

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

GREAT BRITISH ENERGY BILL

Fifth Sitting

Tuesday 15 October 2024

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CLAUSES 6 TO 8 agreed to.
New clauses considered.
Bill to be reported, without amendment.
Written evidence reported to the House.

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

not later than

Saturday 19 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

Tuesday 15 October 2024

[DR RUPA HUQ *in the Chair*]

Great British Energy Bill

Clause 6

DIRECTIONS

9.27 am

Stephen Flynn (Aberdeen South) (SNP): I beg to move amendment 3, in clause 6, page 3, line 38, at end insert—

“(1A) The Secretary of State must, in particular, direct Great British Energy that any revenues generated from activities of Great British Energy in relation to resources located in Scotland must be invested back into projects located in Scotland.”

Good morning.

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): Hear, hear!

Stephen Flynn: I thank the shadow Minister for that warm welcome. What a delight it is to be back in Committee Room 10 on a Tuesday morning to discuss the Great British Energy Bill.

Last week, we all spoke at length about the massive opportunities in the renewable energy sector in the UK and particularly in Scotland. From fixed-bottom and floating offshore wind to green hydrogen, blue hydrogen, tidal and wave, pumped storage hydro, onshore wind and so forth, Scotland has a plethora of resources. I believe it was the chief executive officer of the Confederation of British Industry who said last week that Scotland’s renewables sector could unlock economic growth for the UK—imagine what it could do for Scotland’s economy.

It is important to reflect on the fact that over the past 50 or 60 years or so of North sea oil and gas, £450 billion has flowed from Scotland’s waters down to Whitehall. Can anyone seriously and reasonably argue that Scotland’s society reflects the magnitude of that wealth in our public environment, our infrastructure or our energy projects, which are in their infancy? They should be much further on, using the wealth that we had accumulated over many decades.

I do not want to see the same mistake repeated. I want to see the revenue generated from Scotland’s energy resources returned to Scotland so that we can ensure a society that is greener, more inclusive and fairer, and that delivers the continual economic growth that we so badly need. Scotland produces six times more gas than we consume, with some 28 to 36 GW of floating offshore wind coming down the pipeline—and that is before I get into all the other energies that are keen to come on stream should the Government finally put in the financial mechanisms to support them.

That affords Scotland the ability to have a competitive advantage, not to repeat what Ireland has done on corporation tax—we cannot all chase the same reduction,

which would be a race to the bottom—but to create a competitive advantage that attracts big business to Scotland based on the energy that we consume. The prize is so great that we surely cannot miss out on it. I appreciate that Members around this Committee Room in the United Kingdom Parliament may not share my enthusiasm for Scotland to have its resources returned, but it is an important point to engage with.

Andrew Bowie: Will the right hon. Gentleman give way?

Stephen Flynn: Always.

Andrew Bowie: I am listening carefully to the right hon. Gentleman. Does he share my concern that—should the amendment be agreed to and should the Minister consent to any revenue generated from Scotland by GB Energy being returned to Scotland—the Scottish Government will not be competent enough to deal with it, given that in only six years they have squandered the £700 million generated from the ScotWind leasing round, which was returned directly to Scotland to plug gaps in their own Budget and was not invested in new energy projects, new technology or new infrastructure across Scotland?

Stephen Flynn: No.

Perran Moon (Camborne and Redruth) (Lab): I am interested in the right hon. Gentleman’s premise. If Scotland is granted this amendment, surely the Welsh and the Cornish—in Cornwall we have onshore wind, offshore wind, geothermal, tidal, solar, tin and lithium, which are all critical to the UK’s move away from fossil fuels—will demand the same thing. The point is that it is GB Energy, not “Scotland Energy”.

Stephen Flynn: Would the hon. Gentleman like to clarify to the Committee whether he has just equated the nation of Scotland to Cornwall?

Perran Moon: Under national minority status—well, the right hon. Gentleman can draw his own conclusion.

Torcuil Crichton (Na h-Eileanan an Iar) (Lab): I question whether amendment 3 would be beneficial to Scotland or give Scotland a competitive advantage, as has been claimed. I think it is deeply contrary to Scotland’s interests.

As my hon. Friend the Member for Camborne and Redruth has pointed out, we are not in separate energy markets. We live in one energy market, and that would not change even if we were divided into separate states, as Cornwall might well one day become. The transmission of energy does not respect borders. It is pretty obvious that it would make no sense to invest only in the national grid north of Berwick, while someone else invested in the national grid south of Berwick.

In my constituency of Na h-Eileanan an Iar, we have the glaring anomaly that the energy companies of other states—Norway, Ireland, France—are investing in renewable generation, but there is no British state energy company. That is what I hope will come into being under the Bill.

At one time we had the British National Oil Company, but that fell when Mrs Thatcher came to power—on the back of SNP votes, of course.

The fact that other state energy companies are investing in my constituency points to another glaring inconsistency in the amendment. If we followed its principle, Ireland would invest only in Ireland, France only in France and Norway only in Norway, but we know that that is not how things work. Norway's sovereign wealth fund does not just invest in Norway; it makes global investments. It is not built just on narrow investment or narrow nationalism within its own borders; Statoil, now Equinor, invests globally. I hope that in due course GB Energy will invest globally so that the profits serve every corner of the United Kingdom, not just one.

I can understand why the right hon. Member for Aberdeen South wants to talk just about hypothetical money and future money. As the shadow Minister pointed out, the Scottish Government have already squandered the money that they raised from renewables. The Scotland licences for offshore wind farming were sold off cheaply by the right hon. Member's colleagues in Edinburgh, although they still got 10 times more than they thought they could. Astonishingly, the SNP was ready to sell all 14 leases for just £75 million, but fortunately the Crown Estate auction in England and Wales went first and raised more than £1 billion, which gave the Scottish Government pause for thought. They called in the consultants, multiplied the figure by 10 and managed to raise £750 million, which was still too little in comparison with what could have been raised. That £750 million has been frittered away; it has not gone into any sovereign wealth fund or been used for the future benefit of public expenditure on energy infrastructure.

