

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

GREAT BRITISH ENERGY BILL

Third Sitting

Thursday 10 October 2024

(Morning)

CONTENTS

CLAUSES 1 TO 4 agreed to.

CLAUSE 5 under consideration when the Committee adjourned till this day
at Two o'clock.

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

not later than

Monday 14 October 2024

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The Committee consisted of the following Members:

Chairs: SIR ROGER GALE, † DR RUPA HUQ

Billington, Ms Polly (*East Thanet*) (Lab)

† Blake, Olivia (*Sheffield Hallam*) (Lab)

† Bowie, Andrew (*West Aberdeenshire and Kincardine*) (Con)

† Crichton, Torcuil (*Na h-Eileanan an Iar*) (Lab)

† Cross, Harriet (*Gordon and Buchan*) (Con)

† Flynn, Stephen (*Aberdeen South*) (SNP)

† Fookes, Catherine (*Monmouthshire*) (Lab)

† Heylings, Pippa (*South Cambridgeshire*) (LD)

† Hobhouse, Wera (*Bath*) (LD)

† Kumaran, Uma (*Stratford and Bow*) (Lab)

† MacAlister, Josh (*Whitehaven and Workington*) (Lab)

† McDonald, Chris (*Stockton North*) (Lab)

† Moon, Perran (*Camborne and Redruth*) (Lab)

† Morrissey, Joy (*Beaconsfield*) (Con)

† Pakes, Andrew (*Peterborough*) (Lab)

† Shanks, Michael (*Parliamentary Under-Secretary of State for Energy Security and Net Zero*)

† Turley, Anna (*Lord Commissioner of His Majesty's Treasury*)

Lucinda Maer, Sarah Thatcher, Chris Watson,
Committee Clerks

† **attended the Committee**

Public Bill Committee

Thursday 10 October 2024

(Morning)

[DR RUPA HUQ *in the Chair*]

Great British Energy Bill

11.30 am

The Chair: Good morning. I have some reminders for the Committee. Please set your electronic devices to silent. No food or drink is permitted during sittings, apart from the water provided, still or fizzy. *Hansard* colleagues will be grateful if Members could email their speaking notes, or alternatively pass their paper notes to the *Hansard* colleague in the room, to my left.

We now begin line-by-line consideration of the Bill. The selection list for today's sittings is available in the room and shows how the selected amendments have been grouped for debate. Amendments grouped together are generally on the same or similar issues. Decisions on each amendment are taken when we come to the clause to which the amendment relates. Decisions on new clauses will be taken once we have completed consideration of the Bill's existing clauses—saved by the bell, maybe.

I remind the Committee that the Member who has put their name to the lead amendment in a group of amendments is called to speak first. In the case of a debate on clause stand part, I will normally call the Minister first to introduce the clause. Members who wish to speak in any debate should indicate to me that they wish to do so. At the end of a debate, I shall call the Member who moved the lead amendment, or the Minister in the case of a clause stand part debate, to speak again in conclusion.

Before Members who move an amendment or new clause sit down, they will need to indicate whether they wish to withdraw the amendment or to seek a decision. If any Member wishes to press a grouped amendment to a vote once we have disposed of the lead amendment, they should indicate that in the course of their speech on the group.

Clause 1

GREAT BRITISH ENERGY

Pippa Heylings (South Cambridgeshire) (LD): I beg to move amendment 8, in clause 1, page 1, line 3, at end insert—

“within 6 months of the day on which this Act is passed.”

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

Clause stand part.

New clause 1—*Energy efficiency reporting*—

“(1) Within two years of the date of Royal Assent to this Act and every 12 months thereafter, Great British Energy must report to Parliament on its progress towards the object of improvements in energy efficiency set out in Clause 3(2)(c).

(2) The report mentioned in subsection (1) must include—

- (a) the means by which energy efficiencies are being made;
- (b) an assessment over time of the energy efficiencies made; and
- (c) the projected impact on consumer energy bills.”

Pippa Heylings: Thank you, Chair, and all Committee members. I apologise for being a moment late. My hon. Friend the Member for Bath will be slightly late too, but will be in Committee.

As we heard in the oral evidence, we need a lot of reassurance before we can be supportive of the scope of the Bill, because it is so wide-ranging. We understand that flexibility is needed, but so much comes down to the strategic priorities and the business case. As the Bill stands, there is no deadline for the production of the critical delimiting document in which the Secretary of State will state the strategic priorities to reassure businesses, communities, bill payers and Committee members that Great British Energy, within its broad and wide-ranging objects, will focus on the innovative and on what is not duplicating or perverting the market and is not uncompetitive, to ensure a fair playing field and that communities have a say and a part to play in the generation of energy, and receive the benefits as well.

All that will come out in the Secretary of State's strategic priorities statement. I therefore propose some level of certainty for everyone—business in particular—by putting in a deadline for the publication of the statement, which we suggest should be six months.

The Chair: Is anyone up for a bit of a debate on this?

The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Michael Shanks): Good morning, everyone. It is a pleasure to be back in Committee. I will begin by addressing amendment 8, tabled by the hon. Member for South Cambridgeshire, before moving on to why clause 1 should stand part of the Bill.

The amendment seeks to specify the time within which Great British Energy will set out its priorities. For reasons I shall set out, we will not support it. First, though, it is important to say that the Government have already moved at pace on a range of energy-related matters, but particularly on Great British Energy. We have shown very quickly, in not quite yet 100 days in office, that we are moving forward to set up Great British Energy, and there will be no further delays in doing so. It is in our interests—indeed, as the hon. Member rightly said, it is in all our interests—that we move quickly on setting it up.

We have said clearly that we want Great British Energy to deliver a publicly owned, operationally independent energy company, and we are here today, within 100 days of Labour forming a Government, to make that happen. That work will continue. With the progress we have already made, and with a commitment that we want to quickly get Great British Energy delivering what we are setting it up to deliver—it is not at all in our interests to drag our feet—there is really no need for a specific timeline. I therefore hope that the hon. Member will not press her amendment to a vote.

Clause 1 allows the Secretary of State to designate a company as Great British Energy. Legislation often provides for a company that is set up under the Companies Act 2006 to be designated for certain statutory purposes,

especially when substantial amounts of public money are involved, or where the company is being asked to fulfil a particularly important role. A recent example from the previous Government is the legislation on the UK Infrastructure Bank, which includes a similar provision.

Clause 1 simply sets out in detail the processes and arrangements to allow the Secretary of State to designate a company as Great British Energy. Perhaps most importantly, the clause allows Great British Energy to be founded as a publicly owned company, which gets to the heart of what this Government are committed to doing: giving the public a stake in Great British Energy. The clause protects the principle of public ownership by making explicit that the company would terminate if it ceased to be wholly owned by the Crown. I therefore commend clause 1 to the Committee.

Stephen Flynn (Aberdeen South) (SNP): I rise to speak briefly to new clause 1, which is grouped with amendment 8 and clause 1. It is very straightforward. It will be for Government Members to consider whether it is appropriate for the House of Commons to be in full knowledge and understanding of what the Government seek to do on energy efficiency. They must also consider whether the steps that the Government take in that regard should be reported to this House to ensure that we are fully abreast of the progress that the Government hope to make and how that meets the promises that they as individuals made to their constituents prior to the election. We as parliamentarians can collectively hold the Government to account on those promises and ambitions.

In discussions on further amendments, we will talk in more detail about the promises that were made, and hopefully the Government might be minded to agree to include some of those promises in the Bill. For now, though, I think it worth while for Members to consider the role that this Parliament plays in scrutinising this Government in a constructive fashion.

Pippa Heylings: No one can deny that, as the Minister said, we have seen huge progress coming through immediately, and commitment from the Government. I thought we would have heard from the oral evidence that certainty is critical, and therefore that giving a deadline and a timeframe in which people and businesses could expect to see the statement would be good reassurance. As the right hon. Member for Aberdeen South indicated, it would also be good to have some kind of revision. I hear from the Minister that the Government will not accept the amendment, so I will not press it to a vote, but it should be considered.

Michael Shanks: On the hon. Lady's point, I reiterate our absolute commitment to move faster—frankly, far faster than in six months—to deliver the statement of strategic priorities. We will talk about that later in relation to further amendments.

On the point from the right hon. Member for Aberdeen South, we do not think the theme of the new clause is particularly important in this part of the Bill. It is important, of course, that the aim of Great British Energy is to be part of what will deliver cheaper bills for all, and efficiency, but it is only part of the story. Of course, in the election campaign we made it clear that across Government—yes, through Great British Energy, but also through a series of other measures, including

our reforms to planning and including a lot of areas on which I am working closely with his colleagues in the Scottish Government to expedite progress—we will deliver cheaper bills.

