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HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

GREAT BRITISH ENERGY BILL

Second Sitting

Tuesday 8 October 2024

(Afternoon)

CONTENTS

Examination of witnesses.

Adjourned till Thursday 10 October at half-past Eleven o'clock.

Written evidence reported to the House.

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

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Saturday 12 October 2024

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The Committee consisted of the following Members:

Chairs: † SIR ROGER GALE, DR RUPA HUQ

Billington, Ms Polly (<i>East Thanet</i>) (Lab)	† McDonald, Chris (<i>Stockton North</i>) (Lab)
† Blake, Olivia (<i>Sheffield Hallam</i>) (Lab)	† Moon, Perran (<i>Camborne and Redruth</i>) (Lab)
† Bowie, Andrew (<i>West Aberdeenshire and Kincardine</i>) (Con)	† Morrissey, Joy (<i>Beaconsfield</i>) (Con)
† Crichton, Torcuil (<i>Na h-Eileanan an Iar</i>) (Lab)	† Pakes, Andrew (<i>Peterborough</i>) (Lab)
† Cross, Harriet (<i>Gordon and Buchan</i>) (Con)	† Shanks, Michael (<i>Parliamentary Under-Secretary of State for Energy Security and Net Zero</i>)
† Flynn, Stephen (<i>Aberdeen South</i>) (SNP)	† Turley, Anna (<i>Lord Commissioner of His Majesty's Treasury</i>)
† Fookes, Catherine (<i>Monmouthshire</i>) (Lab)	
† Heylings, Pippa (<i>South Cambridgeshire</i>) (LD)	
† Hobhouse, Wera (<i>Bath</i>) (LD)	Lucinda Maer, Sarah Thatcher, Chris Watson, <i>Committee Clerks</i>
† Kumaran, Uma (<i>Stratford and Bow</i>) (Lab)	
† MacAlister, Josh (<i>Whitehaven and Workington</i>) (Lab)	† attended the Committee

Witnesses

Alistair McGirr, Group Head of Policy and Advocacy, SSE

Tristan Zipfel, Director of Strategy, EDF Renewables

Dan Labbad, Chief Executive Officer, The Crown Estate

Josh Buckland, Partner, Flint Global

Olivia Powis, Chief Executive, Carbon Capture and Storage Association

Jack Norquoy, Director of Communications and Public Affairs, Scottish Renewables

Myrtle Dawes, Chief Executive Officer, Net Zero Technology Centre

David Whitehouse, Chief Executive, Offshore Energies UK

Andy Prendergast, National Secretary, GMB Union

Michael Shanks MP, Minister for Energy, Department for Energy Security and Net Zero

Public Bill Committee

Tuesday 8 October 2024

(Afternoon)

[SIR ROGER GALE *in the Chair*]

Great British Energy Bill

2 pm

The Committee deliberated in private.

Examination of Witnesses

Alistair McGirr and Tristan Zipfel gave evidence.

2.2 pm

The Chair: The Committee will now hear oral evidence from Alistair McGirr, group head of policy and advocacy at SSE, and Tristan Zipfel, director of strategy at EDF Renewables. We have until 2.30 pm for this session. Will you be kind enough to introduce yourselves for the record, gentlemen?

Alistair McGirr: I am Alistair McGirr. I look after our cross-cutting policy and public affairs. I sit within our group structure, but SSE has interests across renewable energy, flexible capacity and electricity networks.

Tristan Zipfel: I am Tristan Zipfel, director of strategy, markets and investments for EDF Renewables. We are one of the leading renewable energy developers in the UK. We have about 1.5 GW in operation, with 600 people across the country in five different offices. It is a real pleasure to be able to share some evidence today.

The Chair: Mr Zipfel, one of the disadvantages of having a geriatric Chairman is that my hearing is not as good as it used to be. But for everybody's benefit and, most particularly, for the *Hansard* reporters, it might be helpful for you to speak up a little and be very clearly on microphone. I call the shadow Minister.

Q50 Andrew Bowie (West Aberdeenshire and Kincardine) (Con): Good afternoon, gentlemen, and thank you for taking the time to be with us today. Clause 3 of the Bill, titled "Objects", states that GBE's

"objects are restricted to facilitating...the production, distribution, storage and supply of clean energy"

and must include

"measures for ensuring the security of the supply of energy."

SSE and EDF Renewables are involved in both those objects right now, so how do you see the Bill and the creation of this company as either assisting or facilitating you in your objectives?

Alistair McGirr: At SSE, we welcome GB Energy, and as a company that is headquartered in Scotland, we particularly welcome its location. We think that Scotland has a larger opportunity for investment across the clean energy transition. To answer your question directly, it depends on how the organisation is set up and on its governance, but if, as has been suggested, GB Energy will be focused on crowding in investment, there is an

opportunity for it to help to accelerate that transition and, importantly, to capture some of the wider opportunities that can come from the transition.

Tristan Zipfel: You can probably tell from my accent that I come from a country where state-owned investment in energy assets is commonplace, so that is something that we at EDF are very comfortable with and see very positively. In fact, I would say that any initiative that leads to directing more investment, capital and effort into decarbonisation is a very good thing. As Alistair said, it will be important that GB Energy is set up in a way that triggers and supports investment in the sector and does not disrupt the competitive playing field that we currently have in it.

Q51 Andrew Bowie: Thank you for those clear answers. It says under "Strategic priorities and plans", which is clause 5 of the Bill:

"The Secretary of State must prepare a statement of strategic priorities for Great British Energy."

If you were the Secretary of State and were tasked with drawing up strategic priorities, what would they be?

Alistair McGirr: On the way that we think about the particular benefits from GB Energy, first, we look at it as a potential partner for some of our investments. We work with a number of commercial entities, some of which are state owned—for example, Equinor, which we work with on the Dogger Bank offshore wind farm and on our carbon capture and storage projects. We work with these parties on a commercial basis and we would be open to working with GB Energy on projects that would help to accelerate the transition. So co-investment is one area. We would be keen to see that targeted at areas where there may be a bit of policy risk. With things like hydrogen storage, hydro-pump storage or CCS, there may be an opportunity for GB Energy to take some of the policy risks that private companies perhaps cannot.

Offshore wind is an area where there has been lots of debates, and there was some nervousness relating to the initial discussion about the Crown Estate tie-up. However, we think that with the principle they were trying to achieve, which is the acceleration of that environmental consenting process, there is an opportunity to accelerate projects and, importantly, reduce the cost of bringing those projects to fruition.

To give an example, our Berwick Bank offshore wind farm up in Scotland, which is one of the largest in the world, is currently sitting within the planning process and has been for 20-plus months now. Projects like Berwick Bank could be accelerated by a focus on areas where GB Energy can accelerate environmental consenting, basically by taking a more strategic approach to how it thinks about environmental consenting rather than considering that on a project-by-project basis.

To make a point on offshore wind, the one area that everyone will talk about—I am sure we will come back to it—is floating offshore wind. There is a big opportunity for not only GB Energy, but the national wealth fund to capture a whole range of benefits from the emerging sector, in terms of both bringing the costs of delivery down and making sure that there is a supply chain available to deliver the projects that are currently under development.

Perhaps a last point to mention is the local power plan. We would be quite keen, as an operator of electricity distribution networks, that the local power plan was able to be targeted in areas where there is a wider system and societal benefit in supporting and unlocking a lot of the low-carbon projects in the distribution network, because it is no secret that there will be lots of questions about how things connect to that local distribution network. We think that the local power plan has a particular route in targeting some of those investments in a way that can better integrate low-carbon technologies into the distribution network.

Tristan Zifpel: To add to what Alistair said, for a start, the UK is in a really strong position to maintain its leadership in the renewables market. There is a strong industry in place, and I think GB Energy can fit into that and strengthen the framework. As a co-investor, in particular, I think GB Energy could bring value, as Alistair said, by investing in frontier technologies, but also by helping to strengthen the link and connection with local communities. For our projects to be successful, it is absolutely paramount that they are adhered to by the local communities. As a developer, we spend tremendous efforts on being present and creating a connection with local communities. Having GB Energy on board for certain projects could reinforce that link and even provide a sense of public ownership in the project, which I think would be very strong.

Alistair talked about emerging technologies and how some of them present certain risk profiles, where having an investor like GB Energy could help kick-start the development of this segment of the market. He mentioned CCS; I think we could talk about hydrogen as another example.

GB Energy also has an interesting role to play as a developer. We have seen the announcement of the partnership with the Crown Estate on the offshore site. There is an opportunity for GB Energy to focus on the segments of the market where the private sector is struggling to make progress, perhaps because the infrastructure is not yet there, or because there are specific risk profiles that make the private sector struggle to invest in these segments of the market, despite them presenting long-term value. That is where there is a real opportunity for GB Energy.

Q52 Andrew Bowie: I will be brief, because I know that others want to come in. Mr McGirr, you specifically mentioned Berwick Bank and planning and consenting. Obviously, Berwick Bank is in Scotland, and planning and consenting is a devolved competence. Clause 5(4) states:

“The Secretary of State must consult the Scottish Ministers before including in a statement under this section anything which concerns a subject matter provision about which would be within the legislative competence of the Scottish Parliament”.

As a company that has heavily invested in Scotland, did you realise that there was detail in the Bill about how GB Energy will interact with the devolved Administrations, given that so many aspects of what it is seeking to achieve are competences of the devolved Administrations, specifically in Scotland?

Alistair McGirr: In terms of the premise, I definitely agree that the devolved Administrations have to play an important role in the direction of GB Energy. I do not think there necessarily needs to be anything in the

legislation. I suppose it is also worth mentioning that there might be a view about how the investments are spread across different parts of the country. In reality, a lot of those will be up in Scotland because of the opportunities that Scotland has.

The Chair: I have three Members on my list already, and we have 15 minutes left, so please be short, sharp and to the point.

Q53 Uma Kumaran (Stratford and Bow) (Lab): I will keep it short. Thank you both for your insights today. I would like to know what advantages other European countries have from a state-owned energy company.

Tristan Zifpel: If you take the example of France, EDF is indeed state owned, but it is a competitive market. Nowadays, EDF is one actor among others. If you take, for instance, offshore wind in France, EDF competes—sometimes it wins, and sometimes it does not. The benefit for the general public is a sense that that body can execute the strategic vision of the French Government in delivering net zero or a decarbonised future. EDF is very much the arm that executes that vision—independently, at arm’s length, but it does it. I also think there is a creation of long-term value by the ownership of assets. EDF provides dividends to the French state, which I think are valuable.

Uma Kumaran: Merci.

Alistair McGirr: If I may add to that, there is the question of the role of the state. Not everything has to be through GB Energy or the national wealth fund. In terms of the GB Energy policy framework, the creation of the National Energy System Operator can help to drive a lot of economic value through the transition here in GB by taking a much more strategic approach to how infrastructure is going to be deployed. GB Energy is one element of that, but I think the wider value can be brought together by a more strategic approach through the policy framework.

Q54 Pippa Heylings (South Cambridgeshire) (LD): You talked about the objects within the scope of the law, about facilitating and encouraging, and about frontier innovation in technology and energy generation, but you also talked about de-risking. You did not mention onshore wind, so I am wondering whether that would lead also to onshore wind. There are also tidal programmes, such as the reef from Aberthaw to Minehead, that are stalled. Do you see these as part of helping to facilitate and de-risk within the scope of GB Energy, too?

Tristan Zifpel: For sure, yes, they could be part of the scope. Choices will need to be made, of course, on where those investments are directed, and I think it is important to direct the investments where they will have the maximum impact. When it comes to onshore wind, for instance, perhaps it could be a case not of investing where the private sector is already doing a good job on its own, but of looking at areas where there is a need to develop infrastructure to unlock these onshore wind opportunities, or of looking at Government-owned land that could be used to develop new projects. As you said, Alistair, it is going to be complementary to what the private sector is doing, but there will be pockets of opportunities for GB Energy to really make a difference, even in an area like onshore wind, I think—100%.

Alistair McGirr: I agree with that answer. The question would then be: where is the biggest bang for the buck? Is it building large onshore wind projects that actually have developers in that space and have a route to market? That is probably the question for GB Energy: is that the best use of taxpayers' money, rather than other things that can be done in terms of investment in frontier technologies?

You mentioned tidal. There is the question there of an absence of a business model. If there was this supported business model, there might be an opportunity for private investors to come into that space. There is the issue that just because the private sector is not doing it does not mean that the public sector should do it, because ultimately, if it is a bad deal for private shareholders, it is probably a bad deal for taxpayers as well. I think this is about making sure that the technologies that are useful are brought forward with business models that provide a return for whoever the investor is.

Q55 Torcuil Crichton (Na h-Eileanan an Iar) (Lab): Welcome, gentlemen. In relation to clause 3(2)(a) and “the production, distribution, storage and supply of clean energy”, you have welcomed state intervention and the role of GB Energy in that. How would you feel about communities taking a direct stake in your onshore and offshore developments—say, 20%, as they do in Denmark?

Tristan Zipfel: On our side—I am sure SSE does the same—we are definitely looking at that. We are trying to develop some schemes that go exactly along those lines. We have not done it so far. The link and the reward to communities have been through the community benefits fund linked to our projects. I live in Teesside: we have an offshore wind farm there, and I can tell you that the community benefit fund, over the last 10 years of operation, has helped dozens of local projects and initiatives. You are absolutely right to think the next frontier is to have more local ownership of wind farms. That could be through GB Energy, but it could also be through direct ownership schemes. We are looking at those options at the moment.

Alistair McGirr: As I mentioned at the start, we partner with a number of different organisations; I mentioned Equinor, which is a state-owned entity. We are open to working with any kind of party on a commercial basis, be it a community or another developer. In that sense, the communities taking a stake in some of the projects is something that could be done. The question is: what are the terms of that arrangement? There is the critical point that any community ownership should be focused on co-investment. It should not just be the case that 20% of a project is passed on to a community, because that will be value that is basically taken out of the project, which then inflates the cost of the project. So the co-investment piece is very important. Whether it involves another developer, another state-owned entity, GB Energy or a community, I think that is a useful way of bringing capital into the UK's low-carbon infrastructure.

Q56 Wera Hobhouse (Bath) (LD): Thank you for answering our questions. In the morning sitting we struggled with the fact that although we all hope the Bill will do something, it has relatively little detail. We have already discussed the merits of not having too much detail, because then GB Energy would be hampered,

and of having more detail. We have to try to find a balance in what we agree to in legislation. When you look at clause 4, are you content with the scope of the financial assistance provisions?