It is all well and good to talk about hypothetical, sealed-off, insular energy markets, but that is just not how it is or how it will be. Scotland, together with the rest of the UK, can have a huge input into GB Energy, which the Bill will set up, and we can all gain through a common effort in the benefits of its evolution.

The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Michael Shanks): It is a pleasure to serve under your chairship, Dr Huq, and to see Committee members again. Having started the sitting with contributions from four Scottish MPs, we have gone through the greatest hits of Scottish politics, from the Thatcher Government to independence, Scotland's wind and everything in between. It was a good way to start the Committee this morning.

Amendment 3 misunderstands not only the potential of Great British Energy, but how investments are already made in renewable projects in this country. The right hon. Member for Aberdeen South made a legitimate argument about the revenues from oil and gas over the past 60 years but, as hon. Members have already said, in more recent times and much closer to home, the legacy of the future of our energy story has already been squandered. What could have been almost £1 billion for our wealth fund to invest in future projects or in the inheritance of the country has already been spent to plug day-to-day spending. There is a danger that in such a short space of time we will repeat that oil and gas legacy in Scotland.

Great British Energy will invest in all four nations of the United Kingdom, and we are working closely with the devolved nations to make that a reality. Investments

by Great British Energy will be made on the basis of the individual project, with decisions made at arm's length from Government by an independent company. Clearly, with its leading role in renewables, Scotland will benefit from a great many of those investments, creating skilled, well-paid jobs in the process, with a genuine long-term investment in Scotland. That public investment is about crowding in private investment as well—and that is where I think the amendment misunderstands how the projects are delivered.

As much as the right hon. Gentleman and his colleagues might talk about how it is Scotland's wind and Scotland's waves, the reality is that without having crowded in investment through a publicly owned energy company such as Great British Energy, every penny that has already been spent on constructing projects in Scotland to generate electricity from our natural resources has gone offshore to private companies and foreign publicly owned companies. We greatly welcome that investment in Scotland and in the UK, which will continue in the years to come, but the purpose of the Bill is to ensure that a publicly owned energy company, owned by our taxpayers, can have a stake as well. The Bill, through Great British Energy, will allow some of that wealth to be retained for the benefit of our citizens.

It is our intention that the profits generated by Great British Energy will either provide a direct return to the Exchequer, benefiting the UK taxpayer, or be channelled specifically into measures that benefit the public, such as investment in more clean energy infrastructure. It is about benefiting people right across the United Kingdom, recognising that the investment came in the first place from taxpayers right across the United Kingdom. For those reasons, the Government will not support the right hon. Member's amendment 3.

Stephen Flynn: I am incredibly surprised at the stance that the Minister has adopted. I jest, of course: it is no more than I expected. However, I do take issue with some of the points that have been raised.

First, it does a great disservice to this Parliament and to the supposed Union of equals to try to diminish the status of Scotland as a nation and equate it to other areas within the UK. Secondly, I agree to an extent with the notion put across by the hon. Member for Na h-Eileanan an Iar that energy is not constrained by borders, but under the watch of multiple United Kingdom Governments, energy-rich Scotland has been left with people living in fuel poverty. We have missed out repeatedly on the opportunities afforded to many other sovereign nations that have had control over their energy.

The hon. Gentleman also mentioned Equinor. The reality is that Equinor can advance its cause globally and seek to grow globally because it has benefited from its nation's own natural resources, which is something that Scotland has never been able to do. The supine nature of Labour Members in Scotland continues, and people in Scotland will remember that in the days, weeks and years to come.

Conservative and Labour Members have referred to Scotland and to the supposed squandering of resources. How dare they, when Scotland's Parliament has had to face up to 14 years of austerity from this place?

Michael Shanks: That has nothing to do with it.

Stephen Flynn: If they had any desire to support Scotland's cause, they would stand up against that and be truthful with the people of Scotland in that context. The Minister expresses dismay at that notion, but I am sure he was elected on a platform of fighting Tory austerity. Why is it different when it is Scotland?

Amendment 3 would ensure that Scotland benefits from its resources. That should not be too much to ask in this place. If the Minister and hon. Members around this Committee Room believe in respecting Scotland, they should agree to it, because it is the right thing to do.

Question put, That the amendment be made.

The Committee divided: Ayes 1, Noes 10.

Division No. 8]

AYES

Flynn, rh Stephen

NOES

Billington, Ms Polly
Blake, Olivia
Crichton, Torcuil
Fookes, Catherine
Kumaran, Uma

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

Question accordingly negatived.

Andrew Bowie: I beg to move amendment 20, in clause 6, page 3, line 38, at end insert—

“(1A) (a) The Secretary of State must give a specific direction to Great British Energy that it must, within six months of the date of Royal Assent to this Act, report to the Secretary of State on the projected cost of fulfilling its strategic priorities under Clause 5 in accordance with its objects under Clause 3.”

It is a pleasure to serve under your chairship, Dr Huq, and to be back debating Great British Energy. Given that Margaret Thatcher has already been referenced this morning, we should appreciate that her legacy is the very reason we are standing here today, because she was the first world leader, at the 1989 UN General Assembly, to raise the prospect of irretrievable damage to the atmosphere, ocean and Earth itself from climate change. Had it not been for her global leadership in so many areas, we would not be debating the issues we are today, nor would the United Kingdom be the world leader in combating climate change we claim it to be.

9.45 am

Amendment 20 would require GB Energy to report on the projected cost of fulfilling all its strategic priorities in accordance with its objects under clause 3. We have heard from the Government that Great British Energy will receive an initial pot of £8.3 billion—although given the Chancellor's current predilection for cutting allocations to various funding streams, I wonder how confident we can be in that figure—alongside a national wealth fund of £7.3 billion. We discussed last week a number of strategic priorities for Great British Energy. However, it has not yet been mentioned that there will necessarily be a cost to the company of fulfilling those priorities.