The right hon. Gentleman must acknowledge, despite his not supporting Great British Energy so far—I hope that he and his colleagues will change their minds when the Bill comes back—that on this point it is in fact an important vehicle. *[Interruption.]* He looks as if he does not agree with what I said. He did not vote for the Bill on Second Reading, so I took it from that that he did not support it. It is important that he recognises that Great British Energy has a really important part to play in delivering what I have set out. His colleagues in the Scottish Government certainly think so, which is why we have been working so closely together on the matter.

Stephen Flynn: I am sure that the Minister, as an esteemed and well-versed parliamentarian, will understand that the voting system in this House means that should a Member choose not to vote in favour of something, that does not mean that they are against it, as he is outlining. I would hate for him to inadvertently suggest to the public that something is the case when it is not the case. As he knows, I of course welcome the set-up of GB Energy, but what I want to see is the scrutiny that the new clause would obviously provide.

Michael Shanks: I am delighted to hear the right hon. Gentleman's wholehearted support for Great British Energy. That is fantastic. I did not know that, so that is wonderful, and I thank him for that great support. It has really cheered my whole day, in fact, that I now have his support. Things can only get better, as we say.

On the right hon. Gentleman's specific point about efficiency measures, we are already taking a number of steps on that matter in other areas. For example, our warm homes plan will transform homes across the country, making energy in individual homes cleaner and cheaper to run. We announced a local grants programme to support that. Of course, that does not apply in Scotland, where such work is devolved. I think the Scottish Government could probably do more in this policy area. The Scottish Government have made significant budget cuts to projects—£133 million was taken out of energy efficiency measures in 2022 and 2023—so I think work could be done across the board on the matter.

On the point about updating Parliament, it is really important that we are talking about a publicly owned energy company. It will be independent of Government, but of course it will be responsible to Parliament in the way that any other independent companies wholly owned by the Secretary of State are. A copy of the strategic priorities will be laid before Parliament. Any directions given to Great British Energy by the Secretary of State will be laid before Parliament. Of course, there are already several other mechanisms that the right hon. Member for Aberdeen South, as an extremely well-versed parliamentarian—far more so than I am—knows he can avail himself of.

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): In respect of the point that the Minister has just made, and also the point that he made to the hon. Member for South Cambridgeshire, who represents the Liberal Democrats, he said that the strategic priorities

[Andrew Bowie]

would be laid before Parliament. Does he have a timescale for that? He said it would be far quicker than six months, so are we talking about before Christmas? Are we talking about before the November recess? Does he have in mind a date when the strategic priorities may be laid before Parliament?

Michael Shanks: If the hon. Gentleman is proposing that the Bill will be through Parliament by Christmas, that would be great—we could move forward. Of course, we need the Bill to have Royal Assent before we can move forward. I welcome his co-operation on making sure that it has a swift passage through the House of Lords and the Commons. We will move as quickly as possible. It is in no one's interest, let alone that of a Government who are moving as quickly as possible to deliver this, for it to be delayed any further.

Finally, the requirement in new clause 1, tabled by the right hon. Member for Aberdeen South, to report to Parliament on energy efficiency measures is unnecessary because there are already many mechanisms for that. We have been consistently clear that Great British Energy will be operationally independent. I hope that the right hon. Gentleman will therefore not press his new clause to a vote.

Pippa Heylings: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 1 ordered to stand part of the Bill.

Clause 2

CROWN STATUS

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

11.45 am

Michael Shanks: We are making great progress—this will be a good day. Clause 2 is straightforward. It ensures that Great British Energy will serve the public as an independent company and operate in the same way as any other UK company, that it will not have any special status, immunity or privilege normally associated with the Crown, and that its property will not be seen as property of the Crown. It will be subject to exactly the same legal requirements as all other companies. That is in line with the vision we had for Great British Energy from the beginning: that it should be operationally independent and an agile market player. We will ensure that it remains that way.

Question put and agreed to.

Clause 2 accordingly ordered to stand part of the Bill.

Clause 3

OBJECTS

Pippa Heylings: I beg to move amendment 2, in clause 3, page 2, line 18, at end insert—

“(e) measures to increase low carbon and renewable energy schemes owned, or part owned, by community organisations.”

This amendment includes community energy schemes in the objects that the Great British Energy company will be restricted to facilitating, encouraging and participating in.

The Chair: With this it will be convenient to discuss amendment 9, in clause 5, page 3, line 8, at end insert—

“(1A) A statement under this section must include as a strategic priority, consistent with Great British Energy's objects under section 3, measures to be taken to ensure that local communities benefit directly from low carbon and renewable energy projects operating within their area.”

This amendment would require the Secretary of State to set a strategic priority for measures to be taken to ensure local communities benefit from low and renewable energy projects operating in their area.

Pippa Heylings: The objects of Great British Energy need to be wide-ranging and flexible so that it can be innovative and pivot where necessary. But one issue, which the Liberal Democrats also raised during the oral evidence sessions, is community energy: that which is owned, managed and generated by, and brings benefits directly to, the community. We propose this amendment for the Government's serious consideration because the founding statement for Great British Energy says that local communities will derive benefits. That is not just in the five functions but part of the purpose of Great British Energy. Juergen Maier says in his foreword to the founding statement that Great British Energy will actively co-invest and support communities to generate energy. That is fundamental. As most of the rest of the provision is for large-scale clean energy projects, it is critical to include the amendment in the objects, given that communities are included in the five functions in the foundational statement.

Olivia Blake (Sheffield Hallam) (Lab): I thank the hon. Lady for her opening remarks on the amendment. Is there anything in the Bill that would preclude the kind of support for community energy projects that we have discussed in Committee so far?

Pippa Heylings: The debate so far has all been about the ability to delimit what limits Great British Energy, but that allows for everything else that has not been mentioned. However, it is critical to reassure everybody that Great British Energy is about both large-scale clean energy projects and community projects. I do not think the amendment would change or limit Great British Energy any further; it would add to the understanding of the objects. I do not think it would in any way pervert the flexibility in the wide-ranging objects; it would bring the necessary emphasis and balance between large-scale and community energy projects.

Catherine Fookes (Monmouthshire) (Lab): I rise to speak to amendment 2, tabled by the hon. Member for Bath, which seeks to include community energy in the objects of the Bill. The amendment has gathered support from across the House. I find it encouraging that so many hon. Members understand the important role that community energy schemes play in our energy sector and our mission to make Britain a clean energy superpower.

Community energy schemes currently generate 0.5% of the UK's electricity. However, studies by the Environmental Audit Committee show that they could grow twentyfold in the next 10 years. They not only power many homes but reduce our dependence on energy imports and support the development of critical local infrastructure, and of course they create local jobs. It is clear to me that

community energy schemes play a key part in tackling climate change. I have seen at first hand in my constituency of Monmouthshire great schemes such as the community solar project at Bridges community centre, which saves the centre money, which can then be reinvested in the community.

Further afield, in Bangor Aberconwy, we have Ynni Ogwen, which does fantastic work to produce electrical energy from hydro power using the Ogwen river. Again, the profits are used to fund community and environmental projects in the community. My commitment to community energy is clear, as is the Government's. We are inviting communities to come forward with projects and to work with local leaders and devolved Governments to ensure that local people benefit from energy production.

Although the amendment is well intended, it is not necessary. The Government and the chair of GB Energy himself made it clear at the evidence session on Tuesday that community energy will be a "core part" of GB Energy.

Andrew Pakes (Peterborough) (Lab): I want to join in the conversation about community energy, which I know is very important to the county that the hon. Member for South Cambridgeshire and I share. Lots of great initiatives are going on there. Having read the amendments and thought about them this morning, I am deeply encouraged by the comments that the Minister and Juergen Maier made in our session earlier in the week.

I think I am the only Co-operative MP here—*[Interruption.]* I can see my hon. Friend the Member for Redcar indicating that she is one, too. As someone who has worked in the co-operative energy sector for much of my adult life, this is the first time in many years that I have seen a Government genuinely committed to community energy and working with the mutual sector to deliver that. I am proud of the work that the Co-operative party and the Labour party have done to bring forward GB Energy and work with the co-op sector.