Alistair McGirr: Yes, frankly. I think there will be other protections in place—what was in old money called state aid protections but is now subsidy control. There will be wider provisions that ensure that GB Energy does not have adverse impacts on investment into the competitor space, be they state aid provisions or subsidy control provisions. That will ensure that what GB Energy is effectively legislated to be able to do does not adversely impact a competitive playing field. It is important to make sure that that is maintained. Ultimately, if there is a tilting of the playing field towards GB Energy, that will be a bad deal for either the taxpayer or the consumer.

Tristan Zipfel: I concur with what was said. It is really important that the establishment of GB Energy does not disrupt the dozens of billions of pounds that are going to be directed by the private sector into the renewables sector, or the clean energy sector in general, over the next decades. For that it is important to maintain trust in the fact that it is indeed going to be a level playing field and that GB Energy is not going to benefit from forms of assistance that would disrupt competition. That being said, I think GB Energy will have its own criteria, strategy and approach, which is absolutely fine. But it needs to be in the context of a level playing field from a competitive standpoint. That is really important.

Q57 Catherine Fookes (Monmouthshire) (Lab): I welcome both witnesses to the Committee. Clause 5(5) states that the Secretary of State will consult Welsh, Scottish and Northern Ireland Ministers, so as a Welsh MP I am content—it sounds like you are, too—that our devolved Administrations will be consulted before things happen. I think it was Mr McGirr who said there were bound to be lots of projects in Scotland. I want to flag the fact that Wales is also extremely well placed to receive some of these projects in terms of hydro, tidal and wind energy. What in the Bill would help us to ensure that lots of the investment comes to Wales?

Alistair McGirr: I am very supportive of those projects coming to Wales. Obviously the Celtic sea auctions are another example of the upcoming opportunities in Wales. The reality is that GB Energy is not going to be the vehicle that drives that—that will be the wider policy framework in terms of what happens here in Westminster, and also in the regulatory frameworks that are in place and what happens in the devolved Administrations. My reference to Scotland is not to say that other parts of the country could not have the opportunities for investment. It is just that the sheer scale of the opportunities in Scotland for wind, hydro, some of the grid projects, CCS and hydrogen mean there is a significant opportunity in Scotland. That is one of the reasons why GB Energy has been located up in that area.

Tristan Zipfel: I can only concur. Wales is very important for us. We have onshore wind projects that we are actively promoting in Wales. I think GB Energy could play a role there. I want to emphasise, however, that I do not think GB Energy on its own will be the solution to unlocking the opportunities you describe. I think it is really important in Wales in particular that there is an

effort on the policy side to provide more certainty and more visibility of the projects, as well as the question of the grid, which is a problem. But I concur that Wales is very important strategically from our standpoint as a renewable energy developer.

Q58 Stephen Flynn (Aberdeen South) (SNP): Thank you for coming in, gents; it is always nice to hear positive things about Scotland.

In relation to some of the objects that are detailed in clause 3, I think we are all excited about the potential for the state to take a proactive role in the production of energy, but the Bill is quite clear that it is about

“the production, distribution, storage and supply of clean energy...the reduction of greenhouse gas emissions...improvements in energy efficiency, and...measures for ensuring the security of the supply of energy.”

SSE is investing £40 billion in clean tech over the next 10 years, and EDF is investing £50 billion or so. How far do you think £1.6 billion can go, in real terms, given the breadth of the different things the Bill seeks to achieve?

Alistair McGirr: In reality, it is not going to be the sole investor that is going to deliver the clean energy transition. As you allude to, we have a significant investment programme that we would be keen to bring to fruition over the next 10 years or so. It is about how you best use the money that is available. Where can we accelerate the investment and crowd in the scale of investment that is going to be required? We may be talking about big numbers, and in EDF as well—not only here in the UK but elsewhere—but there will not be just one investor. If you look at the National Infrastructure Commission, for instance, they are projecting in the region of £25 billion to £30 billion of investment in energy infrastructure per year for the next decade. The scale of the investment is going to be much bigger than any single entity, be it GB Energy, SSE or EDF.

Tristan Zipfel: Choices will need to be made—you cannot do everything with that pot of money—and it is really about identifying the areas where they will have maximum impact and where they will be most complementary to the effort of the private sector. It is not about displacing the private sector; it is more about covering the gaps and providing a boost to more investment in the sector.

That is also the spirit of the agreement with the Crown Estate. Looking at offshore wind, what is currently the blocker for more investment? It is the timeframe that it takes to develop a project. The spirit of that agreement is to look at an early stage and make it easier for private investors to invest in projects that are more de-risked than they are at the moment. That is the right approach, in my view, and it could be expanded to the other technologies in the scope of GB Energy.

The Chair: We have a couple of minutes left.

Q59 Perran Moon (Camborne and Redruth) (Lab): Gentlemen, in relation to clause 3(2)(a), on the supply of clean energy, you have mentioned floating offshore wind, onshore wind and tidal; what do you think are the benefits of GB Energy for technologies such as solar, which is quite well advanced, and geothermal, which is quite important to us in Cornwall? There will be no requirement to consult a Cornish Minister about that.

Tristan Zipfel: I can start with solar energy. As a business we do not look at geothermal, so I do not want to elaborate on that, but we invest a lot in solar. When you look at solar, the issue is not to get private capital—there is more than enough capital to invest in this. However, where GB could provide value is perhaps in creating that link with local communities. I keep going back to that, but it is so important for us to create a sense that those projects are not just there for private investors but have an element of state and public ownership. That could mean a lot for local communities. In partnership with GB Energy, we could even imagine GB Energy taking the lead on the relationship with local communities or in certain parts of the development that are so essential to the project. Recent studies have shown that local communities would respond very favourably to projects in which Great British Energy is an investor alongside the private sector. In that sense, it would make a difference.

Alistair McGirr: I think the local power plan is an opportunity for these technologies. It is not just about the big, mature technologies. It will play an important role in developing projects in solar and geothermal in Cornwall, in Wales and in other parts of the country, too. It is about making the most of the local power plan and working with developers to help to bring those to fruition as soon as possible.

The Chair: Thank you. I apologise to Members who have not managed to ask all the questions they want to ask, but we are out of time on this panel. Mr Zipfel and Mr McGirr, I thank you very much on behalf of the Committee and the House for affording us the benefit of your opinions and your time.

Examination of Witness

Dan Labbad gave evidence.

2.29 pm

The Chair: We will now hear oral evidence from Dan Labbad, who is the chief executive officer of the Crown Estate. For this session, I am afraid that we have only until 2.50 pm. For the benefit of the record, Mr Labbad, could you introduce yourself?

Dan Labbad: I am Dan Labbad, the chief executive of the Crown Estate.

Q60 Andrew Bowie: Thank you for giving us your time this afternoon, Mr Labbad. How do you foresee the Bill and the creation of GB Energy impacting on the offices of the Crown Estate? In your answer, could you give some detail on the recent agreement between the Crown Estate and GB Energy, and what that will mean moving forward?

Dan Labbad: First, thank you for having me here this afternoon.

The Crown Estate has been operating in the offshore renewable energy space for a long time—roughly 25 years—and, working with Government, the private sector and the third sector, we have created what is the second largest offshore wind capability in the world. That is something that we as a country should be very proud of, but obviously what got us here will not get us where we need to be.

When you look at the Climate Change Committee's report on what is required from offshore wind and other renewable and zero-carbon technologies into the future, you see that we need to accelerate our deployment in a way that is balanced with other marine uses, including the environment, and ensure that we are deploying at a rate that meets the targets that were set for good reason. We have been organising the Crown Estate for the last five to 10 years in order to do that, accelerating leasing and starting the de-risking process for developers.

We also have a Bill before Parliament to enhance our powers to do more in this space. For example, we have something called the marine delivery route map, which looks at all uses on the seabed to ensure that we can create spatial co-ordination for different uses. That is fundamental to being able to achieve deployment, but even with our new powers we cannot do it alone. We need support, certainly support from Government.

There are three key areas that we would have called on had GB Energy not been announced, but Great British Energy offers a number of things. First, there is the co-ordination of all the agents involved in what is a very complex energy sector, both within and outside of Government. One of the big encumbrances at the moment is that everyone is working in slightly different directions; you do not achieve targets if everyone is working in slightly different directions.

Secondly, there are the increased investment powers to ensure that we are additive to what the private sector needs and ensure that we can achieve the acceleration throughout that we are talking about and invest in new technologies.

Finally, it can ensure that we are evolving policy around areas that are not limited to planning and grid, for example, so that we have the pathways not only to lease seabed for renewable deployment but to deliver generating capacity. We see GB Energy bringing those things.

Q61 Andrew Bowie: We have spoken with previous guests this afternoon about the necessity for the Secretary of State and the Minister here to have strategic priorities and plans to engage with Scottish and Welsh Ministers and all the devolved Administrations. Obviously, the Crown Estate is an area that is devolved in Scotland. You said that within the market right now there are different plans, priorities and timescales and people are moving in different directions. How are you co-ordinating with Crown Estate Scotland to ensure that your work with GBE will be uniform and joined up across the United Kingdom? Otherwise, none of the targets will be met.

Dan Labbad: Consultation across the country is fundamental. In fact, if you look at our Celtic sea round 5 tender, which is live at the moment, you will see that we consulted heavily with the Welsh Government and with Welsh stakeholders. In fact, we evolved our approach quite considerably in the deployment of that tender approach through that consultation, adding a lot of value.

I should say that to get a leasing programme out like round 5—which is the 4.5 GW floating wind programme that we have at the moment live in the Celtic sea—you engage with many stakeholders. The count in the case

of the Celtic sea was more than 70 stakeholders from global and local environmental groups, developers across Government, the third sector again and a whole host of users of the seabed. Without doing that we do not deploy, because we do not get everybody's buy-in. If we are talking other parts of the country, there is no difference whether it is Northern Ireland or Scotland.

We enjoy a good relationship with Crown Estates Scotland and with the Scottish Government. They are partners in our marine delivery route map and we are co-ordinating on systems issues, because obviously some of the environmental issues and deployment and grid issues do not have borders, so that consultation is, as you suggest, fundamental.

Q62 Perran Moon: In relation to clause 1(5), about the statement of strategic priorities, you just mentioned the Celtic sea round 5 tenders. I think I am correct in saying that they did not have any mandatory social value element. What would be your thoughts on social value being mandated as part of the strategic priorities for local coastal communities, particularly deprived areas such as Cornwall?

Dan Labbad: First, as regards the Celtic sea, there are social requirements as part of the tender process. I obviously cannot talk about them too much, given that we are in a live tender for procurement purposes, but there are social requirements as part of that tender.

To your question, it is fundamental. It will be a real failure if we end up deploying renewable energy on the seabed in the way we need to in the next 20 years and are not able to capture a fair proportion of that industrial complex for ourselves as a country. It would be a real pity if we did not build new jobs and new futures for young people across the country and if we did not support the distribution of that benefit across the country, including to coastal communities.

We have to bear in mind that there is a role for developers and a role for Government and the Crown Estate. For example, in the Celtic sea a 4.5 GW tender does not build a supply chain. It is not enough; the critical mass is not there. Again, that is why it is so important that Great British Energy and the Crown Estate work together, with our additional powers and being able to provide forward commitments to, for example, the Celtic sea. We estimate at the moment that it has the potential for another 12 GW of offshore wind, predominantly floating but also fixed. You need that type of scale so that both Government and private sector investment in the supply chain, including in coastal communities, will stick. That is why this partnership is so important and why we have to remember the size of that prize, so to speak.

Q63 Stephen Flynn: GB Energy's objectives as set out in the Bill make it quite clear that it is intent on becoming a producer, distributor, supplier and storer of energy, and to achieve that the Crown Estate will be absolutely crucial. Can you provide a little insight on the recent powers on borrowing provided to the Crown Estate, and how that will help you and GB Energy to meet the Bill's aims?

Dan Labbad: First, from the Crown Estate's perspective—I know this is a little out of scope—we operate under an Act of Parliament and have an obligation to enhance

the value of our portfolio nationally, on behalf of the country, into perpetuity. We must ensure that we, like any business, balance safe investments with more risky investments. There is no doubt that investing in the seabed in the way we are talking about is a higher risk activity than other things that we do.

The increased borrowing powers do two things. First, they give us the capital throughput to do more—to accelerate and offer more. Secondly, because we know that we will have a line of credit, they allow us to make commitments. To use the Celtic sea as an example, as we move from what we envisage we can do about 12 GW to the reality of knowing that we can do that, we can then say to the market that we are committed to that leasing programme over the next 10 years. That is huge. From a developer perspective, they are not chipping away. For argument's sake, let us say that we have 4 GW divided into three bits. You are talking about small gigawattage for companies of the scale of Equinor, for example. Being able to provide a pipeline where we know there is more to come means that they invest more—that is what that does.

The other thing that comes with the borrowing powers is a broader investment remit, which allows us to turn our attention to supply chain opportunities and to support the industrial complex and jobs. Again, we have been restricted in what we can do there in the past, so that is fundamental. With regard to GB Energy, as I said earlier, the Crown Estate cannot do it all on its own. We need additional capital support, support with co-ordination and support with policy evolution. All those things are required, which is why the partnership is so fundamental.

The Chair: Order. The issue of scope has raised its head again. I gently say that while this Chairman is not in the business of seeking to tell witnesses what they can and cannot say, he is in the business of making sure that Members, at least, stay within the scope.

Q64 Catherine Fookes: Thank you, Chair; I will try to stay in scope. I was really pleased to read about the £2-million tidal energy project at Morlais off the coast of Ynys Môn. Clause 3(2)(d) talks about GB Energy improving the security of our energy supply here in the UK. Is that the kind of project that you see benefiting from and being supported by GB Energy?

Dan Labbad: Yes. Both the Crown Estate and GB Energy moving forward will support that type of thing. It is an example of a local community energy project, and I think there needs to be more of that, as I said in my answer to the earlier question. Where we can build community support for renewable projects, we should. The Crown Estate and GB Energy will be looking to that as part of our core mandate moving forward. I am very excited about that type of thing because it benefits everybody, so it is fundamental to what we do moving forward.

Q65 Pippa Heylings: We have heard how, working together with the Crown Estate, we could be accelerating GB Energy's investments, particularly through accelerating the consenting process. It was reassuring to hear you say that there are multiple values and that you have a multiple delivery group, with environmental values being part of that, and how critical it is to have consultations around the environmental requirements.

Within the scope of the Bill, under clause 3, we also heard in evidence this morning the request that we seek a duty towards nature and nature recovery and the achievement of the Environment Act 2021. Would that provide the reassurance that while we are dealing with the climate emergency, we are not disregarding the nature emergency and the environmental value of the seabed and the sea?

Dan Labbad: While I cannot comment specifically on the Bill, I would say that the Crown Estate already has a responsibility to protect the environment and look at nature recovery. In fact, this week we launched our nature commitments, which have undergone significant consultation. You can find those live on our website. We are obligated under our Act to do that. That obligation maintains in the partnership, so we will be doing that as part of what we bring to the GB Energy partnership.