As a company that will facilitate the production of energy through investing and partly owning projects on behalf of the British people, it is essential that we have

an indication of the projected cost of fulfilment. That is a requirement that I believe any business or company might be expected to undertake, and should extend to Great British Energy in the interests of ensuring transparency and soundness. We heard assurances from the Minister that Great British Energy is unlikely to experience any financial dire straits, no doubt due to the shrewd and sound oversight of the Secretary of State, but it may reassure our constituents and colleagues for Great British Energy to set out the projected costs of fulfilling its strategic priorities.

Let us not forget that this is the Secretary of State who, on announcing the plan to achieve a net zero grid by 2030, promptly wrote to the National Energy System Operator to ask how it might be done and how much it would cost. I think hon. Members would be keen to ensure that Great British Energy is conducted with more sound financial planning and with the projected costs established before moving any further. I hope that the Minister will agree that we would wish to see the soundest costings from Great British Energy and that he will accept that the amendment would assist in delivering that shared ambition.

Michael Shanks: I know that the Conservative party is in shifting political sands at the moment, but I was not expecting this morning to lead with such a full-throated defence of Thatcher—I do not think she is in the running for the leadership of the party.

Andrew Bowie: A shame.

Michael Shanks: Some things are outwith even the hon. Gentleman's powers.

There are a number of reasons why we will resist amendment 20. First—I have made this point a number of times—the Bill is about making the minimum possible provisions to support the establishment of the company. Great British Energy will be operationally independent and, although directed at key points by the Secretary of State, its financial responsibilities will be the same as any other company, subject to all the regulations and laws that any company in this country has to face.

The amendment would introduce unnecessary detail into the Bill. As the hon. Gentleman would have agreed in previous Bills that he was involved in, this is an unnecessary amendment, and he would be making that exact argument if he was standing where I am today. As a publicly owned company, Great British Energy will be accountable through regular reporting to the Department, and its annual accounts and reports will be laid before Parliament so that Parliament can see them in detail. As a publicly owned company, it will also be subject to HM Treasury's value-for-money guidelines. Like all existing public finance institutions, its investments will be subject to the usual safeguards and risk assessments to minimise the risk to taxpayers.

As I said in our last sitting, the purpose of clause 6 is for the Secretary of State to give direction to the company only in the most urgent or unforeseen circumstances. It is not for day-to-day operational reasons; I gave the example last time of national security issues. The power is meant to be used sparingly to ensure that Great British Energy has the space it requires to fulfil its role

and deliver its strategic priorities. The amendment would change the intention of the clause, which is one reason we will resist it today.

As the hon. Gentleman knows, the Secretary of State will set Great British Energy's strategic priorities to ensure that it remains aligned to current Government policy and strategy. It is therefore appropriate that we use clause 5 to set Great British Energy's strategic priorities and objectives, not clause 6.

I assure the hon. Gentleman that the Secretary of State, rightly, has ambitions for Great British Energy—as the whole Government do and as I hope the whole House does. Those achievable objectives will be achieved through the funding envelope set for it by Parliament, backed by £8.3 billion of new money over the lifetime of this Parliament, and working in partnership with the private sector, local authorities and communities to spread skilled jobs and investment across the country.

Great British Energy's aim is to become a financially sustainable, self-financing organisation in the long term, reinvesting its profits in the Treasury or into new projects. Therefore, I assure the hon. Gentleman that Great British Energy will be held accountable for the delivery of its objectives through the usual mechanisms. For those reasons, the Government will not support his amendment today and I hope that he withdraws it.

Andrew Bowie: I am sad not to hear a full-throated defence of Mrs Thatcher's legacy when it comes to climate change—maybe the Minister is more of a “Hug a husky”, “Vote blue, go green” kind of guy in the Cameron mould.

Michael Shanks: You were once!

Andrew Bowie: Well, that was a long time ago. Although I do not agree with all those arguments for not accepting the amendment, I will not press it to a vote. We will explore those points more deeply, however, on Report. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Andrew Bowie: I beg to move amendment 21, in clause 6, page 3, line 38, at end insert—

“(1A) (a) The Secretary of State must give a specific direction to Great British Energy that it must report to the Secretary of State on—

- (i) Great British Energy's in-year rate of return on investment, and
- (ii) a forecast of the following year's expected rate of return on investment.

(b) A report under paragraph (a) must be made within two years of the date of Royal Assent to this Act and annually thereafter.

(c) The Secretary of State must lay a report made under paragraph (a) before Parliament.”

Amendment 21 would require Great British Energy to provide an annual report to Parliament on its annual rate of return and investment, and a projection for the following year's expected rate of return on investment. We heard from the Minister that every project will see a return—we heard it on the Floor of the House—and, as discussed under amendments 11 and 12, GB Energy will drive household bills down by £300. In line with that, it would be useful to include in the legislation a

direction for GB Energy to report to the Secretary of State on its in-year rate of return on investments, and a forecast of the following year's expected rate of return on investment.

We heard assurances from the Government that GB Energy will return lower bills for households, and indeed, as I said, that every project will see a return. As it is a company that intends to invest in and de-risk projects in rising new clean energy technologies, it would be useful to see the return on investment from those projects—statutorily, in the Bill. I imagine that the Minister will have no issue in accepting this amendment, given his confidence in the financial success of GB Energy, and indeed his confidence that every project will generate a return.

Michael Shanks: I thank the hon. Gentleman for succinctly introducing his amendment; I will be succinct in my response. In debates about previous amendments, I made the points—I will not repeat them—that we should not add unnecessary burdens to the Bill or use the power in clause 6 for different purposes. I know he takes that argument seriously. Amendment 21 significantly widens clause 6 from its intention, which is why we will not support it.