In recent weeks, as we have prepared for the Bill, I have met Central Co-op, Midcounties Co-op, Unity, Greater Manchester Community Renewables, and a range of agencies that are fully behind the Bill because they see the power of it. The scale of the Government's ambition is clear. The Secretary of State himself has said that the local power plan will deliver the biggest expansion of community energy in history. It would also be remiss of us to consider the amendment without acknowledging the local power plan, which is part of GB Energy's founding statement, which includes a clear commitment from the chair, Juergen Maier:

"We will be investing in community-owned energy generation, reducing the pressures on the transmission grid while giving local people a stake in their transition to net zero."

The local power plan is also listed in GB Energy's three initial priorities.

Although I sympathise with, and support and wish to work with, the hon. Member for South Cambridgeshire on community energy in Cambridgeshire in the localities that we operate in—it is really important that we keep a focus on that—this is a Bill that will transform our energy. The co-op movement is behind it and communities are behind it. It is important that we drive the Bill forward, so that it enables the local power plan, rather than—as it is almost the festive season—treating it like a Christmas tree, which is what I worry some legislation can become like. There are so many baubles that we

could put on this legislation, when we should let the majesty of the tree speak for itself. We should get on and pass it, by Christmas or in six months or however long it takes. Community energy is coming, and we do not need an amendment to tell us it is on its way.

Uma Kumaran (Stratford and Bow) (Lab): It is really good to see this cross-party support for community energy. I am sure all Members here today can speak to brilliant innovations in their constituencies. I have one in my constituency of Stratford and Bow, Community Energy Newham: its vision, very much like that of the Government, is to provide clean, affordable energy to homes and public buildings across the borough of Newham.

As we heard extensively on Second Reading, GB Energy will be owned by and for the British people, to help to promote energy independence, as well as to maintain Britain's standing as a global leader. I echo the comments of my hon. Friend the Member for Monmouthshire. The Bill has already baked in the fact that community energy will be possible. We heard extensively from our witnesses that if the Bill does not give GB Energy the ability to innovate and advance, or to be flexible, there may be constraints in the years ahead. That is why we do not need the amendment.

Community Energy Newham is looking to provide our local library with a cleaner source of energy. As I said, many Members have exciting projects in their constituencies. That is why it is so important to maintain this cross-party support for the Bill and get it through as quickly as possible, so that not only our constituents but the whole country can benefit from Great British Energy.

Torcuil Crichton (Na h-Eileanan an Iar) (Lab): I rise to reinforce not just the evidence that we heard from the Minister and Juergen Maier about the commitment to community energy, but the evidence we heard from private companies about foreign Governments that are willing to allow communities and municipalities to take a share in community energy.

None of what is in the Bill or what GB Energy proposes will happen without communities being involved. Communities will have to be involved at every stage—in generation, in transmission and in the purchase of the energy—otherwise we will find ourselves fighting communities every step of the way. It is vital that communities are involved. They are not just knocking at the door; they are taking over.

My constituency, Na h-Eileanan an Iar, has the largest number of community-owned windfarms in the UK. They serve as a template for what could happen across the rest of Scotland and Britain if communities are engaged and take on the challenge of producing their own power.

I was delighted with what the Minister said in the evidence session on Tuesday: GB Energy will be there to enable and help communities to get on the grid, get over the planning obstacles and the legal and financial obstacles that are sometimes in their paths. I think we should allow GB Energy to be set up and to get on with its business, and to enable communities to be engaged and involved not just in the production of energy, but in earning and reaping some of the profit that we will see from the wealth of wind.

Josh MacAlister (Whitehaven and Workington) (Lab): The witnesses we heard from on Tuesday demonstrated a near-enough consensus that the Bill provides the chair, the board and the executive of GB Energy with the necessary flexibility to make sensible decisions, which include—and as has been backed by the Government and the current chair—the ability to back projects such as community energy. All of us should take reassurance from that.

There is a bigger point of principle on the amendment. We as Members should have the humility to recognise where the limitations of our own expertise reside. We do not want MPs setting the details—dotting the i's and crossing the t's—of how GB Energy should operate. The whole purpose of this legislation is to set up an autonomous, dynamic and fast-moving company, wholly focused on the 2030 mission and the Government's wider aims and objectives for the net zero, energy transition and energy security agendas. We want to provide GB Energy with the full flexibility and freedoms to enable it to do that, and we heard that point from witnesses.

My constituency of Whitehaven and Workington demonstrates the full range of opportunities that GB Energy could support, whether in the earlier stages of research and development of projects, or by linking with nuclear—not just decommissioning but hopefully new nuclear energy. We were home to one of the first offshore wind farms at Robin Rigg, which is an RWE wind farm. That will come to the end of its life, and there are big questions about its future. All the opportunities of west Cumbria demonstrate that we need GB Energy to have full scope and freedom. It should not be for Members of this House to set that scope in detail. The Bill, backed by the witnesses and with the wisdom of the Government, is set up with that intention.

12 noon

Michael Shanks: Amendments 2 and 9 seek to add provisions on community energy to the Bill. As I have said in a number of answers in Parliament and in our session on Tuesday, support for community energy is something that I absolutely share, and it is clearly shared by a number of hon. Members across the House. It will be an integral part not just of Great British Energy, but of the Government's entire energy strategy. That is why the local power plan is a key part of Great British Energy's delivery model, and it goes broader than GB Energy, to every other part of Government policy on energy.

As my hon. Friend the Member for Na h-Eileanan Iar pointed out, it is essential that communities are involved. It is not a nice-to-have; it is critical. If we are to build the infrastructure we will need in future, we want communities across the country to reap the rewards. A key part of that is community-driven projects and community-owned projects.

Andrew Bowie: Last year, almost to the day, we launched the £10 million fund for community energy projects, building on the success of previous community funds, to be delivered through local energy hubs. How does the Minister envisage Great British Energy working with those local hubs to deliver those community projects that we announced funding for last year?

Michael Shanks: That is a really helpful point. The community energy hubs that already exist are certainly something that we want to build on. The £10 million commitment is welcome. We have committed more than £1 billion to the local power plan over this Parliament, but we are building on what is already there, such as the local hubs. In Scotland, there is the community and renewable energy scheme, where we are already working with the Scottish Government to look at how we can jointly fund the project. It is really important that we work to build on what is already there.

The Government will not be supporting amendments 2 or 9 today. Amendment 2 seeks to insert an additional object to clause 3 specifically about community energy. As a few hon. Members have said, the purpose of the Bill is to set up the confines of Great British Energy as a company in as little detail as possible. We are not seeking to fill the Bill with every possible mechanism the company could use or every possible priority it could have. We are clear that we are setting up the minimum necessary provisions for Great British Energy to function.

My hon. Friend the Member for Whitehaven and Workington made the really important point earlier that we are not seeking to set in train, for however long GB Energy will deliver projects, our objectives right now, in 2024. We want to give it the most minimal possible scope, so that it can go forward in an agile way and move into areas that, at the moment, we may not think are critical. Community energy will change over time—it already has changed with regard to the models we are using.

There is nothing in the Bill that excludes communities at all. The production, distribution, storage and supply of clean energy extends to large-scale offshore programmes, but I do not think we should discount communities' involvement in those. There are some really good models around the world. In Denmark, 20% is now expected for community ownership, so there are models of large-scale projects as well, although as the hon. Member for South Cambridgeshire rightly said, much smaller-scale generation projects that directly benefit local communities should sit alongside that.

Amendment 9 would require the Secretary of State to specifically set, as a strategic priority, measures to ensure that local communities benefit from low and renewable energy projects operating in their area. As we will discuss later, the Secretary of State will outline Great British Energy's strategic priorities to ensure that it remains aligned with Government policy on energy more generally. The first statement, which we will make as soon as possible after Royal Assent—before Christmas, as was said earlier—will focus on driving clean energy deployment, creating jobs, boosting our energy independence and, crucially, generating benefits for UK taxpayers.

We have been clear that that process—I will say more about this later—will include consultation with Ministers in the devolved Administrations. We are already working on community energy with the devolved Administrations in Wales and Scotland, in particular, which are doing great work on it.

Clause 3 sets out the parameters for Great British Energy to carry out the five key functions that we outlined in the plan for it, one of which is to deliver the Government's local power plan. We are very clear that

Great British Energy's role in delivering the local power plan will be to support and champion local community groups. In my evidence on Tuesday, I built on the comments of a number of our witnesses and said that there are two strands to our proposal. GB Energy will provide some of the funding, but it will also have a critical role where communities can access funding but lack capacity. I am thinking in particular about rural communities and local authorities across the country that previously had in-house energy expertise but are no longer in a position to lead on some of these projects.