The Chair: This will be the final question.

Q66 Harriet Cross (Gordon and Buchan) (Con): The aim of GB Energy, among other things, is to decarbonise the grid. The 2030 date has been thrown around. Practically, in terms of timescales, no matter what happens with GB Energy, the Crown Estate and land leases, it would not impact the Crown Estate's ability to bring more wind farms online by 2030. What is in the Bill at the moment that can bring on the transition and help to decarbonise?

Dan Labbad: If you look at where we are today, we have just under 12 GW generating. The Crown Estate in England, Wales and Northern Ireland has about 42 GW in the pipeline. The first thing is: how can we bring as much of that to generating as possible? That is really important. Where and how do we remove immediate encumbrances? That is something we can work on immediately. From there, even to bring 20 GW to 30 GW to market by 2030 needs a lot of work and co-ordination.

To put it another way, we have delivered 12 GW of generating capacity in 25 years and if, as informed by the Climate Change Committee, we are to move up to 125 GW of generating capacity by 2050, that means we need a five to tenfold increase in the next 25 years. What we do in the next few years is incredibly important to ensure that we are laying the foundations for that to be a successful deployment.

The Chair: I said that that would be the final question, but we have a couple of minutes left, so, very briefly, I call Torcuil Crichton.

Q67 Torcuil Crichton: Hello, Mr Labbad. I realise that Crown Estate Scotland is devolved and under different jurisdiction, but it was in the water first, so to speak, with its Scotland licensing round. What lessons did the Crown Estate learn from that Scottish experience, in terms of what came out of it and co-investing in future with the UK Government?

Dan Labbad: We are looking to learn all the time from what happens around the country and around the world. One thing that it is worth saying quickly is that sometimes we are too focused on interior discussions and debates about how and what goes on where in the UK. The elephant in the room, in some ways, is losing the first mover advantage we have had in this sector to

the rest of the world. It is essential to demonstrate that as a country we can do floating wind better than anyone else, and to build the integration and maintenance capabilities in this country, because that is what will bring the jobs, for example. We are always focused on that.

We have learned a number of things. Obviously, focusing on the supply chain is fundamentally important. That has been a learning over the past 10 years. The other thing that has been a learning is that we need to work to de-risk the sector for the private sector as much as possible, because in a world that has a growing offshore wind pipeline, even the companies that you are listening to today all work internationally, and we need to retain the UK as a competitive place for them to want to deploy renewable energy. The way that to do that is to build the pathway to the future, so that they can see the pipeline using the marine delivery route map. We must de-risk such projects up front so that they still put their capital in and earn the requisite return on it for the risk that they take, but we are not asking them to take a disproportionate risk on projects that are being stalled. Those are all learnings over the past 25 years.

I will also make a final point. The industry and Government—the Crown Estate and others involved in this sector over the past 25 years—have been exceptional at course correcting when things have not gone exactly to plan. The innovation capacity in the sector is there, and all we need to do through things like the partnership with Great British Energy is empower that capacity. Then, I think, we have every chance of meeting those deployment targets.

The Chair: Thank you. Mr Labbad, it may seem like a long way to have come for a very short period of time, but your evidence is extremely valuable to the Committee.

Examination of Witness

Josh Buckland gave evidence.

2.48 pm

The Chair: Good afternoon. We will now hear oral evidence from Josh Buckland, a partner at Flint Global. For this session, we have until 3.10 pm. Mr Buckland, will you identify yourself for the purposes of the record, please?

Josh Buckland: I am Joshua Buckland, a partner at Flint Global.

Q68 Andrew Bowie: Thank you very much for joining us, Mr Buckland. Obviously you come from the perspective of a company that is investing—alongside others that are investing—in the future technologies that will guide us towards net zero and a clean future. One of the objects of Great British Energy, as clause 3 states, is that it should be involved in

“the production, distribution, storage and supply of clean energy”. Do you see the Bill and the creation of GBE as an assistance in unlocking private capital and the investment that we need in the new technologies, or are you worried, as some are, that this might be a blockage and get in the way of the private sector?

Josh Buckland: I think that that is the right question to ask. Ultimately, the amount of capital we need to invest in the energy transition is so significant that we will have to deploy and leverage in private finance at a scale that has not really been seen before, and any intervention from Government needs to play a role in unlocking that private capital. The Government have set out that Great British Energy will be mobilised with £8.3 billion of public capital. On the surface, that is a significant amount of money, but in comparison with the hundreds of billions that we will need to deploy through the overall transition, the way that it crowds in greater levels of private investment will be the key test of its success.

The Bill sets out a range of roles that Great British Energy could play, some of which could have a bigger impact on mobilising capital than others, and a range of different mechanisms that it could deploy. It is probably too early to tell whether the structure and the decisions it makes will mobilise capital at the scale that the Government intend, but the framework set out in the Bill will definitely give it the potential to do so.

Q69 Olivia Blake (Sheffield Hallam) (Lab): I am interested to know whether there are any conditions that you would like to see put on the financial assistance provisions and their scope under clause 4, given your unique placement within the system.

Josh Buckland: The financial assistance statements set out in clause 4 are relatively broad; they give Great British Energy the ability to invest in a variety of ways. It comes back to the question of how you create value through Great British Energy. One of the key tests will be whether it can drive additionality, so whether it can deploy capital in a way the private sector cannot. That usually rests on two issues. One is whether it can invest earlier in the development curve when private investment at scale is tricky, so where there is technology risk or development risk. An alternative is whether it can invest on a sub-par basis, so effectively whether it can create catalytic capital—that is the terminology often used—in a way the private sector would not be able to.

Clause 4 could potentially do those things, and there is no restriction on its ability to do them, but obviously the Government have not yet said much about exactly what format these investments will take. That is not necessarily an issue from a legislative perspective. I have looked back at the legislation that underpinned the UK Infrastructure Bank and the Green Investment Bank, which I was involved with when I was in government, and both those Acts are relatively high-level in terms of the interventions and mechanisms that they can deploy. On the surface, there is nothing that restricts that. As the Government think about the deployment of Great British Energy, I imagine that they will want to set out how it will give more clarity to the private market on the sorts of interventions and mechanisms that it will look to deploy at scale.

Q70 Olivia Blake: Is there anything that you feel is missing from the Bill that would provide clarity, or do you think it will be covered in subsequent documentation?

Josh Buckland: My personal view on financial assistance is that it is fine to keep it relatively broad. Having been a civil servant in government for a long time, I know that

primary legislation, if it is relatively broad, gives you the ability to think commercially, and clearly the energy transition will be set out with a range of different technologies. Innovation will come through, and the ability for the Bill to be flexible will assist that.

There are other questions about things that are referenced less in the Bill—let's put it that way. In some of the previous legislation—for example, the Enterprise and Regulatory Reform Act 2013, which set out the Green Investment Bank—the Government talked about the need for operational independence undertakings and gave more clarity on the importance of creating an independent institution that can act in a way that ensures it can partner with the private sector and can take investment decisions that mobilise private investment and do not distort the market. Although that is not necessarily linked to clause 4, there are some interesting questions around whether the independence framework set out goes far enough to give that reassurance to the private market.

Q71 Harriet Cross: The Bill, as we have discussed, is pretty light on detail at the moment, which means it could be all things to all people or not offer enough answers to give any reassurance to anyone. From your clients' point of view, is there a different mechanism that they would prefer? How could this public investment be used in a different manner to actually help drive and retain the private investment coming in at the moment? In other words, is this the best mechanism for keeping and driving investment?

Josh Buckland: On the surface, a range of different countries have publicly owned energy companies of different sizes and scales. Therefore, I do not agree with the concept that private investors are either unfamiliar or concerned at a general level. It will all come down to your point around the design of the actual institution and how it operates with the private market.

I think you are right to say that the Bill is relatively high-level. Looking back at some of the precedents that exist, I would mention the Green Investment Bank again. That was operational for a number of years and was established and grown while the legislation was then taken later down the line. It was easier, if you were a private investor, to understand the role that the Green Investment Bank would play and then have the legislation to effectively inform and solidify that.

The challenge in this context is that the Government have obviously proceeded with the legislation early on, as the institution is being established. That does not mean to say that it cannot be created as an institution that is independent and galvanises private investment but, clearly, the current level of uncertainty around the design and the mechanisms that it will deploy will add to that challenge.

Therefore, the Government have said that alongside the Bill they will look to publish more detail on a framework agreement with Government, and how they will set that out and consult with private industry. That, in tandem with the Bill, is critical at this formation stage. That is not to say that it necessarily leads to all that detail being in the Bill itself, but it is critical that it goes alongside it.

Q72 Josh MacAlister (Whitehaven and Workington) (Lab): It is good to hear you say that the Bill has the full range of mechanisms within it to mobilise capital. There

has been a recurring theme today that the Bill should provide flexibility for future eventualities as the energy system changes dynamically. Do you have any reflections on the past 10 years, and looking ahead to the next 10 years, as to how the mechanisms that get chosen by the executive at GB Energy might have changed had it been in existence 10 years ago? Looking ahead as well, how might the mechanisms that it chooses change over time?

Josh Buckland: It is a fair and good question. I think your substantive point is absolutely right; the mechanisms set out under clause 4 give Great British Energy the opportunity to take different approaches as technology shifts and changes. We have definitely seen, over the past decade, a shift towards different mechanisms deployed by Government. At the early stage, they were largely bilateral, non-competitive and largely done on a kind of long-term contract basis. It is very instructive to look at what the UK Infrastructure Bank is now doing; it is now looking at different mechanisms—earlier stage investment, development capital at risk, and equity investments. Those are the sorts of things that Governments have not traditionally done at the scale that is necessarily required for the energy transition but that obviously Great British Energy could play a role in extending.

There is an interesting question around where you draw the line between Great British Energy and the role of other existing institutions. The Government have already talked about the fact that they are going to evolve the UK Infrastructure Bank to be the national wealth fund, and obviously that will have some crossover with the operations and focus areas of Great British Energy. For me—this may be an issue that is separate from the Bill—how the Government set out how the governance will work between the Department, the Government, Great British Energy, the national wealth fund and other institutions will be critical to making that a success over time, as the executive of Great British Energy looks at new issues and technologies as they come through.

I would stress—I imagine that this point may be made by other witnesses—that the fact that clause 3 is relatively broad, in terms of the sectors and areas that the entity can invest in, is really beneficial, because that also allows some level of independence for the executive to take choices as the energy sector evolves. Clearly, we know the many technologies that we have now, but there will be a range of different issues that come through. I therefore think that that flexibility under clause 3 is quite important.

Q73 Wera Hobhouse (Bath) (LD): Following on from what you were saying about uncertainties, and how we have the Bill but then there are all sorts of other questions, it is about creating certainties for us as legislators, to some extent, as well as for investors. Clause 5 says that

“the Secretary of State must prepare a statement of strategic priorities”.

Do you think that it would be important to have a timescale for that, so that we know when the Secretary of State is preparing the strategic priorities, and so that it happens quite quickly? That is something that we can do: put a possible time limit or timeframe into this Bill.

Josh Buckland: That is a very good question; I look back to my time as a civil servant. Sometimes timelines can be very useful because they give clarity, externally, as to when priorities will be updated and when there will be new interventions from Government, but sometimes they do not necessarily reflect the external environment as things change. If there were to be a decision to include an additional requirement around the timeframe, I think you would still want the ability to respond to external events as the world changes, to ensure that the priorities set out to the institution could adapt as the external world changes. Obviously, that is very true in the energy transition.

Clause 5(8) states that Great British Energy must have the ability

“to publish and act in accordance with”

that statement. The thing for me—again, it may not be an issue for the Bill itself, but it will be interesting to watch—will be how bound Great British Energy is to the specifics of the Secretary of State’s statement and what latitude it has beyond that, because clearly it will want to take its own commercial decisions. Fundamental to its independence and ability to crowd in private finance will be that it is taking commercial decisions with strong justification. That is an area that may not need any greater clarity in the Bill, but it will be one thing that private investors will look at quite closely.

Q74 Uma Kumaran: Thank you, Josh. Prior to becoming an MP, I worked globally to advance climate action, so I know that there is best practice to learn from countries around the world. As a global corporation, have you seen comparable frameworks in other countries to support the transition?

Josh Buckland: Completely. There are plenty of precedents in various sizes and scales. Critically, they are not necessarily all in the concept of a developer company, which obviously has got most of the attention as a result of the Great British Energy Bill. There are those examples, and there are significant European energy developers and national energy companies right across the world, and quite often they partner with other entities, whether they are private investors or developers. It is welcome that in the broader statement the Government have been clear that, especially at an early stage, they want Great British Energy to partner with other developers. We should not forget that we have a lot of leading companies in this country, both headquartered here and inward investors.

The other interesting area is the role that the state can play more generally. I might be wrong, but I think that is alluded to in clause 4, which mentions that the financial assistance may be applied “pursuant to a contract”. That is an interesting dynamic. In Denmark, for example, the state in its new leasing process for offshore wind will take a 20% stake in projects as it offers out contracts to the private sector. That is an interesting model that could potentially be applied here and has been applied in other European jurisdictions.

I am not entirely sure about the Government’s intentions on whether that would be a matter for GB Energy or for broader policy, but clearly it creates different opportunities. We should not necessarily think about Great British Energy just as an investor of capital, to go back to the question asked earlier; this is a significant amount of

money but, given the scale of investment required, it will be deploying other capital through it that is the key test of success.

The Chair: I call Stephen Flynn.

Stephen Flynn: My question has just been answered.

Q75 Perran Moon: My question is along similar lines. Thinking about attracting that capital investment, we are currently in a scenario where, in relation to clause 4, there is a need to de-risk some UK energy projects to unlock additional capital investment. Can you describe how you see the specific role of GB Energy in unlocking some of that capital investment?

Josh Buckland: I have looked through the project life cycle, and clause 4 gives a lot of flexibility around it. There is the early-stage development capital, which is quite difficult at this stage to develop at the scale required. Developing large-scale energy projects costs not just tens of millions, but potentially hundreds of millions through the development phase, so there is a role there that GB Energy could play in the deployment of development capital.

Potentially more important in a development phase is the ability to help projects to de-risk other things that they cannot control, such as their ability to access a grid connection, to get planning approval and to access the right supply chain domestically, to go back to the point about unlocking economic potential here. That could potentially be a significant role for GB Energy. That comes back to the governance question of where Government draw the line between a role for Great British Energy and the Government, because a lot of those issues are effectively for the Government to deal with, but that is an interesting dynamic to watch.

