GREENPEACE

Briefing: Great British Energy Bill, Second Reading

The Great British Energy (GBE) Bill will receive its second reading on the 5th September. GBE has the potential to accelerate the UK's drive towards the legally binding 2050 net zero target, as well as the Government's target of a clean power sector by 2030. In order to be a success, GBE must have a mandate to:

1. **Take stakes in emerging renewable energy and grid technologies;**
2. **Provide cheap loans and technical support for local authorities to enable renewable roll-out;**
3. **Provide support for community energy projects.**

Key analysis to take at a glance

- "A decarbonised power system is the central requirement for achieving Net Zero. Access to reliable, resilient and plentiful decarbonised electricity – at an affordable price to consumers – is key to a thriving modern economy" Climate Change Committee, 2023
- - "Great Britain must transition rapidly to a clean electricity system or else it will be forced to build more expensive gas power stations by default. This new system should be underpinned by wind and solar power and managed with flexible demand and storage. These technologies can all lower bills" E3G, 2024
- -"Local energy communities, or community-based energy projects, are showing clear benefits across the globe in deploying renewable technologies, improving efficiency, supporting reliable power supply, reducing bills, and generating local jobs." International Energy Agency, 2023

Strategic Investment

The government has committed £8.3 billion of new investment over this parliament to GBE. The government should commit to increase funding for GBE substantially in the next parliament, and review investment levels over the course of this parliament with a view to potentially increasing funding in the short term. **It is imperative that this money is invested strategically where it is most needed to de-risk, and therefore accelerate, deployment of emerging technology** which will be necessary for a fully decarbonised system. **Floating offshore wind and green hydrogen** will need to form a large part of a decarbonised energy mix, however the technologies are demonstrated but not fully

commercial. GBE should invest in these areas to provide market confidence in their deployment.

GBE should not invest in nuclear power which is both hugely expensive and incredibly slow to develop. For example Hinkley Point C was given the go-ahead in 2016 but seems unlikely to be ready before 2030. Other reactors in Europe are also taking 15 years or more - it's not just in the UK. And nuclear power remains expensive because it is complex, risky and time-consuming to construct. Financial arrangements pushing risk onto consumers don't change this, they just disguise it.

Similarly, controversial and expensive biomass projects like Drax should not be financed through GBE. Not only has Drax been found to source wood from ancient woodland[1], destroying biodiversity and damaging the planet's ability to sequester carbon from the atmosphere, but it has also become the UK's biggest polluter[2], as burning wood pellets for power generation releases more emissions for each unit of electricity generated than burning gas or coal. To finance this scandal, Drax has received more than £7bn of government subsidies since 2012. The current government must decide this year if they will extend the subsidy scheme from 2027 until the end of the decade - as Drax uses unsustainable wood to produce energy, produces more emissions than any other power plant in the UK and requires huge subsidies in order to do so, there is no justification for extending.

GBE should provide investment to support the development and route to market of a green electricity storage industry. This should include hydrogen made locally using renewable energy, and other new technologies like liquid air and hot bricks, through providing financial support and regulation, including market guarantees – such as 'cap-and-collar' contracts for new pumped storage projects.

It may also make sense for GB Energy to take stakes in existing renewable and grid technologies (such as onshore wind or the distribution network) - but to inform this decision, a comprehensive assessment is needed on both the scope for increasing UK government borrowing at a sensible cost within the international market, and the

[1] https://www.bbc.co.uk/news/science-environment-68381160

[2] https://www.theguardian.com/environment/article/2024/aug/09/biomass-power-station-produced-four-times-emissions-of-uk-coal-plant-says-report

priorities for UK green infrastructure investment, in order to ensure government borrowing is directed in the areas where the needs are greatest.

The role of local authorities

Local Authorities (LAs) can play a key role in the energy transition. Installing solar panels on schools or government buildings would provide them with cheaper energy, saving money which could be invested elsewhere. In the case of schools, a solar array can also serve as an educational resource. LAs are able to provide long-term certain demand for the power generated, ensuring stability and lowering risk for potential investors. Some LAs may have the skills and resources to deliver a programme of solar deployment, and only need the financing that GBE could provide. Other LAs may need GBE to do a lot more, including essentially overseeing the entire programme. GBE should provide LAs with capital, expertise and standard checking as appropriate, so LAs can maximise delivery of renewable energy in a way that is locally sensitive.

Community energy projects

Community energy projects (CEP) encourage communities to become part of the energy transition and build awareness and consent for renewable energy infrastructure and the transition to net zero. Currently, CEP play only a small role in the energy mix, and due to current regulations the financial benefits or cheaper energy cannot be spread amongst all of the local community. GBE should act as a resource and support service to simplify the process for communities from initial application right through to delivery. GBE support for CEP should be one part of a suite of changes including the right to sell cheap local renewable generation to nearby communities, provisions contained within the Local Electricity Bill, to ensure that CEPs result in cheaper bills for the whole community, ensuring the benefits are properly shared.

If you would like further information on this briefing, please contact ami.mccarthy@greenpeace.org