I reiterate, however, that Great British Energy will operate not through some extra-legal mechanism, but in the exact same way as every other company in the UK, and will be responsible in the usual way, under the Companies Act 2006, for the presentation of its accounts. In addition to filing those accounts, financial information, annual reports and so on with Companies House, they will of course be laid before Parliament, and I will personally make sure that the hon. Gentleman receives a copy—the moment that it is printed—he can hold me to that—so that, quite rightly, he can scrutinise them.

It is important to say that the day-to-day financial management of the company will be in line with Government regulations. The point of setting up Great British Energy as an independent company is that it will have an expert fiduciary board that will scrutinise the accounts in the usual manner. For those reasons, we do not think that amendment 21 is necessary.

Andrew Bowie: While not accepting all of the Minister's arguments, I look forward to him personally presenting me with the financial returns. I will not press amendment 21 to a vote, but we will obviously explore the issues in more detail when the Bill returns to the Floor of the House. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Andrew Bowie: I beg to move amendment 22, 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 take all reasonable steps to satisfy itself at the time of any investment in renewable energy infrastructure that connection to the National Grid will be made in time for energy produced from the relevant investment asset coming onstream.”

Amendment 22 would require Great British Energy to take all reasonable steps to ensure that access to the national grid is ready for any energy infrastructure invested in by Great British Energy. The great grid upgrade is, without a doubt, a necessary component of

[Andrew Bowie]

our journey to net zero by 2050. Currently, new energy infrastructure such as wind turbines and solar farms—the clean energy-generating technology that we need to invest in in this country—has a significant wait time for grid connection, as do many other projects.

That is why, when in government, we commissioned the Nick Winser review to set out recommendations on how to reduce that timeframe. We accepted every single one of the recommendations and the advice on all 43 areas to ensure that the continued work to drive down connection times was accelerated. Despite the work we initiated in government by accepting those recommendations, the timeframe for obtaining grid connections for new projects can be as long as 10 years, so a project without grid connectivity will potentially not come online until the mid-2030s—well beyond the new Government.

Ms Polly Billington (East Thanet) (Lab): It is a pleasure to serve under your chairship, Dr Huq. I am staggered that the hon. Gentleman is talking about the national grid as though the previous Government—his Government—had not been in power for the last 14 years and did nothing to transform the national grid to support the renewable energy that is essential for the country's prosperity. All the failures in the national grid system, and all that backlog, are because of the failure to grip the problems with the national grid that happened on his Government's watch.

Andrew Bowie: I thank the hon. Lady for her intervention, but I think she is being slightly unfair. When I was Networks Minister, we commissioned and accepted every one of Nick Winser's recommendations on how we could speed up connection times, improve the national grid, build new infrastructure and ensure that the queueing system was brought into a much better shape than we found it in when we came into office in 2010—

Stephen Flynn: Why did you step down?

The Chair: Order. Will you stop chuntering from a sedentary position?

Andrew Bowie: However, I accept that more work can be done.

Stephen Flynn: In fairness to Committee members who may not have been here, perhaps the shadow Minister will remind us why he chose to step down as the Minister with responsibility for the grid.

Andrew Bowie: When I was moved to the position of Renewables Minister, it was impossible for me to carry on also being the Networks Minister. It is clear what the right hon. Gentleman is driving at: namely, the situation in the country today, where many communities feel under siege because they are hosting this new energy infrastructure—[*Interruption.*] The Minister laughs at the words “under siege”, but they do feel that.

Communities in this country face the prospect of new pylons, new energy infrastructure, new substations and battery storage facilities being built in the countryside.

That industrialisation of the countryside is the reason that we proposed a review to investigate the costs of other technology that would not be so invasive of their communities, their landscape and the land in which they live and work. That is why we did that, and that is what I was about to speak about, but the right hon. Gentleman provoked me into coming to it earlier than I had planned.

We need to get this right. We need to take the country with us and have a discussion with the country about consent and consultation. It is about doing things not to communities but with and for communities.

Torcuil Crichton: The hon. Gentleman has almost made my point for me. Through GB Energy, communities will have a share and an investment. We will all share in the wealth of wind and in the grid connections that will come through this company.

Andrew Bowie: I am delighted to hear that the hon. Gentleman has such confidence in GB Energy's ability to be the problem-solving fix-all. I have my concerns that that will not be the case and that the many issues we face—from grid connectivity to the targets that we in government set and the building of new infrastructure—will not be resolved by the creation of this company, given that the capital expended to it is so low in comparison with other state energy companies.

Torcuil Crichton: I agree with the hon. Gentleman that none of that will happen without the involvement, commitment, backing and consent of communities. Through GB Energy, that is what we will achieve.

Andrew Bowie: I thank the hon. Gentleman for his intervention. We must agree to disagree on this point. Of course, we want to see this effort succeed; we just have our doubts that it will.

Future renewable energy projects face huge connectivity challenges that the Government must be prepared for, but as I said, there is another equally significant challenge: the one facing communities. In my constituency, communities are expected to host hundreds of kilometres of new large pylon infrastructure, but the burden for new infrastructure falls particularly heavily on north-east Scotland, the north of England and East Anglia.

My key points are about the need to gain consent from communities, to reduce the burden where possible, and to have community benefits. We need to bring communities with us; there needs to be a conversation. If we are ever going to get to net zero, we need to stop alienating the communities hosting this infrastructure on behalf of the nation by imposing, rather than seeking, consent.

10 am

Ms Billington: The hon. Gentleman might have been reading my speeches from my career before I was elected, because I have been campaigning for a long time to improve the consent of and support for communities, so that they get some actual benefit from the investment that we will need to make in the renewable energy that we are talking about. That would require a change to the planning rules, which has not happened over the last 14 years, and a proper land use framework that involves

energy. That is a bit of a diversion from the Bill, which is specifically about setting up a company to be able to generate electricity, but I am keen to hear the kind of rhetoric that we have heard from the hon. Gentleman in future when we talk about the transformation of the national grid and energy market reform, which would reduce bills for consumers.