If we move through to the construction phase, there is slightly less of a role, in truth, because the level of capital required in building out projects once they have got over the initial financing barrier is potentially lower. I know the Government have talked a lot about that separately from the Bill. The exception is local and community energy projects, where clearly the barrier to unlocking investment is higher, and there is potentially a role there for Great British Energy that the Government have talked about.

The final piece is whether, once an asset has been built out and is operational, Great British Energy should have a role there. Again, that is potentially more a question about how you want the capital to be deployed. The Government could take a stake in a project, or invest to then seek a return, and utilise that money either to reduce energy bills or to reinvest. That is a question around prioritisation of public spending, because that might be a sensible thing to do, but there is a range of other things you could invest in that might look beyond the energy transition. Hopefully that gives you a bit of a feel. The role will definitely change depending on where you are in the asset life cycle.

Q76 Pippa Heylings: Given your history as a civil servant and in government over the last years, one of the issues around governance under clause 5 was the level of scope and power given to the Secretary of State, without a review, being able to review, reverse or replace

the statement. Given that in the past we have had the rolling back of commitments and that we are trying to create certainty for investment, do you have any reflections on whether there should be any kind of review before the Secretary of State can do anything? We are being asked to support this Bill's being so broad and flexible that any change would be quite substantive. Is there any learning from the past where you would change the way that is described in the Bill?

Josh Buckland: There is a question around consultative processes, I suppose. One thing we have seen, or that I have experienced, especially on the planning side, is that when the Government set out statements of intent—for example, through the planning regime and national policy statements—it is important to consult on those extensively in advance so that there is certainty around what they mean. Then they have to wait as institutions respond. There may be a question about what level of external input is given before the statement of strategic priorities is set out, or whether it is just a Government statement that is then passed through. There is an interesting question about consultation in advance.

Once it is established, those acting and investing alongside Great British Energy will be more interested in how it as an institution interprets that statement. If it has to set out a strategic business plan as set out under subsection (8), that is the area that companies will be more interested in, because—assuming it is operationally independent—that is the thing that they will take more seriously.

The other dynamic in terms of updates is the risk that regular updates to the strategic plan create uncertainty. That might go back to the question of timeline and expectations of when the statement is reviewed, when it is republished and at what stage, and what needs to change externally to make that a reality. That is probably an important dynamic. Whether that is a matter for the Bill I will leave to others to guide on, but obviously it is an area that will be of interest externally in understanding how Great British Energy operates in practice.

Q77 Andrew Pakes (Peterborough) (Lab): Most of my professional background has been in workforce development in supply chains, ensuring that we can deliver. Even though we have had the conversation about the flexibility and the broadness of the objectives, I think this is still an ambitious piece of legislation that the Government are putting forward. I am interested in your reflections on the objectives and the financial assistance, and whether you think that in the country we currently have the supply chain or the skills to deliver on this ambition, or whether the Bill itself in containing these powers will be a catalyst to deliver on that ambition.

Josh Buckland: Ultimately, the question of supply chain is broader than this Bill. Great British Energy could absolutely play a role, especially if it is doing place-based investments or is particularly investing in certain projects. But there is a fundamental question for the Government, as they look to build out the supply chain, around what they are doing at a skills-based level, what they are doing at a technology development level and how they are giving greater clarity on the pipeline of projects over time, some of which might be invested in by Great British Energy and some of which might not. For me, supply chain and skills deployment

is a matter of broader Government policy, which Great British Energy can support.

As we stand here today, we do not necessarily have the right level of skilled capacity in the country to deliver all the ambitions that have been set out across infrastructure. It is important not just to look at the energy sector; a lot of the changes will require changes in the transport sector, the water sector and others, but that does not mean that we cannot have those skills if there is a broader framework to develop them, to train and to invest at scale in the supply chain. Great British Energy could play some role in that, but the broader policy framework and the Government's ambitions more widely will dictate that to a greater degree.

The Chair: Thank you very much indeed for your time this afternoon, Mr Buckland. The Committee is indebted to you.

Examination of Witnesses

Olivia Powis, Jack Norquoy and Myrtle Dawes gave evidence.

3.10 pm

The Chair: We are now going to hear oral evidence from Jack Norquoy, the director of communications and public affairs, Scottish Renewables, Myrtle Dawes, the chief executive officer of the Net Zero Technology Centre, and, I hope, from Olivia Powis, the chief executive of the Carbon Capture and Storage Association, although Ms Powis has been slightly delayed. We will proceed and hope that she is able to join us later. For this session we have until 3.50 pm. Please introduce yourselves for the benefit of the record.

Myrtle Dawes: My name is Myrtle Dawes. I am a chemical engineer and am currently CEO at the Net Zero Technology Centre. For those of you who do not know that organisation, it uses government funding to work with industry to accelerate and develop emerging technology.

Jack Norquoy: Good afternoon, Committee. I am Jack Norquoy, representing Scottish Renewables. We are the voice of Scotland's renewable energy industry. We represent nearly 400 organisations working across all renewable energy technologies and the supply chain in Scotland.

The Chair: From one Scotsman to another—I call the shadow Minister.

Q78 Andrew Bowie: Thank you, Sir Roger. Good afternoon and thank you for joining us today to help our deliberations on the Bill. My first question was going to be to Ms Powis, but I will expand on it to Ms Dawes to begin with. The Carbon Capture and Storage Association has written to the Committee expressing concern about the definition of technologies that GB Energy might be able to invest in and work on. It would like to see an extension of the definition from “the production, distribution, storage and supply of clean energy”, to include technology that might be involved in carbon capture and storage. It is not set out clearly within the Bill that that is the case. Ms Dawes, as somebody who works with the companies involved in the extraction

[Andrew Bowie]

and production of fossil fuels in Aberdeen and the drive to transition to net zero, do you share the concern with the narrow prescription of what GB Energy will be allowed to invest in and be involved in?

Myrtle Dawes: I understand their concern. From my perspective, I understood that that would be covered under clause 1(2)(b), which concerns the reduction of greenhouse gases. Fundamentally, the storage or utilisation of carbon dioxide comes with the reduction of greenhouse gases. [Interruption.] As Olivia is here, she could probably respond.

The Chair: Order. If I may interrupt, we have now been joined by Olivia Powis, who is chief executive of the Carbon Capture Association. For the benefit of the record and *Hansard*, could you identify yourself?

Olivia Powis: I apologise for being a couple of minutes late. I am Olivia Powis, chief executive officer of the Carbon Capture and Storage Association.

The Chair: There is no need to apologise; we understand the vagaries of travel in London and are grateful to you for joining us. Minister—shadow Minister, I beg your pardon—would you like to come back?

Q79 Andrew Bowie: It was the case once, Sir Roger.

Thank you for joining us, Ms Powis. I was going to ask about the concerns that your association has brought to our attention about the definitions in the Bill, particularly in clause 3, concerning the objects that GBE is restricted to facilitating, encouraging or participating in. Please could you expand on those, and also on your suggested changes to the Bill, about which you kindly wrote to us two weeks ago?

Olivia Powis: I would be pleased to expand on that. We welcome the Bill and its support. In his opening remarks on Second Reading, the Secretary of State stated that

“Great British Energy will support project development”

to

“help speed up the roll-out of offshore wind and other technologies”—[*Official Report*, 5 September 2024; Vol. 753, c. 460.]

such as CCUS, wave, tidal and hydrogen.

We believe, however, that the narrow definition of clean energy in the current draft of the Bill could be prohibitive to low-carbon technologies and inadvertently limit the scope of GB Energy’s investments, thereby reducing the potential for public projects and hindering the UK’s ability to meet its net zero targets.

The definition of clean energy should be clarified to ensure that it encompasses energy sourced from fossil fuels when combined with carbon capture and storage—that is, when abated. We, alongside Hydrogen UK, have proposed some alternative wording that would enable abated fossil fuels to be included, and ensure the reduction of greenhouse gas emissions from energy produced from fossil fuels. We must future-proof this definition to make sure that GB Energy is able to invest safely in projects such as low-carbon energy with CCS and is not at risk of being challenged.

Jack Norquoy: I understand the concerns that have been raised. Some of our members will also be members of the Carbon Capture and Storage Association.

I understand those concerns and am happy with the suggestions. Our recommendation for the Bill, and moving forward, is that it maintains alignment with what the Climate Change Committee has within its scope as part of our transition to net zero.

Q80 Andrew Bowie: Ms Powis, do you suggest that if we do not make those changes to the Bill, it might be prohibitive to further investment in CCUS, or do you think that the words from the Secretary of State on announcing the Bill were enough to calm any jitters in your industry?

Olivia Powis: No, we would recommend that the wording is changed in the Bill so that it is future-proof. We welcome the words that came alongside it, but we want to ensure that it is future-proofed for when people come back to this legislation in five years’ time. It must be on the face of the Bill.

Q81 Andrew Bowie: This is a question to Ms Dawes and then to Mr Norquoy. You obviously represent two different types of energy companies. The Net Zero Technology Centre represents companies that are still very much involved in the North sea, although investing heavily in the next generation of technology that will get us to a cleaner future. How do you see this Bill, and the creation of GB Energy as a company, as helping to facilitate your work at the Net Zero Technology Centre? To Mr Norquoy, I ask the same question: how do you see it as assisting the members of your organisation, Scottish Renewables?

Myrtle Dawes: I am really excited about this. For reference, the Net Zero Technology Centre received £180 million of Government funding. We have managed to raise and match that with industry and go on to have more than 100 start-ups. We have more than 69 commercialised technologies. We have done more than 300 projects and gone on to give value back to GB of an order of one to nine in cost-benefit terms. When I see something like this, on a much bigger scale—our work is really a microcosm of this—it is really exciting. It is a catalyst sitting at the heart of Government, which will make sure that there is support for innovation during the period when it needs acceleration, when we need this technology to make things more efficient and drive down costs, and when we need to get good technology into the next set of infrastructure projects. For us, it is really exciting. Given what we have seen at the NZTC, it could go on to deliver quite a lot of value.

Jack Norquoy: I share that enthusiasm. Scottish Renewables has welcomed the development of GB Energy, alongside many of our members in industry. Of course, we welcome any additional investment at this time, particularly when we have heightened ambitions towards 2030. We have an unprecedented line of sight in Scotland with our pipeline, so we welcome the conversation and the development of GB Energy to deliver the support that will be needed to accelerate deployment.

We are particularly interested to see what the goals of GB Energy are. That has been set out in the Bill and in the surrounding documents, but we will need to see some clearer objectives and pathways to support that with industry. We appreciate that that might come after the Bill. We have interest in the governance, too; the importance of operational independence has been discussed

today. Finance is very important to the heightened ambitions for what GB Energy will do, as the Bill sets out, but we also want GB Energy to work with industry.

This comes at a time when there are a lot of welcome moving parts in industry, such as the development of a strategic spatial energy plan, the national wealth fund and GB Energy. We welcome the Bill and we would like to see the establishment of GB Energy, but in the steps ahead we would like to see a pathway to give some assurance to our members in industry who are now actively involved in the pipeline on how they can help towards the deployment to 2030.

Q82 Andrew Bowie: This will be my last question, Chair, I promise. Mr Norquoy, you represent Scottish Renewables. In the past, there have been moments when the aims and objectives of the UK Government and those of the Scottish Government have not been entirely aligned. Your members operate in a devolved administrative area, Scotland. How content are you, given the provisions of the Bill, that GB Energy—an arm of the UK Government, a company established by the UK Government and answerable to the UK Secretary of State—will have the autonomy and power to work constructively with and under the auspices of the devolved Administration in Edinburgh?

Jack Norquoy: The Bill includes a reference to working with Scottish Ministers, which is welcome, as part of improved relations at the moment, which are welcome too. On governance and devolved competency, as we heard in earlier evidence from the Crown Estate, the partnership with GB Energy is welcome. There will have to be development across the UK to support our net zero targets, but we want to ensure that there is parity with Crown Estate Scotland too. At the start, I highlighted the pipeline that we have sitting in Scotland. On the point about the competency of the Scottish Government, we would like to see some more detail—again, probably outwith the Bill—on how we can ensure parity between extra powers to the Crown Estate and to Crown Estate Scotland.

Q83 Stephen Flynn: We have heard a great deal today, and rightly so, about the potential investment that GB Energy could make, whether that is in production, storage or generation and so on and so forth. I am particularly interested in the innovation space and in your experience with the Net Zero Technology Centre. Do you think that GB Energy's focus should be on that, given the relatively small quantum that is available, or do you think that it should be broader and more focused on the de-risking of projects that might already be in the pipeline but might require assistance in relation to consent, planning or further capital investment?

Myrtle Dawes: I suppose it would have to be towards the impact. Naturally, the budget we are looking at is well suited to innovation. The crowding in of money that we could get around that from investors—the impact that we could have by moving on a lot of projects—is quite significant.

To take the example of floating offshore wind, we have some of the best wind resources in Europe and actually the world. We are sitting with one of the best supply chains for subsea in the world, because the North sea has been the harshest place in the world to do business. If we are ever going to get an effective floating

wind business, with technology and jobs here in the UK, we need to start and move on it now. Not only is there an opportunity to get electricity here in the UK, but we are very close to the heartland of Europe, which is also looking for electricity and for hydrogen. We can do lots of things where the impact, if we were to move now, would be great.

I have also worked on de-risking in major projects. They do need de-risking. I do not think that those in the supply chain are necessarily looking for a handout; they are looking for clarity, for investable business cases and for things where they can do the commercial work that they normally do. I can tell you that at the heart of this is technology that has to be sufficiently robust and reliable, and cheap enough that the product is cheap for the customer, who in this case is those who are using our energy.

Olivia Powis: I support everything that has been said. I think GB Energy offers the potential for targeted investment and support in areas of the value chain, for new innovations and across the supply chain. In particular, we look at some capture technologies with lower TRLs that would benefit from some investment, enabling them to move forward from what we refer to as the valley of death, to be able to compete on the open market. There are many opportunities within the innovation space.

Jack Norquoy: A big part of what GB Energy will do is the local power plan, to which a sizeable contribution of that £8 billion allocation has been made. You raised a point about how the rest of it will be spent; I echo the comments that have been made about innovation.

There will be a need for GB Energy to have a balance. That has been outlined in what we have seen so far, in that there will be a need to generate revenue in order for there to be a public return, but it is important that that money be targeted at high-risk areas where we need the longer-term strategic view to support innovation. Sectors in Scotland such as the marine energy sector would very much welcome that targeted support. So we have a balance between GB Energy being willing to take more risk than perhaps we have seen so far and some investment going towards the local power plan, developing the stable revenue that we will want to see coming through.

Q84 Olivia Blake: I have two questions for Ms Powis. The first goes back to the definition. Before you arrived, Ms Dawes mentioned that she felt that it was covered in clause 3(2)(b). May I ask why you do not think that that sentence is sufficient to cover CCUS?