There are great municipal schemes across Europe, and we would like to see some of them in this country. That will require GB Energy to provide funding and, crucially, capacity building.

Torcuil Crichton: I am pleased to hear that the Minister has such enthusiasm for municipal and community schemes. There are examples in my constituency of communities that have come together. There are three community-owned estates on the west side of Lewis with a plan for nine turbines generating 43 MW. That could bring in £4 million into that community, but it needs need pump-priming and help to get it there. Similarly, onshore windfarm schemes have been proposed and are in planning, with the offer for municipal and arm's length companies of local authorities to take shares of up to 20%, as the Minister said. That is the kind of thing that GB Energy could do if we just get through this Bill.

Michael Shanks: I take my hon. Friend's point in the spirit in which it was intended and not as an attempt to rush me through the rest of these proceedings so we can get the Bill up and running, but we will move at pace. Every time he speaks, he is very good at reminding me that I need to visit those projects in Lewis with him at some point. He is absolutely right that it is important that we give communities, in whatever form—local government, local island communities, villages or towns—the ability to come together with the capacity to deliver on their energy potential.

I fundamentally believe that the Bill is at the heart of what the Government desire to do on the local power plan and community ownership more generally. We are absolutely committed to community energy, including through things such as what the Co-operative party has put forward. There is nothing in the Bill that prevents that from happening. For those reasons, I hope that the hon. Member for South Cambridgeshire will withdraw her amendment.

Pippa Heylings: It is wonderful to hear hon. Members say how supportive they are of community energy and give examples from their local areas. In Cambridgeshire, the expertise is still there—it is absolutely amazing. We have community energy projects, including wind energy, and a whole village has an off-grid heat network, which is a national case in point.

I ask the Minister once again to take into account the cross-party support for the amendment. It is not a bauble, nor is it about crossing t's and dotting i's; it is about public ownership models. At the moment there is real concern, because although we talk about the great things happening, in the latest meetings we have held

with advocates of community energy, we have been told that it is in crisis. Although GB Energy is removing the barriers to large-scale clean energy projects, there are barriers to community energy, which is why we have so few new community energy projects, in contrast to the past. We need investment, but it is not just about the money and capacity. It is about the rights—the ownership model and the right not only to generate but to sell locally, with an equal cost to connect.

Torcuil Crichton: I take the hon. Member's point about rights. Usually, land rights prevent communities from taking a stake in energy projects. Community-owned land, which we have plenty of in the Western Isles and across Scotland, is the key—land that the community has ownership of.

The other problem, which I am sure GB Energy should and will unlock, is access to the grid, to get community companies on to the grid; GB Energy and regulation from the Department should be crucial to achieving that.

Pippa Heylings: I thank the hon. Member for making that point about the cost for communities of connecting to the grid, which makes it completely unviable for them to do so. It is not about capacity; the communities know what they want to do and are ready to do it. Unfortunately, although there is a right to sell energy locally, the cost of connection makes it completely unviable.

Wera Hobhouse (Bath) (LD): An additional problem is that small community energy projects cannot provide directly—cannot sell directly—to the consumer. That is one of the major problems. Therefore, the Government should really put their mind to it and accept our amendment, so that we can assure our communities that the Government are really serious about this issue. Does my hon. Friend agree?

Pippa Heylings: I very much agree. Indeed, I find it very hard not to agree with my hon. Friend, who tabled the amendment.

We are obviously waiting to see the local power plan. We hope that it contains detail not only about the benefits, as with the Scottish and Welsh examples, but about the ownership model empowering local communities to do this work.

Given the cross-party support for the amendment, I will not withdraw it.

Question put, That the amendment be made.

The Committee divided: Ayes 3, Noes 10.

Division No. 1]

AYES

Flynn, rh Stephen
Heylings, Pippa

Hobhouse, Wera

NOES

Blake, Olivia
Crichton, Torcuil
Fookes, Catherine
Kumaran, Uma
MacAlister, Josh

McDonald, Chris
Moon, Perran
Pakes, Andrew
Shanks, Michael
Turley, Anna

Question accordingly negatived.

Pippa Heylings: I beg to move amendment 10, clause 3, page 2, line 18, at end insert—

“(e) an emergency home insulation programme with targeted support for people on low incomes, and

(f) the expansion and development of renewable energy and technology.”

This amendment would set objects for Great British Energy of facilitating, encouraging and participating in an emergency home insulation programme with targeted support for people on low incomes, and the expansion and development of renewable energy and technology.

As I understand it, the Bill’s scope has changed, enabling us also to consider the customers in all of this and the benefits to customers from the creation of Great British Energy. For that reason, the issue of home insulation should be considered.

The need for Great British Energy and the demand for the energy that is being created is also generated by the amount of energy that leaks from cold, draughty homes. We are approaching winter now. In my constituency of South Cambridgeshire and, I am sure, in constituencies across the country, including those represented by Members of this Committee, a large number of people, many of them vulnerable, are in cold, damp homes. Although those people may be able, through their local authority, to have some renewable energy features and insulation added to their home, a proper emergency home insulation programme—not just for this winter but for the long term—is not being considered.

As we know from the Climate Change Committee, the calculation of the demand for energy generation changes when we look at the amount of energy lost through heating homes. We would need to generate less energy if we managed our home insulation programme. I therefore think that it is within scope to show not only the price of people’s bills but the standards under which they are living in their homes, and the amount of energy being lost without a home insulation programme. I know that the Government have their warm homes plan, which we will see in the spring, but we should consider home insulation within energy efficiency, given the importance of GB Energy to the consumer.

12.15 pm

Olivia Blake: This is a really valuable discussion, even if the amendment does not make it into the Bill. In the last Parliament, I served on the Energy Bill Committee. Conservative Members will remember the hours and hours of debate—it felt like days, months, years—about wider energy policy, and unfortunately there was nothing on reducing home energy use through insulation. I pay tribute to the wonderful Alan Whitehead, who kept us all entertained as the shadow Minister on that Committee. [HON. MEMBERS: “Hear, hear!”] He was a very good man and gave a lot to this subject in particular.

Although I understand why the amendment has been tabled, this discussion is related more to wider energy policy than to the setting up of GB Energy. I understand why it has come up and it is good that we are discussing it, because it is a matter not just of energy efficiency but of human health. Sir Michael Marmot published a paper this year, reiterating the very human cost of poor-quality housing and the fact that so many homes in the UK have an energy performance certificate under level C. That is why I am pleased that in the run-up to the election we were championing the warm homes

plan. I very much look forward to that, and I think it will cover the concerns of the hon. Member for South Cambridgeshire.

The Bill focuses not only on reducing emissions, but on reducing the use of energy within the objects. We have covered the issue with the words “energy efficiency” in clause 3(2)(c). I know that that sounds quite limited, but there is much more to energy efficiency than loss within our homes; it is also about loss of energy within the system, so it is right to have a broader framing of energy efficiency within the Bill.

Andrew Bowie: I will not detain the Committee long, but I want to express the Conservatives’ support for the Liberal Democrat amendment, primarily because of our concern about the impact of the removal of the winter fuel allowance from so many pensioners this winter, and the fact that the warm homes plan, as welcome as it is, will not be up and running until next spring, which leaves considerable concern over what might happen in and around this winter.

Those pensioners should be at the forefront of our mind as we look towards winter and as we are discussing an increase in the number of well-insulated homes in this country—on which, by the way, we had quite a good record when we were in government; we increased markedly the number of homes at EPC level C or above. For those reasons, we will support the amendment if it is pressed to a vote.

Torcuil Crichton: It is difficult to argue against home insulation, but I do not know whether we need legislation or an amendment to the Bill to achieve it, particularly when it is happening already in community-owned power companies such as Point and Sandwick Trust in my constituency. The company raises £1 million a year for its community, and distributed in the last 18 months £250,000 to people living in fuel poverty, to help with home insulation and heating costs. That is the template, the model and the example that GB Energy could help and sustain without need for the amendment.

Andrew Pakes: I share huge empathy with the sentiments behind the amendment, but I believe that the answer to home insulation sits not in the Great British Energy Bill, but in the wider clean power and clean energy mission. I find it quite rich for Opposition Members, who used to be in government, to talk about supporting an emergency home insulation programme when they decimated the apprenticeship programme that delivered the workforce that could actually insulate our homes.

Andrew Bowie: The record of the last Government was that we increased the number of homes that were insulated in this country to EPC C or above from 14% to more than 50% over our time in government. That is a record of which we can be proud. Can we do more? Absolutely—that is one of the reasons why we are actually backing the Liberal Democrat amendment—but I think that to castigate our record as somehow disgraceful, or to say that we did not deliver for the British people, is wrong. I ask the hon. Gentleman to withdraw or rethink his remarks.