The Chair: Order. The Clerk is reminding me that interventions should be brief—I remember being told that myself when I sat on a Public Bill Committee at exactly the same point in 2015.

Andrew Bowie: Thank you, Dr Huq. When the hon. Member for East Thanet has a spare moment or is struggling to sleep at night, I advise her to go back and review the *Hansard* of our contributions to the Energy Bill Committee in the last Parliament, during which we debated such points at length.

Michael Shanks: Inspirational!

Andrew Bowie: It was inspirational. The Minister is absolutely right; they were inspirational speeches. Indeed, we talked about those issues at great length. When in government, I was proud to launch a consultation on community benefits, for example, which has still not been implemented. Although it is outside the scope of our discussion, it would be interesting to get an update from the Government on when they will bring forward the community benefits package and if any changes will be made to the package unveiled by us last November.

I return to the discussion on consultation and consent. In an attempt to reduce the burden on communities, we pledged to have a review into the presumption for overhead lines and to examine all other options that would be cost-comparable so as not to inflict that huge burden on communities.

Stephen Flynn: I am listening closely to the shadow Minister, and I am a little confused. On the one hand, he seems to be in favour of making sure that the grid capacity is there; on the other hand, he seems to be sticking up barriers to that grid capacity coming on stream and using terms like “reviews” and “consultations” that have no appropriate timescale attributed to them. What does he want to happen?

Andrew Bowie: Both can be achieved. Of course we need to improve the national grid and grid connectivity times. When I was in a ministerial position, not a day went past when a colleague did not come up to me on behalf of an individual, company or organisation that had been given grid connectivity times of seven, eight, nine or 10 years, and sometimes even more. That is an impossible place for the country to be in. It is preventing inward investment and holding back the economy, so we need to improve the national grid, review the queuing system and improve connectivity times, but we need to do it in a way that brings the country with us and does not inflict misery on the communities that are being asked to host this huge infrastructure on behalf of the rest of the nation. That is why we need to get it right and examine all the available options. We need to examine

whether undergrounding or offshoring could be cost-comparable or preferable to overhead lines when we move forward.

Stephen Flynn: The shadow Minister is being generous with his time, as always. What sort of timeframe would he associate with that level of engagement going forward? He seems to lack certainty on what that new technology would be. Can he advise us of the cost savings that would go to the consumer from these new technologies, which I am not aware of and do not think that any Member in this room is aware of?

Andrew Bowie: It is precisely because we do not have all the answers that we commissioned that review in the very last days of the last Parliament, which we committed to in our manifesto and which sadly has been abandoned by the Labour Government.

It should be incumbent on Great British Energy to take into account the challenges that we all acknowledge we face to ensure that the investments that it undertakes give the best value for money on behalf of British taxpayers, whose money is invested in the funds for the company. It should also ensure that each project has grid connectivity available at the right time so that it is a worthwhile investment and returns can be realised as soon as possible from each investment.

Michael Shanks: I have to say that of all the amendments before the Committee, I find this one utterly extraordinary. The shadow Minister’s amendment says that Great British Energy

“must take all reasonable steps to satisfy itself at the time of any investment in...infrastructure that connection to the National Grid will be made in time for energy produced from the relevant investment asset coming onstream.”

The recognition, after 14 years, that dealing with the issues with connections to the national grid should somehow be important is extraordinary. For the hon. Gentleman to wake up this morning, just a few months after leaving government, and decide that fixing this problem is a massive priority is quite something.

I am genuinely concerned by some of the language that we have heard today. The shadow Minister spoke, quite rightly, about Cameronian support for the climate. I wonder whether the Conservative party, after such a short time, ever takes a look at itself and wonders whether the rhetoric that it uses about the mechanisms we are going to use to tackle the climate crisis is in the right place. I know we have some net zero sceptics in the running to lead the party, but it is quite extraordinary to say in one breath that there are huge connectivity challenges for the country and that communities are “under siege”.

Harriet Cross (Gordon and Buchan) (Con): I understand that in some constituencies this might not seem to be an issue, but in the north-east of Scotland it is a massive issue. For example, I have a town in my constituency called Kintore, which is next to a place called Leylodge. It is getting a 3 GW hydrogen plant next to an extended substation, with at least four or five battery plants and all the new pylons coming in to feed that. If the residents of Leylodge, where there are about 40 houses, and

[Harriet Cross]

Kintore, where they number around 4,500—and similarly those in New Deer, up in the north—do not feel under siege, how do they feel?

Michael Shanks: I think that doubling down on the language is not helpful either, but I will come back to both those points.

I recognise the importance of the point about communities and a more strategic approach to infrastructure to ensure a balance. That is why we have commissioned the National Energy System Operator to look at the strategic spatial energy plan, which is important in how we look at energy in a strategic way. To say that communities are under siege is not the right language. This is nationally important infrastructure.

The Opposition do not support Great British Energy, but as my hon. Friend the Member for Na h-Eileanan an Iar said, Great British Energy is one mechanism whereby communities can benefit from infrastructure where they are not benefiting at the moment.

Perran Moon: Does the Minister agree that the people of Cornwall are ready, willing and able to take any renewable energy opportunities we possibly can?

Michael Shanks: My hon. Friend never misses an opportunity to mention Cornwall, but let us not relitigate our earlier argument.

There are huge opportunities. The hon. Member for Gordon and Buchan made the important point that there are certain parts of the country, particularly in the north of Scotland, where for obvious reasons there are a number of wind projects, and we need to look at the infrastructure that comes with that. We want to ensure we build the nationally important infrastructure to deal with the connections issue that the shadow Minister rightly raises, but we also need to recognise the need for cohesion in planning to make sure that there are not some of the issues that we have seen in other parts of the UK, where a number of projects have come on stream over time rather than being planned coherently.