Olivia Powis: We have proposed instead that the statement must provide that Great British Energy's objects are restricted to facilitating and encouraging investment in, and participating in, one or more of the production, distribution, storage and supply of clean energy, and the reduction, directly or indirectly, of greenhouse gas emissions from energy derived from fossil fuels, where that clean energy definition means energy and molecules produced from sources other than unabated fossil fuels. It is just about being clear about that clean energy definition. We have been told that, as drafted, it would exclude those with fossil fuels.

Q85 Olivia Blake: On CCUS, we want Great British Energy to have a broader portfolio once it is established—lots of witnesses today have said that. Where would you place CCUS, from a risky to a non-risky investment, for the £1.6 billion?

Olivia Powis: CCUS, as an industry, very much welcomes the announcements from Government last week and the further detail provided yesterday. There is lots of private sector investment helping to drive forward these projects. The funding commitment from Government is for projects once they are operational. Obviously there are still first-of-a-kind projects here, so I would not classify it as a very high risk. This is not a new technology; it is an industry that has been deployed elsewhere, and there is an understanding of how it will work.

There will be first-of-a-kind projects in the UK, and there could therefore be areas in which GB Energy could play a critical role. We have yet to really explore the extent—we would welcome further discussion on that—but there could be a role in enabling infrastructure, oversizing pipes, import terminals and port infrastructure. There is a role it could play in driving forward that enabling infrastructure investment.

The Chair: Ms Dawes and Mr Norquoy, have you anything to add?

Myrtle Dawes: I am glad to get the clarification. We also invest in CCUS; it is really important technology for industrial decarbonisation. As an engineer, I will tell you that there is risk involved in that, because we are used to steady state, and we will want to stop and start things. It is a refrigerant, so it will not like it.

There is quite a lot to do to reduce costs. The monitoring and verification of the stores is super-important. If we can turn a waste stream going to store into a product stream that is being utilised, that will be fantastic. That has to be the way we need to go. There is lots of technology to look at, both on the capture of emissions—direct air capture has its role, especially if we are going to look at some kinds of synthetic fuel—and on some of the emerging technologies around capturing carbon dioxide from seawater. Apart from the fact that we might also be able to mine some minerals from doing that, these are things that we should be looking at. It is all about getting the security of doing these things closer to home.

Q86 Pippa Heylings: Mr Norquoy, you said in your opening remarks that businesses would like a little more assurance, which would perhaps come in the Secretary of State's statement on the strategic priorities. You mentioned the objects. Part of the Committee's debate at the moment is about how wide we make the objects. If there were any objects included, because it seemed to be indicated that that might be beneficial, what would they be?

Jack Norquoy: I am happy to clarify that. We are content with the Bill; we understand the need to enable flexibility so that it can evolve over time. We certainly want GB Energy to be durable at a time that we are building a new energy system. There are various mechanisms, which I highlighted at the start. This is an opportune time to enable that durability. I think the scope is right; yes, it is wide, but that is important for longevity. We would want to see clarity within the business plan and as part of the statements that come following the Bill.

I think industry is very keen. We are operating at pace, so we want some clarity around the architecture in which this will sit, to give assurance to businesses that

are ready to engage and want to work closely with the Government and GB Energy. As has been highlighted to the Committee today, we want a sense of the role of GB Energy, where it will end when it comes to the national wealth fund and where those can complement each other. We also want clarity on the established array of institutions at a UK level, primarily the UK Infrastructure Bank. That is compounded when you come to Scotland, where we have the good work of the Scottish National Investment Bank and Scottish Enterprise. I do not think that this detail is needed in the Bill, but clarity on some of that architecture would be very welcome shortly thereafter.

The Chair: As nobody else on the panel wishes to respond, and there are no further questions, may I thank you for your evidence? We are very grateful to you for coming in.

Examination of Witness

David Whitehouse gave evidence.

3.37 pm

The Chair: We will now take oral evidence from David Whitehouse, the chief executive of Offshore Energies UK. For this session, we have until 4.10 pm. Mr Whitehouse, for the benefit of the record, could you please identify yourself?

David Whitehouse: I am David Whitehouse. I am the chief executive of Offshore Energies UK.

The Chair: Thank you. I call the shadow Minister.

Q87 Andrew Bowie: Thank you for joining us this afternoon, Mr Whitehouse. I think it is fair to say that OEUK has been somewhat sceptical, although it obviously wanted to work with the Government, about the overarching policies towards the energy sector, and specifically the sector you represent. Speaking specifically to this Bill and the establishment of Great British Energy, how do you see that company interacting with members of OEUK to deliver what we all want to achieve, which is greater energy security and a drive towards a cleaner net zero future?

David Whitehouse: Looking at the 400 members that we represent—people investing in our oil and gas, wind developers, people investing in carbon storage, but also a huge supply chain—I do not think we are sceptical. As an organisation, looking at our 400 members and at the 200,000 people who work in the sector, we see that journey to net zero as a real opportunity for the UK and for Scotland if we build on our industrial strengths. We are so lucky in this country that we have brilliant people and a world-class supply chain; we are also lucky that the wind blows and that we have the North sea and other assets. We must make best use of them.

Within the context of a wider energy strategy, we absolutely welcome GB Energy. It will play a role in a bigger energy strategy and a bigger industrial strategy. How do we see GB Energy working? We see it unlocking opportunities that otherwise would not happen. It will not create value if it simply replicates what the private sector would do anyway—I think that will be acknowledged in the priorities that I would expect to see from the

Secretary of State. There is still a huge role to play in de-risking projects, as well as in some of the local energy projects that have been raised. There is a huge opportunity to invest in technology and future infrastructure.

We touched on infrastructure with our European neighbours. How do we interact with it? Already, we have a number of companies looking at what kind of projects meet the mandate of GB Energy and would fulfil it. Do not forget the world-class supply chain that we have. We will fail in this country if we do not recognise how important our supply chain is. Our oil and gas supply chain is world-class. The transferability of those skills to what GB Energy needs to deliver is huge. There is a massive appetite for us to leverage the skills that we have and use GB Energy as a vehicle to deliver value for the country.

Q88 Andrew Bowie: Do you think this Bill will do that, Mr Whitehouse?

David Whitehouse: I think what you have is a Bill that, as you have heard in evidence, provides broad definitions and broad statements of intent. In and of itself, it is a platform to deliver that. What will be critical is that the Government, the Secretary of State and the devolved Governments, who have welcomed this, work together and honour the words about working in partnership with industry to take what is on paper and turn it into a reality of unlocking opportunities that would not be happening—opportunities for communities up and down the UK, and certainly for our key supply chain companies—to help us to accelerate some of the critical projects that need to be unlocked.

Q89 Andrew Bowie: We had the CCSA before us a few minutes ago, and there was some concern from its members about the objects in clause 3(2), which states that

“Great British Energy’s objects are restricted to facilitating...the production, distribution, storage and supply of clean energy...the reduction of greenhouse gas emissions...improvements in energy efficiency, and...measures for ensuring the security of the supply of energy.”

Is there any concern from among your members that the stated objects will prevent GB Energy from partnering with or investing in some of those companies, given that they have an existing footprint in the oil and gas sector?

David Whitehouse: We will look to bring clarity in that area. The interpretation we have taken and the conversations we have had indicate that this would not preclude companies from investing in that manner, and that the Bill is broadly defined to allow all companies to invest. That is something we very much welcome. We see the journey to net zero as being one of inclusivity, not exclusivity. As I have said, we represent companies that produce oil and gas, which have a critical role in our energy mix, but in terms of bringing forward technology, as it stands, no, we do not think that. There is an opportunity, though, as the Secretary of State brings forward the priorities, to provide clarity that those things would not be excluded.

Q90 Andrew Bowie: I have one last question, if I may beg your patience, Sir Roger. Obviously, Mr Whitehouse, a lot of the members that you represent are in Aberdeen.

In our very first piece of evidence this morning, we heard from Mr Juergen Maier, who is the new chair of GB Energy. It has been announced that the headquarters of GB Energy, established by this Bill, will be in Aberdeen. How important do you think that is, given the links that will have to be established to the existing energy sector and the importance of the supply chain to the success of GB Energy? How do you think the geographical location of the headquarters will affect the future success of the company, and indeed the energy sector in the UK?

David Whitehouse: The position we have always taken is that you have energy communities up and down the UK. We have a very proud energy sector, and in principle I think you could have put GB Energy in many places, but we welcome it in Aberdeen. The reason we welcome it in Aberdeen is because that is where you see a real density of high-quality operators, high-quality developers and high-quality supply chain. That is the right place to put it. We take confidence that this journey to net zero must be about inclusivity, and about breaking down barriers and building bridges. Having GB Energy centred in Aberdeen is a good statement of intent that this Government—it was also supported by the Scottish Government—recognise that as well. We need to make the most of our industrial strength. Placing this in Aberdeen is a good statement of intent, so we welcome that.

Q91 Torcuil Crichton: Mr Whitehouse, I hear what you say about the Bill and GB Energy being an opportunity, but I hear from some of your members that they think renewables are a threat. How can we change that language? To protect that world-class supply chain, what can the industry and GB Energy do to ensure that the supply chain and the jobs stay here?

David Whitehouse: Apologies: what was the word they were using?

Torcuil Crichton: Some see them as a threat, not an opportunity.

David Whitehouse: Okay. So I need to do a better job, because I do not see a threat whatsoever. In the UK at the moment, we are on a journey. The Climate Change Committee says that we must hit our net zero targets by 2050, and on that journey 50% of our energy under the balanced pathway will come from oil and gas. Today we produce only about half of what we need, so it is right that, in my opinion, if the industry is held to account, we should prioritise domestic oil and gas.

Our members see no threat from accelerating the path to renewable energy. It will take time, but it is absolutely the right thing to do. The only concern or consideration from our perspective is, “Yes, of course, accelerate.” Our members are actually investing in that, and our supply chain members are using their revenues from oil and gas to invest in that transition. It is an opportunity, not a threat.

What we need, though, is that balanced discussion with those who work in the oil and gas sector. We have a voice: we are Offshore Energies UK, not “Oil and Gas UK”. That is because companies, supply chains and people are evolving, and you want that big tent if you are going to be successful in bringing it forward. If you are getting that feedback from those in the sector, I hope that in the coming weeks and months you will not hear that.

Q92 Stephen Flynn: In terms of the opportunities that exist in the Bill and GB Energy, would the appetite of your members for projects related to production or the generation of net zero energy be increased by the quantum that is available as part of GB Energy, which is relatively small in real terms—£1.3 billion per year, less the money that is already likely to be allocated to local plans and community projects—or by the ability to de-risk? If it is the latter, could you expand on your earlier answer?

David Whitehouse: I think we all recognise that on the journey to net zero a huge amount of investment is required to get us there—the Climate Change Committee says that £1.4 trillion is required. The lion's share will come from the private sector, so GB Energy will help, but actually we need to create the conditions more broadly where we have investment in the energy sector that turns into enduring value. That is what we need to deliver, and we can talk about that.

Where GB Energy can play a role is in those opportunities that would not otherwise have happened, such as through the opportunity to de-risk projects. If we look at things such as carbon storage, de-risking and understanding the nature of the carbon stores and using that as an opportunity to buy into future investments is a role that GB Energy can and should play.

We have spoken about connectivity with Europe. Scotland and the UK's future will be hydrogen pipelines to Europe, and there is a role for a state player to crowd in private sector money make those projects happen. We often talk about GB Energy as an investment vehicle but, if we work in partnership with industry, it should be much more than that. Getting money is difficult, but it is not always the most difficult thing that we have to do, so it is about unblocking the other issues. There are 13 years from consent to the delivery of the first electrons. It is in those areas where we can have a state player sitting with industry that understands our challenges and what we need to do. We often talk about GB Energy as an investment vehicle, but it should have a bigger vision than that.

Q93 Harriet Cross: The statement of strategic priorities set out in clause 5 does not have a timescale on it. I wonder how important it is from your members' points of view that that timescale is narrowed down, particularly given that a lot of your members will be international companies. Obviously investment and personnel—that is, skills—flow abroad, and we cannot guarantee that they will wait for a strategic priorities document to come forward.

David Whitehouse: There is no doubt that the UK and Scotland are in a global race for investment, and we need to create an environment where we are attracting investment. I sit in a sector that has been battered to some degree by public perception and by tax changes. There are things that are happening outwith GB Energy that, as a country, we need to look at. We need to make a great environment for investment.

Time does matter; GB Energy will start to come to life when the Secretary of State puts forward priorities. The thing that we would ask—I think you have heard it from others—is about bringing forward the strategic priorities for GB Energy. The statement should be something that we are engaged in and are bringing forward now. It should come forward in a timely manner,

but it must make sure that it has taken on board the necessary engagement with industry, Governments and other key stakeholders. Time is always of the essence.

Q94 Perran Moon: In relation to clause 4, “Financial assistance”, you mentioned unlocking capital investment. Can you elaborate on specific areas where the de-risking of unlocking capital investment could be particularly relevant to GB Energy?

David Whitehouse: For me, there are areas—I have touched on them slightly—where you look at the projects and their timelines, and if you have more data and more information up front, it massively shrinks the time from taking on a licence, or whatever it is, to turning that into carbon stored or electricity generated. There is an opportunity for an entity like GB Energy to invest in some of that up-front data gathering to de-risk those projects. GB Energy would then have the opportunity to trade that for a share in the future projects that come from that. We will see how that shows in the priorities, but that is a clear area where GB Energy can invest now to get data and use it to leverage equity stakes in projects moving forward, which I think is very much consistent with the founding principles of GB Energy.

We also touched on the infrastructure that is required in the UK, much of which is now being dealt with through the National Energy System Operator, and people will have spoken at length about the issues around the grid. There is so much more that we need to deliver a net zero future for the UK and for Europe. Again, a state investor with a long-term investment horizon can now be in the position where we start talking about what networks we need across the North sea to be successful. Having an entity like GB Energy crowding in private sector money is a great opportunity to unlock some of that.

Q95 Perran Moon: On clause 3, you mentioned the supply chain. I totally agree with you about the value of the UK supply chain. You referred to the North sea a lot in relation to that, which I completely understand given your membership, but what about the other areas of the UK? I am particularly thinking of Wales and Cornwall where there is a huge renewable energy opportunity but where, perhaps, the supply chains have not yet been as well established as they are in the North sea. Could you comment on how we can fix that problem through GB Energy?

David Whitehouse: I think it will and should be one of the priorities of GB Energy that our drive for clean energy must be done in a way where we create those supply chains. How do we do that? We already have—we can provide it to the Committee—a good assessment of the quality of the UK supply chain and what its capabilities are. We have a good understanding of what those future renewable opportunities are, and you are absolutely right that there are supply chain opportunities across the country, in essentially every constituency. We have that knowledge.

