


The **IDRIC Policy News Update** provides a monthly summary of key policy developments relevant to industrial decarbonisation at UK level and in the devolved administrations.

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Policy News February 2024

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UK policy

Government announces additional funding for green industries

HM Treasury / Department for Science, Innovation and Technology

4th March 2024

Ahead of the Spring Budget, the Chancellor Jeremy Hunt announced a significant investment package in the UK's life sciences and manufacturing sectors, which includes an increase of up to £120 million to the Green Industries Growth Accelerator (GIGA) to further support expansion of low carbon manufacturing supply chains across the UK. The government confirmed that the total fund, which has now increased to almost £1.1 billion, will be split between the clean energy sectors, including around £390 million earmarked to expand UK-based supply chains for electricity networks and offshore wind sectors, and around £390 million for carbon capture, utilisation and storage and hydrogen sectors. To inform the design of Green Industries Growth Accelerator, DESNZ recently opened a call for evidence hydrogen and CCUS supply chains (see below, 27th February).

More [info](#).

CCC warns UK Government against carrying forward surplus emissions reductions

Climate Change Committee

28th February 2024

In light of the positive news that the UK's Third Carbon Budget, covering the period 2018 to 2022, was successfully met with emissions 391 MtCO₂e and 15% below the level of the budget (2,544 MtCO₂e), the Climate Change Committee warns against carrying over any surplus emissions reduction into future carbon budgets. In a letter to Minister of State for

Energy Security and Net-Zero Graham Stuart, the CCC says that future carbon budgets will require an increase in the pace and breadth of decarbonisation. A carry-forward would be inconsistent with previous advice given by the Committee and the UK's international commitment to accelerate efforts made as part of the Global Stocktake and Paris Agreement. The Committee's unequivocal advice is therefore that surplus emissions from the Third Carbon Budget should not be carried forward.

More info [here](#).

Call for evidence on hydrogen and CCUS supply chains for Green Industries Growth Accelerator

Department for Energy Security and Net Zero

27th February 2024

The Government opened a call for evidence to help inform the design of the hydrogen and CCUS Green Industries Growth Accelerator (GIGA) supply chain fund. The Green Industries Growth Accelerator (GIGA) is a £960 million fund announced in Autumn 2023 to support the expansion of strong and sustainable clean energy supply chains across the UK, including CCUS, engineered greenhouse gas removals (GGRs) and hydrogen, offshore wind and electricity networks and civil nuclear. The purpose of this call for evidence is to inform the design of the fund to support hydrogen and CCUS (including GGRs) supply chains, gather insight into the manufacturing project pipeline and the issues faced by the supply chain within the CCUS and hydrogen sectors, and inform understanding of CCUS and hydrogen market readiness for GIGA funding.

More info [here](#).

Net Zero Hydrogen Fund: successful projects announced

Department for Energy Security and Net Zero

27th February 2024

The Government announced 7 successful projects from the NZHF strands 1 and 2:round 2 (April 2023) competition, which will be allocated over £21 million to support the development and deployment of low carbon hydrogen production. The winners include projects from Suffolk to Shetland, which will produce green fuel for buses, trucks and trains, while also supporting local businesses move away from natural gas.

More info [here](#).

Letter to government on business models for net zero technologies

National Infrastructure Commission

23rd February 2024

In a letter to the Chancellor and the Secretary of State for Energy Security and Net Zero, Sir John from the National Infrastructure Commission highlighted the importance of confirming

business models for new low carbon energy generation capacity – specifically, hydrogen generation and gas plants with carbon capture and storage technology – and the physical pipelines required to service these industries. Noting some recent progress on developing such business models, the Commission calls for this work to be sped up in order to meet government’s long term objectives to decarbonise the energy system. The letter also highlights the Commission’s call in the second National Infrastructure Assessment for around £40 million per year in development expenditure, to help prepare operational plans for the networks needed to carry hydrogen and carbon.

More info [here](#).

UK to leave Energy Charter Treaty

Department for Energy Security and Net Zero

22nd February 2024

It was announced that the UK, along with nine EU member states including France, Spain, and the Netherlands, will leave the Energy Charter Treaty over its failure to align with its net zero plans. The treaty allowed energy firms to sue governments when their profits were affected by policies seeking to cut emissions from fossil fuels. Attempts to multilaterally modernise the treaty had failed.

More info [here](#).

Draft Strategy and Policy Statement for Energy Policy in Great Britain published

Department for Energy Security and Net Zero

21st February 2024

The UK Government published its draft Strategy and Policy Statement for Energy Policy in Great Britain, which outlines strategic priorities, policy outcomes, and roles and responsibilities in the areas of clean energy, net zero infrastructure, energy security and future energy systems. The statement is a compilation of several Government policy papers and provides guidance to the energy sector on the actions and decisions that are needed to deliver government’s policy goals, and places emphasis on where government expects a shift in the energy industry’s strategic direction. This statement does not introduce new roles or duties but outlines the responsibilities of government for setting energy policy direction across Great Britain, Ofgem as the independent economic regulator to make decisions on business and investment plans, and the National Energy Systems Operator (NESO) as the whole system planner, operator of the electricity system and expert advisor to government and Ofgem as the key decision makers.