Finally, on community involvement, the point about consent in dealings with communities is important. We want to take some of the previous Government's work on consulting on community benefits—we will say more on this in the coming months—to make sure that there is genuine community benefit in hosting not just energy generation infrastructure, but network infrastructure, which will be critical. Nothing that we have said runs roughshod over the planning and consenting process, which will remain for communities.

Andrew Bowie: The Minister is being typically generous with his time. He says that nothing will ride roughshod over the planning and consent regime and allowing communities to have their say. Am I to take it from that that there are no plans afoot to resolve the Scottish planning and consenting issues that remain as a result of its being governed by the Electricity Act 1989 while the rest of the United Kingdom is governed by the Planning Act 2008 on electricity, which means that the automatic right to public inquiry remains in Scotland?

Is the Minister assuring the Committee and me that that right will remain and that he has no plans to resolve that issue?

Michael Shanks: The question of balance, which I was just about to come to, is important. The right to a public inquiry can be triggered by a much smaller number of people in Scotland than in the rest of the UK, so there have been real issues: communities do not generally have a view, so individuals or campaign organisations trigger public inquiries. We are looking at the consenting regime, as I think the hon. Gentleman's Government was, to bring balance to this.

Balance is key. The Government, from the Prime Minister down, have been clear that we will need to build this infrastructure, which is nationally important for all the reasons that the shadow Minister set out. That is why the amendment is so extraordinary. The shadow Minister said that we need to tackle the huge connectivity challenge—I wrote that down—and the Bill is the mechanism for doing that. Balance is key: my hon. Friend the Member for Na h-Eileanan an Iar made it clear that we want communities to benefit from having a stake in what Great British Energy will deliver, but it is important that we get on with building this infrastructure. For those reasons, we will not support the amendment.

Andrew Bowie: Right hon. and hon. Members have made some disparaging comments about the Conservative legacy on our climate, but I remind them that we halved our carbon emissions faster than any other G7 nation, built the first floating offshore wind farms in the world, ended coal for power generation and led the world in so many other ways, including developing new technologies and delivering the very successful COP26 conference in Glasgow. It is because our views on this are so aligned that I think the amendment would sit well within the Bill.

Josh MacAlister (Whitehaven and Workington) (Lab): I think the shadow Minister is a secret supporter of the Bill, not a true believer in his amendment. In an interview that he gave to *Politico* earlier this month, he said that there were “mistakes” in the roll-out of mini-nuclear reactors, because it was a slow process, and he called the infrastructure delays facing the UK “absurd”. I think he knows that the Bill will help to speed those things up and that his false dichotomy between the Government and communities will not really pose a risk to projects.

Andrew Bowie: It is a matter of public record that I think we should have gone faster on small modular reactors, and I hope that this Government pick up the pace. On the hon. Gentleman's other point, my concern is that the creation of GB Energy will get in the way of delivering our objectives and shared goals and supporting new technologies. We oppose its creation because we think it will actually be a block on getting where we need to more quickly.

Josh MacAlister: You don't!

Andrew Bowie: I do. That is why I would like to press the amendment to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 3, Noes 11.

Division No. 9]

AYES

Bowie, Andrew
Cross, Harriet

Morrissey, Joy

NOES

Billington, Ms Polly
Blake, Olivia
Crichton, Torcuil
Fookes, Catherine
Kumaran, Uma
MacAlister, Josh

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

Question accordingly negated.

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

10.15 am

Michael Shanks: I will not detain the Committee long, as we have already discussed aspects of the clause in our debates on the various helpful amendments tabled by the shadow Minister.

Clause 6 will ensure that there is a mechanism in place purely for any unforeseen or urgent circumstances that may arise. For example, it could be used if the Secretary of State considers it necessary to give Great British Energy some kind of direction, in the interests of national security or otherwise, to respond to something in the public interest. This is about preparing for all eventualities, as we would expect of the Government.

It is important to know that the power is very similar to that set out in other legislation of this kind. For example, it was included in the UK Infrastructure Bank Act 2023 and the Energy Act 2023 for Great British Nuclear. Finally, I hope the Committee will be reassured by the requirement in the clause for the Secretary of State to consult both Great British Energy and other appropriate stakeholders before issuing a direction. To ensure public transparency, as we would expect, any directions given to Great British Energy will be published and laid before Parliament. I commend the clause to the Committee.

Question put and agreed to.

Clause 6 accordingly ordered to stand part of the Bill.

Clause 7

ANNUAL ACCOUNTS AND REPORTS

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

Michael Shanks: Clause 7 has fairly standard wording for a Bill of this kind and for a company of this kind. Under section 441 of the Companies Act 2006, the directors of any company—Great British Energy will of course be one such—are required to deliver annual reports and accounts. The clause simply requires that Great British Energy deliver its annual reports and

accounts to the Secretary of State, in addition to filing them with Companies House, and that the Secretary of State lay a copy before Parliament in due course.

It is common practice for a company to publish its annual reports and accounts on its website. They will also be available on the Companies House website in the usual way. None the less, the clause will ensure that Parliament receives the annual report and accounts directly so that it can scrutinise them and assure itself that the company is fulfilling its duties. I commend the clause to the Committee.

Question put and agreed to.

Clause 7 accordingly ordered to stand part of the Bill.

Clause 8

EXTENT, COMMENCEMENT AND SHORT TITLE

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

Michael Shanks: I am hoping that at some point someone will want to take part in a debate, to save the Committee from hearing only from me.

Clause 8 sets out the extent of the Bill, which is important, and its commencement. The Act will come into force immediately on its passing, reflecting the fact that setting it up has been one of the Government's key priorities, which is why we commenced the process and introduced the Bill to the House within our first 100 days.