Now we need GB Energy to recognise what those opportunities are. There are projects to be invested in that GB Energy should be part of, and it should be directing and working with industry and the supply chain to make sure that we take the opportunities to grow our supply chain. We have a lot of significant

companies that we should grow. It is a fantastic export but also delivers in our own country. Myrtle will have touched on it: we have a whole host of acorns around this country that could be grown into massive oaks. It will probably use less flowery language, but that should be one of the principles of GB Energy. We have supply chain acorns that we can identify, and we must turn them into the oaks that this country needs.

Q96 Wera Hobhouse: We have been round the houses several times today. We need to see whether we can add anything to the Bill, whether something is missing from it or whether a lot of this will become clearer once the Secretary of State prepares a statement of strategic priorities or we understand the governance structures—all that. You are identifying all the stuff to do with future development of technologies that we do not even know about.

There was a question this morning about whether the Bill should specify that GB Energy should look at the gap in financial markets when it comes to support for new technology companies that otherwise would not make it through the valleys of death. As I understand it, there are not enough financial products out there, from private equity, ordinary banks or other investment opportunities. Can we put anything in the Bill to make addressing that particular gap more of a priority?

David Whitehouse: I am sorry; I wish I could give you a better answer. I have spoken with our members. In some way, shape or form, we think the Bill as it stands is broad and provides the opportunity for the Secretary of State and others to bring forward the statement of principles. That is where we would see some of that.

The Government will also bring forward an industrial strategy, and linked to that will be our energy policy. I think there is such a good opportunity within those—we will have representation from industry, which understands some of the issues, and there will be representatives from our investors across the sector. From our members' feedback, I think that is where they would see that input: in those broader ways.

Wera Hobhouse: Not in this Bill?

David Whitehouse: Not in this Bill—sorry.

Q97 Catherine Fookes: Mr Whitehouse, you mentioned inclusivity; I think you were referring to including the different devolved Governments in the UK. But when it comes to skills and inclusivity, I am interested in the important work of getting more women and a greater diversity of people into this sector. I was really pleased to see Ms Dawes and Ms Powis give evidence earlier. I purposely did not ask them—the two women in the room—how to get more women into the sector, but how can we get greater inclusivity and diversity into the sector through the strategic plan for Great British Energy? This relates to clause 5(8)(a), so it is in scope.

David Whitehouse: Let me talk about inclusivity in general terms. I am studying for a master's in renewables; I am the energy transition, albeit slightly older. When we talk about inclusivity, those who come from an oil and gas heritage are sometimes excluded from the conversation. You need all those voices. When I talk about inclusivity, it is about “bring all the voices”.

How do we improve what we are doing? I have a couple of brief comments. Speaking personally, I thought the legislation on the gender pay gap was excellent. What does it do? It makes conversations and debates happen. Last week in the sector, we spoke about Vision 2030—how we are going to deliver on a sector that is truly inclusive, that looks like the future, not the past, and that is attracting the next generation, with commitments about targets that we wish to achieve.

There are seven pillars on the path to getting there. How do we do that? You need commitment from leaders in the sector; I think we can give you that. You need some targets; I think we can give you them. We also need a plan of action that holds us to account. I come back to the path to net zero: we will not do this if we are not inclusive and not attracting across the entire spectrum, the entire country.

The Chair: Order. I think we can say that that is fairly close to being outside the scope of the Bill. I am absolutely confident that the next question will be within it.

Q98 Uma Kumaran: Thank you, Sir Roger; I will do my best. Thank you, David, for your insights today. You talked earlier about the potential for GB Energy to be much more than an investment vehicle. In your opinion, what are the other barriers that GB Energy and the Government can break down to create an environment to accelerate the transition?

David Whitehouse: I am an engineer, so it is simple engineering stuff. Collaboration: I was pleased to see the Scottish Government and other devolved Governments welcome this. I do not think GB Energy is the convening force in and of itself, but the convening power, which means we have Governments around the country working together for a common goal, is an important part of what GB Energy can provide a focus for.

Collaboration is really important. We need collaboration among our regulators. We have a complex regulatory framework. The view many of our members take is that to change our regulatory framework to be exactly what we require for this journey would take so long that the train would have gone. What GB Energy will do, and what it can see and help with, is alignment between our regulatory bodies—bodies in the devolved Governments and the wider UK Government. It will also see what the other barriers to investment are.

I think there is good cross-party consensus about the journey we need to go on to drive collaboration. Looking at what needs to be done to help with the simple co-ordination between different competing projects can drive down costs and drive efficiency. We should look at what we can do to reduce the cycle time. There is 15 years from licence to electricity—unfortunately, in my experience, I am probably on year 30 from carbon storage to actually injecting it. There is a significant role there that GB Energy should be growing into, and it should be playing in that space.

The Chair: I apologise for the slight distraction at this end of the table. We have been trying to juggle timings in connection with the imminent Division.

As there are no further questions, Mr Whitehouse, may I thank you for your contribution? We are most grateful.

Examination of Witness

Andy Prendergast gave evidence.

4.2 pm

The Chair: We are likely to have a Division in the House, so I am afraid that we will have to ask you—if you have the time, Mr Prendergast—to allow us to go and vote and then come back if we have not finished your evidence session.

Andy Prendergast: Yes, that is fine.

The Chair: You are most kind. With that in mind, we will now hear evidence from Andy Prendergast, who is the national secretary of the GMB. We have until 4.30 pm, in theory, but we may be interrupted. Mr Prendergast, for the benefit of the record could you identify yourself?

Andy Prendergast: I am Andy Prendergast, national secretary of GMB union.

Q99 Andrew Bowie: Thank you for taking the time to come and join us, Mr Prendergast. For the benefit of the Committee, could you elaborate on the overarching view of GMB members on the establishment of Great British Energy and on Government energy policy overall?

Andy Prendergast: We see GB Energy as a long-overdue, desperately needed step. As a country, and as someone who works for a union supporting tens of thousands of energy workers and people who work in energy-intensive industries, there is a real problem at the moment when we look across the world at the investments being made in green technologies and what other Governments are doing to ensure that those investments lead to jobs and supply chains in their nations. What we see in Britain is a complete failure to match that, whether it is the Inflation Reduction Act in America, or European subsidies.

As a union, we regularly sit down with investors who have shovel-ready projects that have the opportunity and potential to transform huge swathes of Britain in areas that we have called “left behind”, “post-industrial” or “red wall”, but we simply cannot get the support to get those through. The investors are telling us that if they decide to put their site in Philadelphia, they get huge subsidies and tax breaks; if they decide to put it in Germany, they get subsidies and Government support, but in Britain there is simply a void.

I have heard quite a lot of people talk about the importance of supply chains. I will be honest: for my union, we do not necessarily see that to the same degree. If we look at offshore wind, we see jackets, technology and blades that are not made in Britain. We have huge swathes of the country where people are willing and able to work, yet they are sitting there watching this technology be imported in. In the case of the Methil fabrication site in Scotland, which is currently sitting without work, they are watching the wind turbines that they could be building being put up in the sea in front of them. We need to avoid that, and I think GB Energy is the first step to doing that—a step, frankly, that should have been taken a long time ago.

Q100 Andrew Bowie: In the case of the Methil yard in Scotland—I think it is Burntisland we are speaking about—the UK Government and, I think, the Scottish Government did attempt to save that yard and ensure

that it works moving forward. I do not know how GB Energy would have been able to do much more, but I take your point that we need to build up the domestic supply chain and ensure that there are manufacturing jobs here.

Do you think that the aims and objects of this Bill go wide enough? Do you think that there is broad enough scope for the different technologies that GB Energy will have to invest in? We have heard the CCSA raise slight concerns that there might not be the scope for investment in carbon capture, for example, where a lot of new jobs are going to be created, and presumably a lot of those will be members of the GMB.

Andy Prendergast: We fought for carbon capture to be included. As far as we are concerned, having checked the wording, we think that is covered. An issue we have on the scope is whether the funds are sufficient to back the ambition. Before the election, we were talking £28 billion at one point. What we have offers a huge scale and a huge opportunity, and while ultimately we would like to see more money, this is genuine, real money that was not there before. That is a step in the right direction. From a trade unionist point of view, I very frequently argue about a lack of money—we do it on a daily basis everywhere.

Another concern with the Bill, which I think the Bill itself addresses, is the relationship between GB Energy and GB Nuclear. We desperately need new nuclear. We are waiting for the decision on Sizewell and we would like to see the decision on Wylfa as well as small modular reactors. There is a genuine question about whether SMRs fit under the remit of GB Energy or GB Nuclear, and it needs to be resolved. SMRs are another of those technologies that British brains created but, if we are not careful, we will see the supply chains go overseas. It is an industry that is likely to be £180 billion within a decade. The choice we have with that is either to support British companies such as Rolls-Royce or, as with wind, to import this key technology that should be supporting companies and jobs throughout Britain.

Q101 Andrew Bowie: I could not agree more. There will be 70,000 jobs created by SMRs alone over the next few years if we get it right. Would you like to see clarification in the Bill of the relationship with Great British Nuclear?

Andy Prendergast: I am not necessarily saying that it needs to be in the Bill, but it needs to happen quite quickly. The Bill refers to the fact that it needs to be bottomed out, and every route we look at to net zero requires a huge increase in the amount of nuclear power. We need that decision on Sizewell quite quickly. I do not look at that as key to GB Energy, but it needs to be resolved.

Andrew Bowie: Absolutely. By the end of the year would be great.

Q102 Josh MacAlister: Welcome, Andy. Thousands of your members are at Sellafield, involved in one end of the energy system, doing brilliant work in the decommissioning field. You have touched on the relationship between GBN and GBE. The Bill does have flexibility for future involvement with nuclear.

What I imagine the Government have tried to do, which I think the Bill achieves, is to get the relationship right so that GBN can continue with its programme of work without being disrupted, while opening the door in the future for a bringing together of the two endeavours. Does the GMB have views on how best to enable the multi-gigawatt-scale programmes in the future, and reflections on the experience with GBN today that would inform the Bill?

Andy Prendergast: The most important thing to say about nuclear is that the nuclear industry in Britain is, to a degree, a tragedy. We invented it. The first civil nuclear site in the world was British, and yet when we came to Hinkley Point, we had to import the know-how and technology and reinvent the wheel. What we have done in Hinkley Point has been amazing. The site employs tens of thousands of people and provides real, skilled jobs—the kind of jobs people are proud to do, which is very important.

If we look at the lessons we learned from Hinkley and transfer them to Sizewell, we start speeding up the process. If we then go on to Wylfa, it becomes easier to take them through. The key thing it shows is that we cannot have those huge gaps. When we have gaps, we lose the skills. What is frightening for us in so many areas is that we are talking about an energy transformation, but we simply do not have the skills to transform at the speed we need to.

There is an estimated lack of 40,000 welders in this country. In the near future we will need more pylons, a huge amount of work on the water mains, SMRs, CCS and hydrogen. I sat on a load of Government bodies with the last Government, and all I kept hearing was, “We need more welders.” You had to take a view that, sadly, repeating “We need more welders” does not magically lead to a lot of welders showing up. We need the investment in the skills and in the supply chain to ensure that we get the right people in the right place.

It is important to say that welding jobs are fantastically well paid. They are jobs that get paid more than most people in this room. There should not be a problem employing welders in this country if we simply resort to capitalism, so if there is a problem, how do we identify it and how do we get around it?

Josh MacAlister: Thank you. I think I should have declared an interest at the start of that question as the chair of the all-party parliamentary group on nuclear energy.

The Chair: Thank you. That is a matter of record, and I gently advise any other Members who have a similar interest to declare it.

Q103 Wera Hobhouse: It is good to hear from you again, Andy—we had a discussion a few weeks ago. At the beginning of your remarks today you said, as others have said, that GB Energy should not just be an investment vehicle; it should be so much more. We have to deal with this Bill and see whether it will meet the ambitions of your members for GB Energy to be more than just an investment vehicle. Is there anywhere in the Bill where you think, “Hmm—there’s a gap where this could be emphasised to make sure that GB Energy doesn’t become just an investment vehicle?”

Andy Prendergast: From a lot of the conversations we have had, talking about a one-stop shop, assistance in planning and further regulatory support, I think that is something that will evolve over time and will be matched by the funding. An investment vehicle is badly needed on its own because it is something we do not have, which makes us almost unique among advanced economies. Looking at the Bill itself, there are parts that could be fleshed out. We would like to see more about skills, as I just mentioned, and there are some parts that we need to look at, but that is an evolutionary process as opposed to something we definitely need in the Bill now.

Q104 Stephen Flynn: Thank you, Andy: you have spoken very clearly. If I have picked you up correctly, you expressed a modicum of concern about the quantum that runs alongside the Bill to support its potential strategic investments. Could you perhaps elaborate on that more? Secondly, regarding clause 3(2)(c) on energy efficiency, is GMB of the view that GB Energy will bring down energy bills?

Andy Prendergast: If I may take the second part first, one key thing the public want is to see lower energy bills. We know that. A potential issue with GB Energy being so popular is that, to a degree, not everyone knew what it was. Some people think it will lead to an immediate reduction in energy bills. We are likely to see that over a longer period of time, but GB Energy needs to make the investments in new technologies that we have failed to make and that we have too often missed the boat on. If you compare us to Denmark, for example, 14% of its exports are in green technology. That is because it has Ørsted, which is very similar to what we are trying to do with GB Energy, but ultimately it has had a long run into this and has stolen a march. What GB Energy belatedly allows us to do is potentially to steal a march on some of the new technologies that have not been exploited, with a view to supporting those supply chains in the important parts.

Could you repeat the first part of your question, please?

Stephen Flynn: It was about the quantum that is available. You referred to IRA and the EU’s corresponding investment. The quantum for GB Energy is £8.3 billion over the course of five years, or £1.6 billion per year. Do you think that is sufficient to meet the objectives laid out in the Bill?

Andy Prendergast: I think it is sufficient to make some of them and sufficient to make a difference; it is not sufficient to make as much of a difference as we would like it to, but compared with what we had beforehand, it is light years ahead of where we have been.

Q105 Olivia Blake: I have two questions. First, how important do you think it is to have clause 3(2)(d)—“measures for ensuring the security of the supply of energy”—in the Bill for your members, given the global situation in which we find ourselves? Secondly, which of the objects in the Bill will have the most impact, or in what ways will the Bill have an impact on your members?

Andy Prendergast: The first point about energy supply was really brought home around the start of the Ukraine war, which exposed how unprepared we were. Whereas

your average European country had months of gas supplies, we had a matter of weeks. We went into that war with the largest gas supply place in the world, Rough, unused. One thing we must understand, with the evolving nature of Government, is what is the very minimum that we expect Government to do. I think the very minimum people expect Government to do now is to keep the lights on and keep us secure. That is how important energy is. Sometimes, when you speak to some politicians, there is almost a view that energy is an optional extra, but I do not think that that has been the case for about 150 years. God forbid we go back to that.

