deplete rapidly, so then we have to blast a hole again, and do so repeatedly, until that source runs out. That seems to me like the stupidest way to extract gas from the ground, if one gives any mind to our low-carbon future.

There was an initial great wave of enthusiasm for fracking, but the plays that we have in the UK are unlike the Texas play, which I have seen. The play in Texas is a basin, and one has to be pretty dumb not to hit something when going down into it. The plays in the UK are very fractured, are particularly geographically located, have uncertain outputs and, contrary to what was hyped up at the time, would not produce a bonanza of gas.

Onshore fracking in the UK would create a very difficult environmental landscape. I have been to see the American shale activity in progress, and when coming into Austin airport I could see the devastation of the landscape from the fracking pads, the ponds and all the other things associated with it. It is clear how inappropriate it would be in a densely populated island such as the UK, with areas of northern Bowland clays in the north-west and Wealden clays in the south, to have that sort of activity concentrated on those areas and communities, with all the environmental consequences that would entail.

There is now a widespread consensus in this country that fracking is not for the UK, yet the Government do not put it out of contention. I accept that there has been a fairly long-lasting moratorium on the development of fracking, and the companies that were undertaking fracking have now effectively gone away, but I do not think they have given up the ghost on future fracking. They certainly will not for as long as the Government hold out the prospect that things could change for fracking in future.

Let us have a bit of courage in the Committee this afternoon, put fracking out of its misery—indeed, it would be a misery for a lot of us if it was not put out of its misery—and say that we do not want any fracking

licences or well consents situated in the English onshore area. Let us just say no to fracking and put that on the face of the Bill. The Government would have another problem off their plate and would not have to think at great length about levels of seismicity and well capping and all the rest of it, because we would not have any fracking. That seems to me the best thing that could happen to the UK’s energy economy. It is simple, straightforward and means the end of fracking. I commend the new clause to the Committee.

Andrew Bowie: New clause 58 would impose conditions prohibiting hydraulic fracturing on onshore well consents in England after 1 January 2024. In October last year, the Government confirmed that they had adopted a presumption against issuing any further hydraulic fracturing consents. Therefore, further legislation is unnecessary as there is already an effective moratorium on fracking. This position will be maintained unless compelling new evidence is provided that addresses concerns about the prediction and management of induced seismicity. That is in line with commitments made in the 2019 Conservative manifesto, which set out that we will not support fracking unless the evidence shows categorically that it can be done safely. I urge the hon. Member to withdraw his new clause.

Dr Whitehead: The Minister used the word “moratorium”, but moratorium does not mean ban. That is the simple difference between us. I hear what he said and accept that as far as he is concerned we are in a position where we are most unlikely to have fracking in future but, as I pointed out, that does not necessarily bind a future Government, whereas having something in legislation now would do so. On that basis, we will indicate our position by pressing the new clause to a vote.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 5, Noes 9.

Division No. 19]

AYES

Blake, Olivia	Western, Andrew
McCarthy, Kerry	
Owatemi, Taiwo	Whitehead, Dr Alan

NOES

Afolami, Bim	Gideon, Jo
Bowie, Andrew	Jenkinson, Mark
Britcliffe, Sara	Levy, Ian
Clarkson, Chris	Morrissey, Joy
Fletcher, Katherine	

Question accordingly negatived.

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

4.10 pm

Adjourned till Thursday 29 June at half-past Eleven o'clock.