Andrew Pakes: I thank the hon. Gentleman for being kind to me in the first intervention that I have ever taken in this House, but I will stick to my point: that we

could achieve so much more in this country. We would be having a fundamentally different conversation about insulation efficiency and renewable energy if we had not gone through the last 14 years, in which budgets were cut. There are young people in my constituency of Peterborough who could have contributed, by moving from blue-collar to green-collar jobs, if we had had a further education system that was functioning and could train them—if we had a home insulation system that had a workforce that could get out and deliver.

Whatever we say in any resolution, motion or primary legislation in this place will not be enacted unless we have a people plan that delivers for it. That is why delivering on this issue should come in a different piece of legislation, even though I have huge empathy with the sentiments expressed by the hon. Member for South Cambridgeshire.

Perran Moon (Camborne and Redruth) (Lab): Although I entirely agree with the importance of the warm homes plan, I am getting really concerned that we are losing focus. We are looking to create a Bill that allows the scope and flexibility to ensure—I am glad the Minister mentioned this earlier—that the UK taxpayer gets the best bang for their buck. As the expert witnesses consistently testified, one of the key benefits of the Bill is that it is not overly or unnecessarily prescriptive and allows the scope to develop the strategic priorities, referred to in clause 5, that focus on ensuring that we get this right. I look forward to speaking to the Minister in due course about those priorities. GB Energy will work alongside and in partnership with the private sector, but we must avoid trying to be too prescriptive in a specific Bill focused on this area.

Wera Hobhouse: The hon. Gentleman is a new Member of Parliament; I have been here a little longer. Those of us who have been here longer always want to ensure that something is in statute—in law—because we parliamentarians are always a little wary of leaving it to a further document that may or may not come. We would like to see some assurances in law to ensure that whatever has been promised will actually happen. Does the hon. Gentleman share my concern?

Perran Moon: I am absolutely delighted that the Government are already talking about the warm homes plan. We have a plan, and it is coming through; we have talked about it coming through in spring. Today we are talking about the Great British Energy Bill, and it is really important that we retain the focus on ensuring that the Bill has flexibility, so that we can see the strategic priorities delivering on GB Energy specifically.

Michael Shanks: The hon. Member for South Cambridgeshire has rightly and passionately outlined the scandal of people living in cold homes and poorly insulated homes. She is right that it is an absolute scandal.

Stephen Flynn: The Minister is being generous with his time, as always. It is a scandal that people are in cold homes. Why is he supportive of the Government taking away the winter fuel allowance?

Michael Shanks: The right hon. Gentleman is combining two different things there.

The Chair: Order. This is not within the scope of the Bill.

Michael Shanks: It is not within the scope of the Bill, but I am happy to answer the question. Whether or not there is a winter fuel payment, people are still living in homes that are poorly insulated, including in Scotland where the right hon. Gentleman's colleagues have cut consistently, year after year, the budget that delivered insulation programmes in Scotland.

The Chair: Order. Let us go back to what is in the Bill.

Michael Shanks: They cut more than £100 million last year to plug gaps in their own budget. If we are looking at energy efficiency, the right hon. Gentleman could look closer to home at what his own Government in Scotland are doing.

To return to the Bill, I want to address both paragraphs in the Liberal Democrats' amendment 10. First, the new object proposed in paragraph (e) would mean that Great British Energy's objects included facilitating and participating in emergency home insulation programmes. Several of my hon. Friends have pointed out that although those programmes are incredibly important—I will come in a moment on to what the UK Government are already doing on the issue—it is important to detach the Bill from every other part of our energy policy. Although I totally understand the perspective that says, "These issues are important. Let's put them on the face of a Bill to say so," it is really important to say that the Bill itself does matter. This is about setting up and delivering the Great British Energy company. It is not the answer to every single part of the energy system. There are places where we are already moving forward on home insulation programmes, such as the warm homes fund, and it would be more appropriate to talk about those matters in that connection.

That is not to downplay the importance of the issue. As a Government, we are committed to taking bold action. Within the first 100 days, my colleague the Minister for Energy Consumers, my hon. Friend the Member for Peckham (Miatta Fahnbulleh), has outlined the work that we will do on this. The warm homes plan that we have announced is the most ambitious such plan ever. It will be implemented from the spring, delivering cleaner, cheaper energy in the process and ensuring that people, particularly in those low-income households where fuel costs already account for a disproportionate amount of income, can spend less money on them because their home is insulated and warm. That is a right that everyone should have.

Harriet Cross (Gordon and Buchan) (Con): Does the Minister appreciate that although in the run-up to the election it was assumed, or said, quite often that GB Energy would save households £300, that figure seems now to have been dropped? Is this not a mechanism to ensure that low-income households see some benefit from the Bill? They will not necessarily take the Government's word for it that it may come later, when we have already seen announcements such as the figure of £300 being dropped.

Michael Shanks: We have not dropped any announcement on reducing bills, but GB Energy was not going to be the single thing that would deliver that; it was the Government's whole energy strategy. It is

[Michael Shanks]

important to say that. I said in my evidence to the Committee on Tuesday that GB Energy is an important part of delivering that, but it is not a silver bullet. It will not be the thing that deals with every single aspect of our energy policy. It is also about what we are doing, for example, around increasing the renewables auction to get more cheaper energy on to the grid. It is about what we are doing around planning, consenting and connections. All that work is related to bringing down bills in the long term.

The Conservative party—the party that was in government when all our constituents suffered some of the highest price spikes that we have ever experienced—has to recognise, as it did for many years until it moved away from this policy, that the only way to reduce our dependence on the volatile markets that have led to increases in bills is to move towards greener, cheaper energy in the long term. That is what GB Energy is about delivering, that is what will bring down bills in the long term, and that is what we continue to deliver through this Bill.

I turn to paragraph (f) of amendment 10, which I am afraid we cannot support today, partly because it says what is already in the Bill on expanding renewable energy and technology. The Bill itself facilitates exactly those points and defines clean energy as

“energy produced from sources other than fossil fuels.”

That existing object already enables Great British Energy to drive the deployment of clean energy, helping to boost our energy independence, create jobs and ensure that communities reap the benefit of home-grown energy. Therefore, as a whole, amendment 10 is unnecessary, as the Bill already enables all of those points in clause 3.

The words of the hon. Member for South Cambridgeshire are heartfelt and have been genuinely heard; I hope she gets that sense from all my hon. Friends and me. Such initiatives are an important part, not of GB Energy in itself, but of the whole Government’s mission to make communities in their households much safer from the lack of insulation and cold homes from which they are suffering at the moment. For those reasons, we will not support the amendment, and I hope that the hon. Lady will not press it.

Pippa Heylings: I thank all hon. Members for their serious consideration of the amendment. The hon. Member for Sheffield Hallam said that it was important to consider the role that energy efficiency plays within overall demand. I agree that it is part of the wider policy, but I think it is also critical in the context of GB Energy, because there is room for interpretation of clause 3(2)(c), which is about energy efficiency, as in energy efficiency in the process of generating energy.

12.30 pm

As many hon. Members have highlighted, this is now a crisis in our country. We have failed to grasp that the country’s energy demands could be greatly reduced if we increased home insulation. We should have got on with home insulation 14 years ago. We had a zero-carbon homes standard—it was thrown out, and we have not brought in a new standard since then. The issue will affect the consumer end. The scope of the Bill should

include what impact it has on people’s homes, bills and welfare. I would therefore like to push my amendment 10 to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 10.

Division No. 2]

AYES

Bowie, Andrew	Hobhouse, Wera
Cross, Harriet	
Heylings, Pippa	Morrissey, Joy

NOES

Blake, Olivia	McDonald, Chris
Crichton, Torcuil	Moon, Perran
Fookes, Catherine	Pakes, Andrew
Kumaran, Uma	Shanks, Michael
MacAlister, Josh	Turley, Anna

Question accordingly negated.

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

Michael Shanks: In summary, clause 3 is about restricting Great British Energy’s activities to those specifically listed in the Bill, around “facilitating, encouraging and participating” in clean energy projects, reducing greenhouse gas emissions, improving energy efficiency, and ensuring energy security in the long term. Clause 3 thus provides the framework for Great British Energy to carry out the five functions outlined in its founding statement.