When we talk about energy supply and security, it is about two things—*[Interruption.]*

The Chair: Order.

4.16 pm

Sitting suspended for a Division in the House.

4.35 pm

On resuming—

The Chair: Mr Prendergast, I am sorry that you were interrupted. It was very good of you to stay. I believe I am right in saying that Ms Blake had a second question.

Q106 Olivia Blake: Before we were interrupted, my second question was about what the biggest impact of the Bill will be on your members. I do not think we have covered that.

Andy Prendergast: Both in terms of shoring up the jobs we currently have and potentially creating the jobs we so desperately need, one of our real concerns about net zero is the fact that, in a lot of countries, there is a perception that net zero is something being done to people, not with them. Look at the response in America, which is very much typified by “Drill, baby, drill”; look at Germany, where, bizarrely, Alternative für Deutschland is organising around heat pumps. We already have Reform UK talking about fighting the next election on the basis of net zero.

What we have recognised is that we have to make net zero work for people, and we think the best way of making that happen is to ensure that net zero comes with jobs and opportunities. The simple reality is that, if we get it right, those jobs and opportunities are going to be in the post-industrial areas. We have seen the maps put forward by people in the hydrogen lobby and from carbon capture and storage. These are jobs in places that desperately need them. If we are going to be serious about levelling up and making sure that prosperity is spread in Britain, we need to rebuild those industrial heartlands with proper, decent technologies that we can start exporting.

Q107 Andrew Pakes: It is good to have you in, Andy. Do you think there should be anything in the Bill and its priorities on workforce development? Having worked in the sector alongside GMB colleagues, my experience is that lots of these new companies set up, but do not recognise trade unions and do not have the quality of work that we have seen previously in the power and industry sectors, particularly in renewables and others. Indeed, some of the renewables companies, despite

being divisions of existing larger companies that do recognise unions, have set up without recognition. What do you think the role is of the Bill, or its strategic priorities, in ensuring we get the right terms and conditions for the new workforce, as we have for existing workforces?

Andy Prendergast: That is a very good question. We have been really pleased to see that the role of trade unions is incorporated in the Bill, although we do need to flesh out exactly how that works.

Your criticism of the renewables industry, particularly for members of the GMB, is absolutely critical. When people talk about our role in industry, what they are often talking about is the white-collar jobs—the ones in universities, getting the technology. They are not talking about the blue-collar jobs, which, at the moment, are the ones in the energy sector that are very well unionised, with good rates of pay and excellent terms and conditions, and which give the security that families and communities need for the long term.

What really concerns us about the renewables industry so far is that it came with the promise of mass jobs that simply have not materialised. Alex Salmond promised 30,000 jobs in offshore wind; 10 years later, fewer than 10,000 have been delivered. Particularly when you are looking at maintenance jobs, you are talking about jobs that are subcontracted with terrible terms and conditions and that are anti-union. When we look at the success that places like America or Europe have had in renewables, trade unions are at the heart of that.

What we have seen so far is a real willingness from the Government to work with both ourselves and employers. One of the bizarre things about it is that those coalitions really have an impact. One of the most surprising days in my job was attending a meeting here and being praised by a Tory MP, which I never thought would happen—it was one of those pinch-yourself moments. It was in relation to Hinkley Point: it was recognised that we had a huge role there in helping to develop the workforce and to manage the process of ensuring both that they benefited and that we got things done quickly and properly.

If we get that right, this is an opportunity to bring not just jobs but good jobs. In a lot of the areas that we are talking about, we have this constant debate about “red wall” and about “post-industrial”. It is not that there are no jobs there; it is just that the jobs being brought in are not very good ones. They are not jobs that offer permanent contracts. They are not jobs that offer good pensions, sick pay or opportunities for advancement. They are zero-hours contracts—got here today, gone tomorrow—that give people very little pride. This is an opportunity to reverse that 40-year decline in our industrial base and do something positive about it.

Q108 Uma Kumaran: I declare an interest as a proud member of the GMB. Thanks, Andy. The transition is one that we all care about, and it needs to be a just transition that takes local communities with us. In your opinion, what more can the Government do to ensure that workers and jobs are kept at the heart of the GB Energy Bill?

Andy Prendergast: Part of this is about listening without prejudice. Look, we are going to be absolute clear: we agree with the Labour Government on a huge swathe of things, but one thing we do not agree on is the

ending of oil and gas licences. We look at oil and gas licences and every single scenario into the future requires us to have oil and gas. We as a nation have a choice. We either take it for ourselves, with high working and environmental standards, or we import it from a number of frankly disreputable regimes.

Part of that transition has to be listening to those communities and the people doing the jobs and actually take their expertise. We are absolutely clear—and I think it is obvious to anyone with half a brain—that global warming is happening and the speed at which is happening is quicker. It is the biggest challenge that humanity has faced, certainly in my lifetime, and we need to deal with it. The concern for us, and this relates to what I was talking about earlier, is that if we get this wrong and we do not listen to communities and do not bring them with us, we risk getting a reaction against that, which is what we have seen in America and Europe. Then, instead of doing it a little bit slower but in a demonstrable and deliverable way, we end up with an electorate being offered simple solutions and quick fixes, and ultimately due to a mixture of climate pessimism and snake oil salesmen, they take the wrong decision. We have to look at some of this from a pragmatic angle, ask what is best in the national interest and listen to the workers and communities who are currently benefiting.

The Chair: I call Perran Moon.

Perran Moon: My question has been answered.

Q109 Torcuil Crichton: Thank you, Andy, for your impressive evidence. I also declare an interest as a member of the GMB. You welcome the Bill, possibly the prescription part for renewables, but what would you write in that prescription part to ensure that the workforce is involved and that we retain that workforce as we move to green energy away from oil and gas?

Andy Prendergast: The role of trade unions is key. I have always had a very simple view: trade unions are about democracy at work. We are a country that believes in democracy so much that we invade other countries to give it to them whether they want it or not, and yet the idea of democratisation at the workplace is an anathema—certainly to what was over half of Parliament.

We need to listen to workers and ensure that they share in the success of businesses and ultimately that their sacrifices and those of their families are recognised. When we look at the work that is going to be coming out, we know that we have to do this. We have been asking for an industrial plan for years, and I think GB Energy is part of that industrial plan. That industrial plan has to be a road map of how we do this properly, how we engage those communities and how we provide the support necessary to make a transition.

I mentioned going to Denmark. When I was there, something fascinating happened: they closed a bacon plant, which was 1,000 jobs. You sit there and say, “That’s terrible. In Britain, we’d be fighting that. We’d be on picket lines.” In Denmark, because of the support given in social security and retraining, and the industrial strategy, it was seen as an opportunity for people to get better jobs. That was also helped an awful lot by the fact that those people were getting 90% of their salary paid

for up to a year, so people thought, “Well, it’s a better job and a bit of a holiday in the meantime.” That shows what happens when you engage people properly.

What you ended up with is something that would decimate a community in Britain but rejuvenated a community in Denmark. That is because there was a tripartite strategy of listening to unions, talking to Government and talking to employers, and everyone put their heads together to come up with a solution to what would clearly be a problem. We have failed at that in Britain for years.

The Chair: Mr Prendergast, thank you very much indeed for your patience and for answering our questions this afternoon. The Committee is indebted to you. I am most grateful.

Would the Minister leading on the Bill like to metamorphose himself and take the witness stand?

Examination of Witness

Michael Shanks MP gave evidence.

4.46 pm

Q110 The Chair: We will now hear oral evidence from Michael Shanks MP, Minister for Energy at the Department for Energy Security and Net Zero. For this session, we think we have until about 5.05 pm. Mr Shanks, could I ask you to identify yourself for the benefit of the record?

Michael Shanks: Good afternoon. I am Michael Shanks, the Minister for Energy.

Q111 Andrew Bowie: Good afternoon, Minister—you have obviously not seen enough of each other today. When you were introducing this Bill on the Floor of the House, you said:

“There will be a range of projects, in some of which we will certainly have the controlling stake, and some of which we might help to get over the line, but in every single project there will be a return for the British taxpayer.” —[*Official Report*, 26 July 2024; Vol. 752, c. 939.]

We have already talked about how GB Energy will be important—almost the key partner in investing in riskier technologies. How can you guarantee that every single project will have a return for the British taxpayer?

Michael Shanks: It is important to say that the return for the taxpayer will take different forms. We have been really clear in all the briefings we have done on the Bill and in the founding statement that in some we will take an equity stake, in some there will be debt financing, and in others we might provide some of the capacity for organisations to take forward some of the funding or project delivery themselves. In each one of those, we expect that GB Energy will play a part in delivering those projects, getting them over the line and delivering for the British people. That will be done in a variety of ways.

Some of it will absolutely be money coming back to GB Energy, which we have said will either be further invested in more projects or give a return to the Treasury to fund public services in different ways, but it might also be that on community energy, for example, we help community projects to get up and running. That also delivers a return for those communities.

Q112 Andrew Bowie: You can see why the interpretation of what you said might lend itself to the understanding that what is returned to the taxpayer is a monetary value from every single project being invested in. Are you clarifying that today? You are not standing by that statement.

Michael Shanks: I am saying very clearly that the aim of setting up GB Energy is that, like other countries right across the world, we can have a stake in some of the projects we are delivering. That is quite normal in many European countries. Indeed, the previous Government found it acceptable for those projects to set up in the UK too; it is just that they did not want the UK to have a stake in any publicly owned energy. It is a very common method of delivering projects like this, and giving a return to the British taxpayer is important. It will take many different forms.

In time, there will absolutely be a significant financial return on many of these projects, but in some of them, as you rightly say, de-risking them and getting them over the line will involve us taking a strategy that means that, on individual projects, we might not make an immediate return. But the overall vision of GB Energy is that it will play a part in helping us achieve our targets by 2030, and the British public will have a stake in that future. That is something we believe in, and we hope all Members of Parliament support it.

Q113 Andrew Bowie: In the context of the Bill—the objects, the financial assistance and the strategic priorities and plans—it is quite clear that you are seeking to develop a company in the mould of an Ørsted or an EDF. I just quoted you on the target of 2030 for the decarbonisation of the grid. Some of the other witnesses have said that it will take 10 to 15 years and many billions of pounds more than has already been allocated to GB Energy even to begin to compete with an EDF or an Ørsted. How on earth will this company assist on that journey to 2030 decarbonisation if it will take as long as some of the other witnesses have said to begin to compete?

Michael Shanks: I think there are two different questions there. If you look at the rest of Europe, there are fantastic companies—EDF, Ørsted, Statkraft—that are delivering many of these projects in the UK. It is a model that clearly works, and that delivers economic and social benefits to those countries and to the people living in them. If we look at the price spike when Ukraine was invaded, EDF was able to mitigate some of that significant rise in bills for people in France. We are not saying that within six months of setting up GB Energy, it is going to compete with Equinor or Ørsted—of course we are not—but it is important that we start that journey. Of course, all these publicly owned companies started somewhere. They have been able to invest in the future to get to the scale that they are now, and to deliver significant projects in the process.

The second point of the question is important. GB Energy is not designed to displace any of those companies—or any other companies, incidentally—in delivering projects in the UK. It is about crowding in additional investment. We know that 2030 is going to be a real challenge. We have been very clear that we have set a target that we think is extremely ambitious, but achievable. When NESO publishes its road map shortly, it will give the detail on how we are going to get there.

But we have to start somewhere, and I think GB Energy is a critical part of delivering that and will play a significant role in getting us to 2030—and, crucially, beyond 2030.

Q114 Andrew Bowie: You are absolutely right in what you say. Some of these companies—EDF, Ørsted, Equinor, Vattenfall—are fantastic companies. It should be noted that while EDF returned for the French taxpayer, it was also bailed out by the French Government to the tune of about €20 billion last year. I hope we do not get into a similar situation with GB Energy.

Moving on, some concern has been raised today that there has not been very much clarification, or that there is some confusion, over the status, operational independence and autonomy of Great British Nuclear within GB Energy. I wondered if you might expand on that and maybe think about putting something in the Bill regarding Great British Nuclear and its relationship with Great British Energy.

Michael Shanks: That is a really important question. We have said throughout that we want to have further discussions about the role of Great British Nuclear. I think folding it into Great British Energy is probably not the right solution, because what is really important—credit to your Government for doing this—is that the board of Great British Nuclear has significant expertise in nuclear projects. I think that is important for us to maintain. Clearly, there will be synergies and work together on certain projects, but they have, in some ways, quite different remits in terms of the investments we expect them to make, so I think they probably will remain in some form independent of each other. Clearly, the partnership working between them will be important, and we will say more on that in the coming months.

Andrew Bowie: I agree with you entirely on what you said about Great British Nuclear. Sir Roger, I think we should note that the Minister has just credited the former Government with something. I think it is the first time—

Michael Shanks: I think I credited you earlier as well. This is becoming a habit.

Q115 Andrew Bowie: This is my very last question, Sir Roger, as you will be pleased to hear. Earlier on, Juergen Maier, the chair of GB Energy, committed the headquarters in Aberdeen to employing in the region of hundreds of people—he did say over 1,000 people—in time. Will you be drawn on any specific numbers of people who will be based at the headquarters in Aberdeen?

Michael Shanks: No, I will not be. To be fair to Juergen Maier, what he said very clearly was that in the initial set-up phase and for some time afterwards, we are talking employees in the hundreds based in the headquarters. Eventually, we think it may expand beyond that in Aberdeen and in the satellite offices, and indeed in any other set-ups that we have across the UK. I think the critical point on jobs is that the role of GB Energy is to invest in projects where we are creating new well-paid, trade-unionised jobs in the UK. That is critical. The jobs are not necessarily going to be in the headquarters of GB Energy, but they will be created by GB Energy's investment. That is where the tens of thousands of jobs right across the UK will come from.

The Chair: I understand that that was out of order this morning, but you got your answer in the end.

Q116 Perran Moon: I would like to declare that I am the secretary of the all-party parliamentary group for critical minerals. That will be relevant in my question.

I can safely say that the people of Cornwall are really excited about GB Energy. Expectations are very high. We are a post-industrial community that has suffered for decades from lack of investment. More recently, however, we have discovered that investment is now going into our tin industry; we have the third highest-grade tin deposits in the world. We also have lithium. We face the Celtic sea, so we have a huge opportunity with offshore wind and onshore wind. We have companies setting up in geothermal, solar and tidal, and we have the country's largest ground source heat pump.