It is important to us that the Bill reach the full territorial extent of the United Kingdom and that it benefit citizens in England, Scotland, Wales and Northern Ireland. We have shared net zero targets across the whole UK. Clearly the devolved Administrations have different responsibilities for different aspects of energy policy—it is generally reserved, but in Northern Ireland it is transferred—so the role of Great British Energy will be slightly different in different parts of the UK, but it is important to say that the investments that Great British Energy makes can still drive deployment, create jobs, boost energy independence and ensure that taxpayers, bill payers and communities reap the benefits of clean, secure, home-grown energy across the UK.

I thank the devolved Administrations, who have engaged with me since my appointment as Minister on the Bill. We have had detailed and helpful conversations with my counterparts in all the devolved Governments across the UK. I thank them for how they have engaged in our discussions: they have been supportive of Great British Energy, recognising the benefits that it brings to all parts of the UK, while clearly advocating on behalf of their own Governments. It is important that we continue that. My commitment to them and to the Committee is that we will continue the process after the Bill passes to ensure that we have a company that delivers for all the people of this United Kingdom. I thank them for their constructive and collaborative approach. I commend the clause to the Committee.

Question put and agreed to.

Clause 8 accordingly ordered to stand part of the Bill.

New Clause 2

REVIEW OF EFFECTIVE DELIVERY

“(1) The Secretary of State must appoint an independent person to carry out reviews of the effectiveness of Great British Energy in—

- (a) delivering its objects under section 3,
- (b) meeting its strategic priorities under section 5, and
- (c) complying with any directions given under section 6.

(2) After each review, the independent person must—

- (a) prepare a report of the review, and
- (b) submit the report to the Secretary of State,

as soon as is reasonably practicable after the completion of the review.

(3) The independent person must submit to the Secretary of State—

- (a) the first report under this section within the period of 12 months beginning on the day on which this Act comes into force, and
- (b) subsequent reports at intervals of no more than 12 months thereafter.

(4) On receiving the report, the Secretary of State must, as soon as is reasonably practicable in each case—

- (a) publish the report,
- (b) lay a copy of the report before Parliament, and
- (c) prepare and lay before Parliament a response to the report’s findings.

(5) In this section, references to an ‘independent person’ are to a person who appears to the Secretary of State to be independent of—

- (a) the Secretary of State, and
- (b) Great British Energy.”—(*Andrew Bowie.*)

Brought up, and read the First time.

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

The Secretary of State is establishing a new state-run body—for the record, that is something that I oppose—of which the energy sector has many. For example, we have the UK Infrastructure Bank, an organisation that has many similarities with Great British Energy. As with UKIB, the Bill aims to give statutory force to the company’s objectives. However, unlike the legislation for UKIB, the Bill does not endeavour to create statutory forms of transparency, accountability and governance for the firm, so it is concerning that the Great British Energy Bill gives the Secretary of State sole powers of direction. We cannot possibly think why that would appeal to the Secretary of State, so my new clause 2 would ensure a level of independence in the governance of Great British Energy.

The Minister said on Thursday that Great British Energy would be “operationally independent”, but it lacks specific, key components to ensure that. Indeed, it seems that a significant level of direction lies with the Secretary of State. I suggest to the Minister that accepting the new clause to introduce a requirement for an independent person to review the effectiveness of Great British Energy in delivering its objects would ensure its independence and transparency.

There is a precedent in the legislation on the UK Infrastructure Bank for the designation of an independent person to carry out reviews into the effectiveness of GB Energy. If that does not happen, we are concerned that

any review of its effectiveness may be perceived externally as Great British Energy simply marking its own homework. If the UK Infrastructure Bank has appointed an independent person to conduct reviews of its effectiveness, why are the Government so reluctant to set out the same standards for Great British Energy?

Michael Shanks: I thank the shadow Minister for his attempt to add an additional clause to the Bill. I will speak briefly about why we do not support new clause 2, but I agree with him on the importance of ensuring that Great British Energy be accountable, transparent and clear about how it is delivering on its objectives. We absolutely want to see that as well.

We believe that the Bill is in a strong place at the moment. It will, of course, utilise all the mechanisms already in place for other companies, including publicly owned companies, through its annual reports and accounts. It will provide regular updates on its work, meeting its objectives and the stewardship of the public funds that it is given. It is important to recognise that the reports, accounts, other information and directions that have been given will be laid before Parliament and will therefore be readily available to hon. Members. In the same way as any other company operating in the UK, Great British Energy will undergo external audit of its accounts, providing a further level of assurance. It will be expected to publish its own strategic plan on how it will deliver its objectives, which will be laid before Parliament.

I do not think it proportionate to add another mechanism for an annual independent review. I note the shadow Minister’s point about the UK Infrastructure Bank, but the rhythm of independent review was that it would happen once the bank had been operating for seven years and would be repeated at intervals of no more than five years. I do not think the new clause proportionate to what was introduced in the UK Infrastructure Bank Act 2023.

In the light of what my hon. Friend the Member for Whitehaven and Workington described as the shadow Minister’s secret support for the Bill—he doth protest a little too much in saying that he opposes it—I would hate to suggest that the new clause was some kind of mechanism to stymie the action of Great British Energy. However, the frequent cadence that the shadow Minister proposes for the review would considerably interrupt the work of the company in actually delivering. It would be under almost continuous review, which does not seem proportionate or effective for a company that we aim to move in a nimble and speedy way to deliver for the British people. I would rather Great British Energy got on with delivering for the British people on its important mission to deliver projects to benefit all the United Kingdom. We will not support the new clause.