I turn to the objects set out in clause 3. Clause 3(2)(a) will enable Great British Energy to facilitate, encourage and participate in clean energy projects. Clean energy is defined in the Bill as

“energy produced from sources other than fossil fuels”.

The object will enable Great British Energy to drive the deployment of clean energy, helping to boost our energy independence.

Clause 3(2)(b) will enable Great British Energy to facilitate, encourage or participate in projects that would contribute to the reduction of greenhouse gases from energy produced from fossil fuels. Building on some of the evidence we heard on Tuesday, I want to be very clear that that includes, for example, projects relating to carbon capture and storage, or blue hydrogen.

Clause 3(2)(c) will enable Great British Energy to deliver measures to improve energy efficiency. That could include, for example, supporting demand reduction through the local power plant.

Clause 3(2)(d) will enable Great British Energy to respond to any future energy crisis, and deliver measures to support the long-term security of supply. Great British Energy is part of a bold, long-term strategy to harness our nation’s clean energy potential, and ensure that we reduce our exposure to the volatile fossil fuel markets.

Through those objects, clause 3 provides the framework from which Great British Energy can carry out its five functions. Although the five functions are set out in the founding statement rather than in the Bill, it would be helpful to refer to them in the context of clause 3. First, Great British Energy will invest in and own energy

projects. Secondly, Great British Energy will lead projects through their early development stages, to speed up delivery while capturing value for the British people. Thirdly, Great British Energy will deliver our local power plan, working with local authorities, combined authorities and communities to deliver the biggest expansion of community owned energy in British history. Fourthly, Great British Energy will work with industry to develop supply chains across the UK to boost energy independence, but also, crucially, to create good, well-paid, trade unionised jobs.

Andrew Bowie: On the point about supply chains, the sustainable industry rewards were being designed to come with the next auction round next year. How will GB Energy work alongside the existing frameworks to deliver those sustainable industry rewards, to ensure that we build up the domestic supply chain that everybody across the parties wants?

Michael Shanks: That is an important point. We will announce more about allocation round 7 in due course, and how our industrial work and British jobs will work together to create those supply chains. It is an important point about the broad nature of what we want to do: to give confidence to industry that a pipeline of projects will be coming long into the future—beyond 2030, actually, although that is our initial key target—so that it is worth investing in and building the factories and supply chains in the UK. Great British Energy will be part of that, but it will certainly not be the entirety of it. We are working with the national wealth fund and the UK Infrastructure Bank to deliver more of those projects in the UK.

The final function, which the shadow Minister will appreciate, is that Great British Energy will help advance the work of Great British Nuclear. We will say more in due course about exactly how those two organisations work together. Those five functions enable Great British Energy to deliver on its clear mission of driving forward clean energy deployment, boosting our energy independence, creating good jobs and ensuring that UK taxpayers, bill payers and communities reap the benefits of clean and secure home-grown energy.

Wera Hobhouse: Will the Minister confirm that he said that we might cross-reference the five functions in the Bill? In that way, people will be clear, for example, that community energy is cross-referenced in the Bill as one of the five functions. Did he say that earlier?

Michael Shanks: No, I did not say that. What I was saying was that the context of the objects in the Bill is given by the functions that we set out in the founding statement. It is clear that those founding principles of Great British Energy, which the Secretary of State announced in that founding statement along with the start-up chair, Juergen Maier, will be largely what drives the initial statement of priorities for the company.

The objects themselves are around creating restrictions on what Great British Energy can do. We have left them deliberately broad so that the company is able to move in and out of different spaces. I am not sure whether the hon. Lady was here earlier, but we said clearly that there is nothing in the Bill that precludes community energy at all. I have repeated a number of times our absolute commitment to that and to the local power plan.

We will turn to clause 5 in due course, but it is relevant to the point we are discussing. Great British Energy will, of course, be operationally independent—a model adopted by a number of different companies; it is important for it to have its own board of experts in their fields. However, the Secretary of State will be able to set the company's strategic priorities, which we will debate later. That is to ensure that although Great British Energy is operationally independent, it is setting out the functions in its founding statement while remaining agile to the Government priorities of the day. Importantly, it is a vehicle for delivering the central points of Government policy, including community energy, energy efficiency and many of the other things we have talked about. I commend the clause to the Committee.

Question put and agreed to.

Clause 3 accordingly ordered to stand part of the Bill.

Clause 4

FINANCIAL ASSISTANCE

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

Michael Shanks: Great British Energy will be operationally independent, with the Secretary of State as the sole shareholder. To operate, Great British Energy clearly needs funding, and clause 4 will give the Secretary of State the power to provide financial assistance to Great British Energy. That is so that GB Energy can take action in line with its statutory objects set out in clause 3, including financing its investments, joint ventures and day-to-day running costs.

To be clear, our intention is that Great British Energy will become financially self-sufficient in the long term. Great British Energy will invest in projects and expect a return on investments, generating revenue and delivering profits that benefit the public. It will also create tens of thousands of good jobs. However, it is prudent to ensure that the Secretary of State has the power to provide further financial support if required. Just as private sector companies would rely on the financial strength of their corporate groups to raise funds, there could be a case for providing Great British Energy with further financial support for specific projects in the future. The clause will enable that.

I assure the Committee that any further financial assistance to Great British Energy provided by the Secretary of State will of course be subject to the usual governance and control principles applicable to public sector bodies, such as His Majesty's Treasury's "Managing Public Money".

Finally, in the highly unlikely situation of Great British Energy facing financial difficulty, the powers set out in clause 4 would allow the Secretary of State to step in to help prevent any disruption to Great British Energy's intended interventions. I commend the clause to the Committee.

Andrew Bowie: I am comforted that the Minister thinks it very unlikely that GB Energy will get into any financial difficulty. But let us look at state-owned energy companies around the world. Just last year, for example, EDF—a fantastic company investing a lot into the United Kingdom—had to be bailed out to the tune of about €20 billion. Although I am comforted by his assurance, I think we would like to see a little more evidence for that assertion before moving forward.

[Andrew Bowie]

The Minister says that any financial assistance will be governed by the usual processes of being accountable to Parliament, and that the Secretary of State would be, should that be the case, but clause 4(3) states:

“Financial assistance under this section may be provided subject to any conditions the Secretary of State considers appropriate.” Should it not be conditions that Parliament considers appropriate? Will the Minister expand more on what those conditions might be?

Michael Shanks: I am always willing to give the hon. Gentleman comfort, in this and many other things. On both those points, the Bill quite rightly says that it is subject to any particular requirements of the Secretary of State. That is about saying that, instead of giving money to a company without any requirements, requirements will of course be put on what that funding is for—a fairly standard thing that I think we would expect.

On the broader point about parliamentary scrutiny, there are of course a number of mechanisms through which Parliament can bring scrutiny to these decisions. As I have already said, it will be outlined that any additional funding that should be given to GB Energy in the future will be in the course of the normal processes of any financial transactions that the Government undertake.

I think this is important, though: the hon. Gentleman has used the EDF example on a number of occasions, but he does not often reference the other side of the equation—hugely successful state-owned companies around the world. The truth, in all this Bill, is that for the first time in more than 70 years we are delivering a publicly owned energy company in this country, in the same vision as many of the publicly owned energy companies that are hugely successful around the world and delivering huge returns to their taxpayers every single year.

We are starting off GB Energy on a much smaller scale—of course we are—but, in time, we see it as a vehicle for delivering some of the huge successes that those companies have, and delivering a huge return to the public. We believe that public ownership of infrastructure is a good thing, and we hope that we can convince hon. Members across the House that this is the right thing to take forward.

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

The Committee divided: Ayes 12, Noes 3.

Division No. 3]

AYES

Blake, Olivia	MacAlister, Josh
Crichton, Torcuil	McDonald, Chris
Fookes, Catherine	Moon, Perran
Heylings, Pippa	Pakes, Andrew
Hobhouse, Wera	Shanks, Michael
Kumaran, Uma	Turley, Anna

NOES

Bowie, Andrew	Morrissey, Joy
Cross, Harriet	

Question accordingly agreed to.

Clause 4 ordered to stand part of the Bill.

Clause 5

STRATEGIC PRIORITIES AND PLANS

12.45 pm

Andrew Bowie: I beg to move amendment 11, in clause 5, page 3, line 8, at end insert—

“(1A) The statement of strategic priorities under subsection (1) must include the reduction of household energy bills by £300 in real terms by 1 January 2030.”