Can you elaborate on the potential benefits for communities such as Cornwall, where we have such a wide array of opportunity, and say how GB Energy will support those opportunities? And if I may be a little bit cheeky, we have heard quite a lot today about the head office being set up in Aberdeen with satellite offices being set up in Edinburgh and Glasgow, but I will just point out that there is another corner of the United Kingdom that would be delighted to have a satellite office.

Michael Shanks: May I thank you for the question? I think that, in asking it, you have successfully elaborated on all the potentials of Cornwall, which I am sure your constituents will be delighted about.

However, you make a really important point on two fronts. The aim of GB Energy is to crowd in investment in projects right across the United Kingdom. Yes, we are very proud to say that the headquarters will be in Scotland and—importantly—specifically in Aberdeen, as the Prime Minister announced. That is partly to recognise the energy story in the north-east of Scotland for the last 60 years in oil and gas, and the importance of the transition. However, it is also important to say that on the renewables journey Scotland has also been leading the way and will continue to do so in so many ways. It is right that the headquarters is in Aberdeen, building on the talent, experience and skills that are already there.

On the broader point, though, there are real opportunities for investments in every corner of the UK. To go back to some of the earlier points that witnesses made, this is a combination of policies; it is not just GB Energy in isolation. We have been really clear that we are a Government that are not agnostic about industrial strategy, and that we want to see manufacturing in the UK, and the thousands of jobs that could have been created by some of our offshore wind projects, for example, but actually went to other countries before we towed the projects into British waters. We want to see those jobs in this country and that will create opportunities across the country in the supply chains, in skill developments and in lots of other opportunities, including in Cornwall.

Although I absolutely cannot commit to opening an office in Cornwall and I would like the record to reflect that, I think there will be opportunities for your part of the world and indeed for the whole of the UK.

Q117 Harriet Cross: We have heard from various witnesses, particularly Ravi Gurusurthy, about the risk management of private investment and how that will

sort of coincide within GB Energy. I am just wondering how the Bill is expected to ensure that GB Energy does not just effectively end up as a sink for risky investments, or is that okay? Is the prospect for GB Energy that it provides that full buffer? If not, how will we prevent that situation? Otherwise, we are effectively just making taxpayers' money the risk management for private investment. I do not have a "yes or no, which side of that fence do I sit on?" answer; I am just wondering what is acceptable within the context of the Bill.

Michael Shanks: That is a really fair question. The question of risk appetite is important; that is partly why setting up GB Energy as a company, regulated by the Companies Act and with a fiduciary board made up of financial experts who have a responsibility as a board of directors for the direction of the company and for its financial results, is so important.

There has to be some risk appetite, and one of the earlier witnesses made a point that I would agree with—if there are absolutely no projects that do not have any risk at all, GB Energy is not really filling the gap. It is really important that GB Energy can move in the spaces where the current investors are not necessarily finding those opportunities. Crucially, however, GB Energy is obviously owned by the taxpayer and therefore, as a backstop, there is a real conviction that it will only invest in things that have a likelihood of producing a return for the taxpayer.

Of course, when we get into making individual decisions, that is partly why it is important the Bill does not go into a granular level of detail on every single thing that GB Energy will do, because it is really important that we give that board, those experts and everyone they bring in to advise them, the space to move into opportunities as they emerge.

If we were to go back five or 10 years, we would not have thought that we were about to have the world's biggest floating offshore wind farm off the coast of the UK. That would not be on the face of a Bill like this, but actually it is a huge potential opportunity for us and we would like those kinds of opportunities to be open to GB Energy to explore.

Q118 Olivia Blake: If we are to learn the lessons of coal and the 1980s, South Yorkshire would be a perfect location for a satellite office—just to put that on your agenda, Minister.

Josh MacAlister: He has had this from every Scottish MP for the past six months.

Olivia Blake: Well, we have not heard enough about God's own county here today.

There has been a lot of positivity from witnesses; some of them seemed quite excited about the Bill. I want to understand, from your perspective, why it has taken a change of Government to see this sort of Bill come forward, and what your ambition is for it.

Michael Shanks: That is really important. Last week, I visited Ratcliffe-on-Soar power station, the last coal-powered station in the UK, and it was a good example of the just transition in practice. It was the right thing that we phased out coal; the TUC itself confirmed that that was exactly how to deal with workers in such a difficult situation where you are moving people from

one industry and transitioning them into something else. It was a properly planned process, which is what we want to see in industry.

You are right: we absolutely want to avoid what happened with coalmining in the 1980s. It goes back to what I was saying earlier: this Government are not agnostic about the future of jobs and manufacturing in our industrial communities right across the country. It is important that we invest in them not only because, frankly, we are in a race against the world for all the parts we need to deliver the future of energy, and we will need to produce some of them in this country, but because good, well-paid, skilled jobs are how we will manage the transition in a fair and prosperous way. It is critical for us.

I think it matches other policies. Yes, GB Energy will be a key part, but the industrial strategy will also be important. The national wealth fund and a whole range of levers will be important. The office for clean energy jobs is all about saying that, as a Government, we are committed to the future of this workforce and to creating tens of thousands of new jobs that do not currently exist.

Q119 Wera Hobhouse: We have heard a lot of evidence from lots of people with lots of hopes, who understood that in the end the Bill could be all things to all people. I understand that it is not great to put too much detail in it, but I worry that it is very general and that we will end up with nobody being quite clear what GB Energy is ultimately for. For example, because the witness representing EDF came from a country with a different culture of ownership, they talked about public ownership. If we are going very wide, is something like GB Energy ultimately a vehicle to create more public ownership? In that context, are we talking about just community energy products, which we obviously understand are under some form of public ownership, or are we talking about a completely different ownership landscape that we will see in future?

Michael Shanks: I think it is a combination of things. I urge you to read the Great British Energy founding statement document alongside the Bill, because it is important. The Bill is about setting up a company, and what we do not want to do is hamstring that company by putting in so much detail that it cannot move into the right places that give good investment opportunities for the taxpayer and deliver good energy projects.

The statement makes it clear that community energy, for example, is a key part of our local power plan. We want to see many more community-owned energy projects, for a combination of reasons. They have real social and economic benefits for communities. For us, there is the belief that communities having a stake in those projects is important: communities having ownership and feeling part of the mission will help us with some of the arguments for the amount of infrastructure that we will have to build in the next few years. Also, in certain areas we want small-scale generation projects to have access to connections that bigger projects cannot have. Frankly, in a lot of cases, building the power generation near the population is where we have issues with spatial energy planning across the country.

There are huge opportunities. We are committed to increasing community ownership. We have also said in the local power plan that it could look like municipal

ownership of certain generation projects, or it could look like local authorities or combined authorities. We are quite open about what it looks like, but we want to create a landscape where Great British Energy can invest and also provide some capacity to help organisations to get over the line. We all know that local government is struggling and is on its knees right across the country, after years of underfunding. The capacity to deliver a lot of the projects is not there, so GB Energy can fill that gap.

The Chair: I want to get everyone in, but we are playing beat the clock a bit.

Q120 Catherine Fookes: I draw your attention to clause 5(5) on consulting Welsh Ministers on areas within the legislative competence of the Senedd. I am pleased that, under the Bill, the Welsh Government will be consulted. I wonder whether you have had any intergovernmental collaboration so far to inform the Bill.

Michael Shanks: That is an important question. We have done several different things already. I have had many conversations with my counterparts in the Welsh Government, in the Scottish Government and, to a different degree, in the Northern Ireland Executive. Energy is of course transferred in Northern Ireland, but we are keen that they are still part of the Bill, so that they can benefit from some of the GB Energy possibilities, although it will be a different relationship because they are part of a different grid.

All my conversations with the Scottish Government and the Welsh Government have been about how we collaborate, not just on the formal process of consulting on the statement of priorities, but on how they can be part of helping GB Energy to set its priorities on an ongoing basis. On Monday, I met the Cabinet Secretary in the Scottish Government. We talked about, for example, the Scottish Government having a role in a much wider sense in the company to help with some of the priorities in Scotland.

There are a variety of ways. What is critical is that the devolved Administrations should absolutely be consulted, and we want that to be an open process, but we have also reset the relationships with the devolved Administrations in a way that means that this is not now a combative process. Across the UK, we have broadly the same outcomes in mind for clean power, with slightly different targets here and there, but we are all on the same journey. That allows us to align a lot of our priorities and to deliver for people all across the UK. I want that to be an open and collaborative approach. Consultation is the formal part, but it is not the limit of what we think can happen.

Q121 Stephen Flynn: Thank you, Minister, for your candour so far. Clause 3(2)(c) refers to energy efficiency. Can you clarify to the Committee when GB Energy will reduce energy bills by £300?

Michael Shanks: In the election, we committed that bills would come down. That figure was from independent analysts. We never said that bills would come down overnight; this is a process that will take time. GB Energy is part of delivering that. Without GB Energy, it would be harder to reach our targets by 2030 and to bring

down bills for everyone. The reality with bills is that we remain far too wedded to fossil fuels; whether they come from the North sea or not, they are traded on the international market and we are subject to all the spikes, so reducing our dependence on unabated gas is critical. That is why I hope that all Members will vote to support GB Energy as part of the solution, including you.

Q122 Uma Kumaran: It is good to see the UK as a global leader once more, being the first in the G7 to end coal and in ensuring, as you have said, that the transition has been a just one. This is an increasingly perilous time globally to rely on foreign countries for our energy and energy security, and that remains a concern. I am looking at the object in clause 3(2)(d), on

“measures for ensuring the security of the supply of energy”.

For our constituents watching at home, which I choose to believe they are, what does the Bill actually mean for energy security? What does it mean for our constituents in the years ahead?

Michael Shanks: Our constituents and the wider population are watching every moment of this sitting, I have no doubt.

That is an important question. Security of supply is one of the critical questions that we have to answer. We have this challenge at the moment of how we bring down bills; how we move towards our climate targets for clean power, which is essential; and how we ensure security of supply. The only way—the only long-term solution—is for us to move to cheaper renewable energy at pace. Every single year that we are dependent on volatile fossil fuel markets, we open ourselves to the kind of exposure that people have still been paying the price for in the past few years. That cannot continue.

We will not be able to flick a switch overnight. We have come in after 14 years of chaos, frankly, in so much of government, and we are doing as much as we can to move at pace, but this is the journey that we need to be on. As I have said, 2030 is ambitious, but it is absolutely achievable. I was heartened when every single one of our witnesses today confirmed that although this is an ambitious programme, they see GB Energy as a critical part—not a silver bullet; of course it is not, and we never said that it is—in moving us toward energy security, cheaper bills and the climate leadership that the public want.

Q123 Pippa Heylings: I would like to understand whether you see this as the missing limb in clause 3, on the objects. I heard you mention in the Chamber that the fifth objective of GB Energy is community energy, so we are missing the fifth objective in clause 3 around community energy. We heard from all the witnesses about how crucial this community piece is, both to de-risking and to reducing the delay. I wonder whether you would be open to an amendment and would consider putting it in here. I do not think that this would make it more difficult to hold the flexible, wide-ranging framework that we have had, so I want to see if you are open to that.

Michael Shanks: There are two separate things here: the objects in the Bill, which are around the restrictions placed on Great British Energy, and the five key functions,

which are outlined in the founding statement. I was referring to the five key functions, one of which is the local power plan, which is how we think we will deliver a lot more community-owned energy.

The important thing about the Bill is that we do not want inadvertently to create a list of things that we think are good to have—I do not disagree with you at all about the importance of that—but that actually end up restricting it in ways that we do not expect. There is that danger with Bills like this; it was the same with Great British Nuclear and the UK Infrastructure Bank, where they have a clear, focused remit. There is nothing in the objects that prevents community energy projects—in fact, they are intrinsic to several of them—but we think that adding more and more detail, including the amendment that you propose, is not the right way to go. But it is clear in the founding statement, in the evidence from Juergen Maier and in numerous answers from the Secretary of State and me that this is something to which we are absolutely committed.

Q124 Torcuil Crichton: Thank you, Minister, for your assurances on the Bill’s commitment and your own commitment to investing in community energy schemes and municipal schemes. We have heard from industry witnesses today about communities taking a stake in their own projects and about not having an industrial strategy that is agnostic. That obviously means giving priority to communities and to getting community projects on to grid connections, and making sure that they get all the help they can get to bring their projects to fruition. Can you clarify how GB Energy might help with that?

Michael Shanks: That is really important. There are two strands to this. The capacity building point, to which you allude, is critical. A lot of communities absolutely have the possibility, the option and the potential for some of these projects, but just do not have the capacity to deliver them. We see that as a critical role that GB Energy could have, as a sort of one-stop shop of experts to provide that support, help with the essential pre-planning work and help to navigate the connections issues.

The second point around connections is really important, and it is something I am focusing a lot of time on within my wider remit as Minister: how do we clear the connections queue, while also prioritising the projects that we want to get connected much faster? Some of that will require us simply to build more network infrastructure to alleviate the pressures; some of it is building on the work that the previous Government did around prioritising the queue.

There are difficult trade-offs. Far be it from me to give credit to the former Minister again, but there are trade-offs because it is important for us not to say that one project is more valuable than the other. There might be, for example, mechanisms around saying that one is more likely to be connected faster, or is further through its delivery phase and should therefore get priority over something else. There are also a lot of projects still in the queue that just should not be there at all, because they are nowhere near ready to be delivered. It is important that we work on both those things, but GB Energy can

be a real catalyst for communities to unleash the potential that they have. I am really excited about the opportunities that are there.

In closing, may I thank Committee members for their forbearance today? Can I also say that it is the first time since 2010 that a Minister has given evidence in a Bill Committee? I am glad that this Labour Government have brought back the practice of Government Ministers

being responsible to Parliament and answering these questions. I look forward to doing more of that in future.

Ordered, That further consideration be now adjourned.
—(*Anna Turley.*)

5.15 pm

Adjourned till Thursday 10 October at half-past Eleven o'clock.

Written evidence reported to the House

GBEB01 Centre for Energy Policy at the University of Strathclyde

GBEB02 Association for Consultancy and Engineering (ACE) and Environmental Industries Commission (EIC)

GBEB03 The Crown Estate

GBEB04 First Light Fusion

GBEB05 Community Energy Scotland

GBEB06 HiiROC Ltd

GBEB07 Storelectric Limited

GBEB08 Sea Charge Ltd

GBEB09 Institution of Engineering and Technology (IET)

GBEB10 Ofgem

GBEB11 Hydrogen UK, the Carbon Capture and Storage Association, and the Hydrogen Energy Association (joint submission)

GBEB12 Historic England

GBEB13 Association of British Insurers

GBEB14 Amentum

GBEB15 Trades Union Congress (TUC)

GBEB16 P3P Partners LLP

GBEB17 National Gas Transmission