Andrew Bowie: I am disappointed that the Minister will not accept the new clause. We have some concerns about transparency and accountability, which we will explore further on Report. I will not push new clause 2 to a vote today—not least because I seem to have lost my Whip, but also because we wish to explore the issue on the Floor of the House. I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

New Clause 3

DIRECTORS: APPOINTMENT AND TENURE

“Great British Energy must secure that its articles of association provide that—

- (a) Great British Energy is to have at least five and no more than fourteen directors;
- (b) the chair of Great British Energy’s board, Great British Energy’s chief executive officer and the non-executive directors are to be appointed by the Secretary of State;
- (c) the Board is to appoint one or more directors to be responsible for ensuring that the Board considers the interests of the appropriate national authorities when making decisions;
- (d) the period of a non-executive director’s appointment is not to exceed four years, or such shorter period as may be specified in the terms on which the director is appointed;
- (e) a person may be appointed as a non-executive director no more than two times;
- (f) a person ceases to be a non-executive director as soon as—
 - (i) the person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,
 - (ii) the person becomes bankrupt (in relation to England and Wales and Northern Ireland) or the person’s estate has been sequestrated (in relation to Scotland),
 - (iii) a registered medical practitioner who is treating the person gives a written opinion to Great British Energy stating that the person has become physically or mentally incapable of acting as a director and is likely to remain so for more than three months, or the person has resigned as non-executive director in accordance with notification which the person has given to Great British Energy.”—(*Andrew Bowie.*)

Brought up, and read the First time.

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

On governance, new clause 3 would require Great British Energy to appoint between five and 14 directors, alongside a chair of the board, a chief executive officer and non-executive directors. Like new clause 2, it would bring checks and balances to the governance of Great British Energy to ensure that the powers of direction do not rest too heavily on the Secretary of State. Like new clause 2, it has a precedent in legislation: section 7 of the UK Infrastructure Bank Act 2023 sets out precisely the same requirements for the appointment and tenure of its directors. I therefore commend new clause 3 to the Committee.

Before I sit down, Dr Huq, may I take the opportunity to thank you and Sir Roger for your chairship? I thank the Clerks, the Doorkeepers, the Minister for his time, and all right hon. and hon. Members for their attendance.

I also thank the officials in the Box. I had the distinct privilege of serving in the Department for just shy of two years. The Minister is very lucky to have such an able team of civil servants supporting him in his work; it was a genuine privilege to work alongside them. Although I do not think that Great British Energy will succeed in its objectives, I wish them the very best in endeavouring to set this company up.

Michael Shanks: I was going to end on an argument about why the Conservative party is in such a rut, but the hon. Gentleman has changed the tone completely. I feel lost with my political attacks, so I will move swiftly on to why new clause 3 is not necessary.

I will not detain the Committee long. The argument is clear that there are quite established governance arrangements in place for companies of this type, and it is not necessary for primary legislation to make provision on the detail of the board of directors. There are a number of very well-established governance documents that set the course for this. The UK corporate governance code published by the Financial Reporting Council sets out best practice, to which Great British Energy will conform.

The interim chair Juergen Maier, whom we met last week, is in place to start up the company. Recruitment is under way for other key posts, and the permanent chair and the non-executive directors will be recruited in due course. The governance code on public appointments will make it clear how those will be carried out; they will be regulated by the Commissioner for Public Appointments. Although I recognise the shadow Minister’s legitimate points about transparency and accountability, I think his new clause unnecessary.

Rather than giving my prepared remarks criticising the Conservatives’ position, let me gently say that I am grateful that in the three days on which the Committee has met, the shadow Minister has moved closer and closer to voting Aye. I am confident that by Report he will be in the right Lobby. I welcome that move.

I genuinely thank all hon. Members for serving on the Committee; it has been a pleasure. Dr Huq, I thank you and Sir Roger for your stewardship of the Committee, along with everyone who has been involved in delivering its sittings. I also thank all our witnesses who gave their time freely last Tuesday. It was quite a lengthy session, but they gave important evidence—not least because every single witness confirmed how important Great British Energy is to delivering our mission to move to clean power by 2030.

As it has been three months now that I have had the privilege of having this job, I will finish by echoing the shadow Minister’s points, which were heartfelt, genuine and absolutely right, about the exceptional skill and qualifications of civil servants in what was once the Department of Energy and Climate Change. A change of Government is a considerable thing for the civil service, but it has moved at pace, as the Government have. I give real credit to the civil servants who make things happen and who so often do not get the credit for their hard work. I thank them all, and I thank hon. Members for their consideration. I do not support new clause 3, but I thank everyone for their time today.

Andrew Bowie: I will not push new clause 3 to a vote. We will discuss the issue further on Report, but I will not detain the Committee any longer. I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

The Chair: Thank you, everyone, for your patience with me and Sir Roger in the first Bill Committee of this Parliament.

Bill to be reported, without amendment.

10.30 am

Committee rose.

Written evidence reported to the House

GBEB24 Prospect (supplementary submission)

GBEB25 National Oceanography Centre

GBEB26 Co-operatives UK

GBEB27 Professor Aoife M. Foley, Chair in Net Zero Infrastructure, School of Engineering, Joint appointment to the Departments of Electrical and Electronic Engineering and Civil and Engineering Management, University of Manchester; Dr Dizar Al Kez, Research Associate Net Zero Infrastructure, School of Engineering, Joint appointment to the Departments of Electrical and Electronic Engineering and Civil and Engineering Management, University of Manchester; Professor Alice Larkin, Professor of Climate Science and Energy Policy, School of Engineering, Department of Civil and Management

Engineering, Tyndall Centre, University of Manchester; Professor Carly McLachlan, Professor of Climate, School of Engineering, Department of Civil and Management Engineering, Tyndall Centre, University of Manchester; Dr Tim Brauholtz-Speigh, Lecturer in Climate, School of Engineering, Department of Civil and Management Engineering, Tyndall Centre, University of Manchester; and Dr Andrew Welfle, Senior Research Fellow, School of Engineering, Department of Civil and Management Engineering, Tyndall Centre, University of Manchester

GBEB28 RWE

GBEB29 The Royal Society

GBEB30 Veolia

GBEB31 William John Blackburn Roberts

GBEB32 The Greater London Authority (GLA)