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

Amendment 12, in clause 6, page 3, line 38, at end insert—

“(1A)

- The Secretary of State must give a specific direction to Great British Energy that it must report to the Secretary of State on the progress made by Great British Energy towards the strategic priority of reducing household energy bills by £300 in real terms by 1 January 2030.
- A report under paragraph (a) must include a projection of how Great British Energy’s activities are likely to affect consumer energy bills over the following five years.
- A report under paragraph (a) must be made within two years of the date of Royal Assent to this Act and annually thereafter.
- The Secretary of State must lay a report made under paragraph (a) before Parliament.”

Amendment 24, in clause 5, page 3, line 8, at end insert—

“(1A) The statement of strategic priorities under subsection (1) must include a priority to reduce household energy bills by at least £300 in real terms.”

Andrew Bowie: It is a pleasure to serve under your chairship, Dr Huq, and a privilege to be back in another Committee Room debating a Bill on energy—we did not do enough of that last year.

Amendment 11 would provide a specific strategic priority for Great British Energy to reduce the average household energy bill by £300 in real terms by 1 January 2030. Amendment 12 would require an annual report to be laid before Parliament on how GB Energy activities are affecting household energy bills. The often repeated claim that the purpose of GB Energy was to save each bill payer £300 on their energy bill seems to be conspicuously absent from the legislation before us, which states that the objects of GB Energy are only to facilitate, encourage and participate in the production of energy, the reduction of greenhouse gas emissions, improvements in energy efficiency and measures for ensuring security of supply.

This morning, we checked the Labour party’s website. It still says:

“Great British Energy is part of Labour’s Green Prosperity Plan”, which will

“cut bills by £300 on average and deliver real energy security.”

On 19 June, the Chancellor of the Exchequer said on Twitter:

“Great British Energy, a publicly owned energy company, will cut energy bills by up to £300.”

On 24 May, the now Prime Minister said on ITV's "Good Morning Britain":

"Well, we want to, as you rightly say, set up Great British Energy. That is a publicly funded, publicly owned company, which is owned by the taxpayer, making money for the taxpayer", and that it would reduce household bills by—he claims—£400. It is a little surprising that this has not made it into the legislation setting up Great British Energy, given that it was a prime reason for the delivery of this company in the first place.

Josh MacAlister: Can the hon. Member cite any legislation from the past 14 years that included a specific financial saving, to illustrate his point that it would be appropriate to put that in a piece of legislation? Does he not accept that his quote from the Labour party's website includes the words "part of"—the point that the Government have made all along?

Andrew Bowie: The fact is that the Labour party has brought forward this legislation and is creating this company—a company that the Prime Minister, the Chancellor of the Exchequer and Labour candidates, now MPs across the country, claimed time and again through the election would cut bills by £300. It was one of the reasons why Labour is creating the company in the first place, so it is surprising that it did not want to put the £300 as a specific object in the Bill, given that it was so proud of the fact that this would deliver the savings it said it would.

Torcuil Crichton: I, too, have been checking online—with Full Fact, which discloses that the £300 figure that the shadow Minister raises is not based on Labour's plans; it comes from a report from an energy think-tank Ember, and it is an estimate of what people would save. There was no Government commitment—there never was a Government commitment—to such a figure.

Andrew Bowie: That might be in Full Fact, but if the hon. Member goes to Channel 4's "FactCheck", he will see that it says:

"During the election campaign Labour suggested bills would be brought down around £300 a year"

through its "net zero energy plans", including the creation of GB Energy. The Prime Minister said:

"Yes, I do. I stand by everything in our manifesto and one of the things I made clear in the election campaign is I wouldn't make a single promise or commitment that I didn't think we could deliver in government."

So the question is this: will energy bills be cut by £300 by 2030 and, if so, why is that not in the legislation before us?

Andrew Pakes: The hon. Member sets great stock in saying what this Government might do. To give us context, can he tell us what his Government did? Did bills go up or down in his tenure as a Minister?

Andrew Bowie: While we were in government, we paid half of every single person's energy bill in this country to get us through the energy crisis, which was created as a result—

The Chair: Order. We are going out of scope.

Andrew Bowie: It was created as a result of the invasion of Ukraine by Vladimir Putin, as everybody in this room knows. I know that out there in the country, constituents would like clarification that that remains an express aim of GB Energy, especially the cutting of £300 from their energy bills and particularly for the pensioners out there who are having that exact amount removed from them by this Government, as one of their first acts having got into power.

The Secretary of State has reiterated that clean energy will deliver cheaper energy; it has been repeated in the House, on the campaign trail, in videos and in leaflets. I believe it is important to enshrine accountability to that ambition in this Bill, which will create the institution of Great British Energy. We must introduce a mechanism by which the Secretary of State and GB Energy are accountable to households.

Olivia Blake: Surely the shadow Minister agrees that Great British Energy will reduce the costs of energy, because the types of energy projects in which it will be investing will be of lower-cost energy production and we will be less reliant on foreign fuel markets, which have been very volatile for a range of reasons. I accept what he says about what he did as Minister in the last Parliament, but this Government, in our first piece of legislation, are acting to create a vehicle that will enable us to get much further.

We have had a very successful auction, compared with the absolute farce of an auction at the back end of the last Parliament, for clean energy projects that are cheaper and will hopefully deliver on a scale never seen before in this country. I am proud to stand here and say that I think the amendment is not necessary. It is playing quite cute with the rhetoric around this question; it should be withdrawn, because it is playing politics rather than tackling the substance of what the Bill is intended for, which is very serious, as we face a climate and nature emergency.

Andrew Bowie: I do not disagree entirely with the hon. Lady. I think we should be aiming to reduce the cost to taxpayers, and that investing in new cleaner technologies, including nuclear, will see energy bills fall in the long run—so why not have that as one of the objects of the company in the Bill? The Bill states that the objects of Great British Energy will be

"the production, distribution, storage and supply of clean energy...the reduction of greenhouse gas emissions from energy produced from 15 fossil fuels...improvements in energy efficiency, and...measures for ensuring the security of the supply of energy."

There is not one mention of reducing consumers' bills. Surely we want to enshrine that in the legislation, if that is indeed one of the aims of the creation of this company.

My amendment 12 would include the necessity to present

"a projection of how Great British Energy's activities are likely to affect consumer energy bills over the following five years."

Transparency and accountability should be key to the operation of GB Energy, particularly when the investments and activities that the organisation undertakes have a potential impact on household bills for every family in this country. Thank you for allowing me to speak to the amendment, Dr Huq; I do so to ensure that the Bill makes provision for GB Energy to be held accountable on its aim to reduce energy bills for households.

[Andrew Bowie]

It is in the best interests of GB Energy and of the British public that the company have a clear directive to ensure, through investment in clean energy technology, that the cost of household energy is reduced. Labour MPs made clear the intention of GB Energy to reduce bills—indeed, they campaigned extensively on the £300 reduction—so I hope that they will support amendment 12, which would support them in achieving that goal, along with including provisions on accountability and transparency to the public on the overall impact of GB Energy’s investments on consumer bills.

Stephen Flynn: I rise to support amendment 24, which is broadly similar to the shadow Minister’s amendment 11. I am intrigued by the discussion that we have had, various aspects of which appeared to disagree with evidence we have heard.

First, the hon. Member for Sheffield Hallam, if I picked her up correctly, made great play of the fact that GB Energy will reduce costs. Yet just a couple of days ago, each and every one of us was in the room with the chair of GB Energy, who was very clear that reducing bills

“is not the scope of Great British Energy”.—[*Official Report, Great British Energy Public Bill Committee*, 8 October 2024; c. 6, Q5.]

We can all watch the footage online, and we can all read *Hansard*.

Secondly, the hon. Member for Na h-Eileanan an Iar made the argument that the £300 promise was not actually a promise. Which is it? Will it or will it not reduce costs?

Olivia Blake: I think the right hon. Member is purposely misunderstanding my comments. It is obvious: is the cost of cheap, green energy lower or higher than the costs that we have seen in the oil, gas and coal markets? It is as simple as that. Is it cheaper? Yes, it is. Doing things like Great British Energy will help produce more cheaper, cleaner, greener energy.

Stephen Flynn: The hon. Lady misunderstands my point. I do not disagree with that; in fact, I would like to see the Government go further and separate the price of electricity from the price of gas as they promised. That is one of the reasons why the Tories allowed people’s energy costs to soar, irrespective of their narrative about extenuating circumstances far outwith all our control. The point that the hon. Member for Sheffield Hallam made, quite clearly, was that GB Energy would reduce costs. Juergen Maier, the chair, said that that was not the scope of GB Energy. Which is it? The two things cannot be true at exactly the same time. We cannot say that something is going to happen and then say that GB Energy is not going to do it.

