STEPHENSON HARWOOD

Energy Law

The UK government has set out its 10-point clean energy plan – what comes next?

On 17 November 2020, Boris Johnson published the UK government's priorities for future investment in clean energy. The 10-point plan sets out the UK's "green revolution agenda".

The announcement from the Prime Minister is welcomed in so far as it demonstrates that the UK Government is planning for the UK to transition towards net zero.

Mr Johnson states clear timetables and new regulation will follow once discussions have been completed with the UK businesses that will be contributing to his plan.

Achieving the transition to net zero will require substantial investment and a joined-up approach across technology, infrastructure and industry. The devil will ultimately be in the detail.

We will look at the top 4 points in the UK government's plan:

Point 1: Offshore Wind

In October 2020, the Prime Minister announced impressive offshore wind power generation goals at the Conservative's party conference. Mr Johnson has reinforced his earlier announcement by stating that he wants 40GW of green offshore capacity to power every home in the UK by 2030.

While the UK is already a market leader in offshore wind and has approximately 24GW of capacity installed, this is a large increase which will require further rounds of consents, grid updates and increasing the commercialisation of offshore floating windfarms.

Ireland recently announced one of its offshore windfarms shall develop a joint 220kV substation to supply power to a new data centre. This is only one example of the huge potential (even in the immediate future) for UK offshore windfarms to achieve energy efficiencies by directly supplying power to green/low carbon clusters located around the UK coast such as Teesside and Port Talbot.

Point 2: Hydrogen

With the UK government's energy white paper eagerly awaited, the announcement of a £500m investment into hydrogen has been welcomed by those involved and those who wish to be involved.

The £500m investment will assist in further technology development and pilot projects however most businesses who are interested in hydrogen will want further information on how (and when) hydrogen will be developed nationally. In order for UK businesses to fully embrace hydrogen, the UK government needs to create the conditions such that the costs associated with hydrogen decrease while the technology advances continue.

The scale of UK government investment may be questioned given recent announcements by similar economies who have invested several billions into their hydrogen sectors. Nevertheless, the quicker the conditions are created, the quicker hydrogen will be a central power source in the green revolution.

Point 3: Nuclear Power

The UK government has confirmed that large and small scale nuclear power will be developed and play a critical role in the UK meeting net zero by 2050. With the majority of the UK's generating nuclear power plants scheduled to be decommissioned over the next number of years, the UK government's commitment to large scale nuclear power may be an indication that planned projects, such as Sizewell C, will be given the green light (when the energy white paper is eventually released).

The £525m investment into nuclear power is a demonstration of support from the UK government. Similarly to hydrogen, clear policies are required in order to enable nuclear power to be embraced and developed.

Small scale nuclear reactors give additional flexibility in terms of cost, proximity to use and generation of power. The additional investment now available to develop the relevant technology is also a positive step in progressing small scale nuclear towards commercialisation.

Ensuring that the right financing models exist is critical to the expansion and increased use of nuclear. Innovative financing is already being developed which enables private investor to be involved in large scale nuclear projects.

Point 4: Electric Vehicles ("EV")

The UK government announced that it will spend £1.3bn on EV charging points, £582m on grants for EV buyers and £500m on boosting mass production of EV batteries in the UK.

Like offshore wind, grid updates will be essential for such development. The UK government announcing the ban on sales of new petrol and diesel vehicles in 2030 will assist in continuing the commercialisation of EVs.

Conclusion

In order to achieve net zero, every renewable source of energy will need to be developed in tandem. This is not an easy task and the clock is ticking.

While there are a lot of questions to be answered and policies to be put in place, the 10-point plan is nevertheless a positive step forward. We are cautiously optimistic, however one thing is clear, what comes next is critically important.

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