The crux of all this is that the public have expectations that GB Energy will reduce their energy bills by £300. Government Members can argue that that was not the promise; if that was not the promise, they were very quiet about it when they let the public believe that during the election campaign. If the public believe that, the Government need to deliver on the commitment that they made, and they should learn a lesson. The Conservatives made promise after promise after promise, and they failed to deliver when it came to energy. [Interruption.] Does the Minister wish to intervene?

Michael Shanks: I am very happy to. The right hon. Member talks about promises in an election campaign. He may distance himself from some of the promises that his Holyrood colleagues make—at least at the moment, until he makes his move—but it is important to say that, time and again, his own party made promises in its 17 years in power. We have committed to lowering bills, and as I will outline in a minute, we will continue to commit to that. GB Energy is the vehicle for doing that. I am delighted that he has pledged support for it today. That, along with all the Government’s policies, is how we will reduce bills in the long term.

Perhaps the right hon. Member should take a bit of a lesson from us about promises in election campaigns and how to win them, which is not to promise to set up a publicly owned energy company in Scotland and still not have done so 15 years after it was announced. We are doing it now within 100 days.

Stephen Flynn: I admire the Minister’s attempt to compare GB Energy, as supposedly a producer and generator of energy, with an organisation that could have sold electricity—

Michael Shanks: Could have! It did not do anything.

Stephen Flynn: Of course it did not do anything, because the capital was not there to do that. If it had existed under the price shock that the Tories brought in for all of us, it would not have been able to function, in the same way that so many others in the private sector were not able to function. The Minister is trying to equate two things that are not comparable. When he rises to his feet, as he seems very keen to, perhaps he will confirm, first, when bills will fall by £300, and secondly—as he failed to do the other day—when they will come down at all.

Before the Minister interrupted so pleasantly, I was pointing out to Government Members that the Conservatives made promises on energy that they failed to deliver. The public have high expectations—so get on and deliver.

Michael Shanks: We will not support the amendments tabled by the shadow Minister or that of the right hon. Member for Aberdeen South, but it is important to say why. As several of my hon. Friends have made clear, putting specific figures into a Bill is not what any Parliament does, but it is important to set out the objects, purpose and vision of GB Energy, as it will play a crucial role in bringing down bills in the long term and preventing the price spikes that we and our constituents still face.

1 pm

Andrew Bowie: The Minister is being generous with his time, and I appreciate that; he is a generous individual. If he will not commit to a £300 cut, why will he not stipulate that one of the objects of GB Energy is to reduce consumer bills? That is one of the arguments that Labour used in favour of its creation throughout the election, and indeed afterwards. Why will he not consider at least putting on the face of the Bill a commitment to reduce consumer bills?

Michael Shanks: For the reasons I have already outlined, that is implicit in the policy; it is why we are doing it. I think the shadow Minister agreed in response to one of my hon. Friends that this is a useful approach to reducing bills, and the push towards green energy is important.

Andrew Bowie *indicated assent.*

Michael Shanks: The shadow Minister nods in support. I look forward to his support for the Bill as a vehicle for delivering it.

Andrew Bowie *indicated dissent.*

Michael Shanks: He stops short of that.

The shadow Minister spoke earlier about the rising bills caused by Putin's invasion of Ukraine, as if somehow the UK had no vulnerabilities that particularly exposed us to that invasion. Of course it was an external factor, but it led to huge price spikes in this country, and we are still exposed to volatile fossil fuel markets. We are determined to push towards energy security through cleaner green energy. That is moving at pace—our recent renewables auction was the biggest we have ever had, with 131 projects—and Great British Energy will drive that forward.

Harriet Cross: We have already discussed the financial assistance in the Bill. It is therefore anticipated that there may be financial strain. Given that the objects in the Bill do not include reducing bills, what guarantee is there that reducing bills will be a priority if and when finances become tight?

Michael Shanks: On the financial point, the Bill is an enabling mechanism, like a number of other pieces of legislation, including the UK Infrastructure Bank Act 2023, which the hon. Lady's party introduced in government to allow the Secretary of State to give additional funding to companies. We said throughout the election that we would reduce energy bills, and we stand by that, but we cannot flick a switch. The idea that some Members have put forward that somehow, after 14 years of chaos from the Conservative party, a Government can come in and, within 100 days, turn everything around overnight is simply and deliberately disingenuous. Conservative Members take no responsibility for the actions of the previous Government.

We are putting in place as quickly as possible the basis for delivering energy security in the long term and removing volatility from our energy market, so that we can deliver cheaper bills for everyone in the long term. We made no pledge during the election that we would do it in 100 days, a year or two years, because we know fine well that that commitment will take time. But it is the right journey for us to be on, and it is right that we have started by building the energy resilience we need in the system.

Stephen Flynn: I do not think that my Commons colleagues and I would suggest that the Government should have reduced energy bills within 100 days, but, my goodness, they have just gone up by 10%. The Minister says that it will not happen within a year or two years, so I would be keen, as would the public, to

know broadly when he expects energy bills to come down. I do not say that from an angry position; I want the public to have a bit of clarity about his objectives.

Michael Shanks: It is an important point, and I take it in the spirit in which the right hon. Gentleman says he intends it, but nobody is in a position to say what will happen to bills on a particular date. They will start to come down as our exposure to more expensive forms of energy is reduced, but the price cap has already increased because we continue to be exposed to those international markets, and there are actions taken by the previous Government that will continue as we move into the winter. We are doing everything we can to turn that around as quickly as possible.

The right hon. Gentleman knows as well as anyone that at the next election we will absolutely be judged on this and on a whole series of commitments that we have made, as any party is judged on its commitments in elections. We stand by that. We are doing everything we possibly can to deliver the change that is necessary. It will bring down bills in the long term. It will be difficult—I am not suggesting that it will not—but it is a commitment that we have made and it is one that we will work towards.

Harriet Cross: Just for clarity, will the other changes that Labour is bringing in, such as ending North sea licences, increasing and extending the windfall tax and ending investment allowances, make us more or less secure in the meantime, before GB Energy is set up? Will they expose us more or less to the international market?

The Chair: Order. There is a scope issue here.

Michael Shanks: We are moving slightly off the Bill, but that is an important point; we have spoken about it before, and I am very happy to keep speaking about it. The difference is that, whether gas comes from the North sea or from international markets, it is traded on an international market. We pay the price whether it comes from the North sea or not. That is why the price spikes have been so important.

The Chair: Order. This is not in scope. We can move on.

Michael Shanks: I fully suspect that in my time as Energy Minister, I will come back to the hon. Lady's question. It is an important one, and I am very happy to discuss it.

Turning back to the amendments, we have been very clear that the creation of Great British Energy is about helping us to harness clean energy and reduce our reliance on volatile fossil fuels. But it is important—with the patience of the Chair—to outline the other things that we are doing, more broadly than Great British Energy and the Bill. It is important that Labour's reforms dovetail with what Great British Energy is doing, particularly the review of market arrangements started by the previous Government. We will conclude that work.

We will continue to deliver the warm home discount, which provides a £150 annual rebate off energy bills for eligible low-income households. We are also looking at the burden placed on bills by standing charges, which still make up too much of so many people's bills; the

[Michael Shanks]

Minister for Energy Consumers, my hon. Friend the Member for Peckham, is looking at that now. We are working with Ofgem to look at how we can reduce that.

There is a series of measures that are all important and that all work towards the same goal. GB Energy is one of those, and it is important that we implement it as quickly as possible so that we can move forward with increasing our capacity for cheaper energy and reduce bills in the long term. For that reason, the amendments are not necessary.

Andrew Bowie: The Minister has our full support on the broad approach that he is taking on market frameworks, standing charges and working with Ofgem, given that we started that work when we were in government. However, a commitment to work towards reducing consumer bills, and specifically the £300 reduction that the Labour party promised during the election would result from the creation of Great British Energy, should be in the Bill. That is why our amendment is essential. I will press it to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 4, Noes 12.

Division No. 4]

AYES

Bowie, Andrew
Cross, Harriet

Flynn, rh Stephen
Morrissey, Joy

NOES

Blake, Olivia
Crichton, Torcuil
Fookes, Catherine
Heylings, Pippa
Hobhouse, Wera
Kumaran, Uma

MacAlister, Josh
McDonald, Chris
Moon, Perran
Pakes, Andrew
Shanks, Michael
Turley, Anna

Question accordingly negatived.

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

1.9 pm

Adjourned till this day at Two o'clock.