More info [here](#).

UK and EU science chiefs make joint commitment to maximise UK Horizon Europe success

Department for Science, Innovation and Technology:

12th February 2024

European Commissioner for Research Iliana Ivanova joined UK Science and Technology Secretary Michelle Donelan in London to make a joint commitment to maximising UK Horizon Europe success for businesses, scientists and researchers. Together, they made a united call for UK innovators and researchers to seize the opportunity of Horizon Europe funding – as well as the avenues it opens for collaboration across Europe.

More info [here](#).

Labour drops £28bn green investment pledge

The Labour Party

8th February 2024

Labour Leader Sir Keir Starmer and Shadow Chancellor Rachel Reeves announced a series of policy revisions to Labour's Green Prosperity Plan, abandoning the plan to spend £28bn a year on green investment citing higher interest rates as the primary rationale for this revision. The Labour Party now pledges to invest £23.7bn over the course of the next parliament, which equates to £4.7bn annually, and a significant reduction from its original £140bn planned injection over five years.

The £23.7bn funding envelope is broken down into £8.3bn to be spent on Great British Energy, of which £3.3bn will be spent on the Local Power Plan; £7.3bn on the National Wealth Fund; £6.6bn on their Warm Homes Plan; and £500m per year on the British Job Bonus. As part of the National Wealth Fund, Labour pledges to invest in vital industries and to reindustrialise the UK. This includes investment in:

- Industrial hubs, with Labour promising to decarbonise carbon-intensive heavy industrial hubs in every corner of the country, with an investment of £1 billion, benefiting Scotland, South Wales, the Humber, Teesside and Merseyside.
- Hydrogen, with Labour committing to channel up to £500m into green hydrogen manufacturing, which could benefit the North West, Sheffield and the South East.
- Steel, with Labour pledging £2.5 billion for the steel industry, benefiting communities in Cardiff, Rotherham, Sheffield, Port Talbot and Scunthorpe. This scheme will be accelerated from over ten years to five.

More info [here](#).

A flexible grid for the future

Energy Security and Net Zero Committee

7th February 2024

The fourth oral evidence session in the Energy Security and Net Zero Committee's flexible grid for the future inquiry covered the case for introducing locational pricing to the wholesale

electricity market. It also examines the Government's response to the Electricity Networks Commissioner's report on accelerating the deployment of electricity transmission infrastructure. The discussion also covered skills shortages and planning timescales.

More info [here](#).

UK halves greenhouse gas emissions since 1990

Department for Energy Security and Net Zero

6th February 2024

Government statistics show that the UK is the first G7 economy to halve its emissions compared to 1990 levels, with renewable energy now accounting for roughly 40% of the country's electricity supply. The UK also over-achieved with regards to its Third Carbon Budget (for the period 2018-22).

More info [here](#).

MPs seek greater parliamentary scrutiny over Government plans for Carbon Budgets

Environmental Audit (Commons) Committee

6th February 2024

Following concerns that the UK risks not meeting the Fifth and Sixth Carbon Budgets (covering the periods from 2028-32 and 2033-37), the Environmental Audit Committee (EAC) has written to the Secretary of State for Energy Security and Net Zero to set out a process consistent with the Prime Minister's demand for greater parliamentary scrutiny of the Government's proposals to deliver future Carbon Budgets. Earlier, Prime Minister Rishi Sunak has claimed that the UK can afford to pursue a more incremental decarbonisation pathway going forward after having 'over-delivered' on previous carbon budget commitments. Among the recommendations, the Environmental Audit Committee has recommended that Parliamentary committees are given the opportunity to scrutinise recommendations made by the Climate Change Committee to Government and Parliament, and proposals made by the Government in a draft delivery plan.

More info [here](#).

Net Zero Follow up

Industry and Regulators Committee

6th February 2024

Following up on its 2022 report, [The net zero transformation: delivery, regulation and the consumer](#), the Industry and Regulators Committee discussed the role of the DESNZ in co-ordinating cross-government action on net zero with Secretary of State for Energy Security and Net Zero, Rt Hon Claire Coutinho MP and Jeremy Pocklington (Permanent Secretary at DESNZ) as witnesses. Discussions also included the responsibilities of Ofgem and the

forthcoming National Energy System Operator in planning and delivering a net zero energy system.

More info [here](#).

Other parliament debates of interest:

- Westminster Hall debate: Future of the steel industry in Wales, 21st February, more info [here](#).
- Environmental Audit (Commons) Committee: Evidence session on sustainable electrification of the UK economy, 7th February 2024, more info [here](#).
- (Lords) Debate: Comprehensive industrial strategy for the UK, 1st February, more info [here](#).

Improving the performance, independence and accountability of UK regulator

Lords Industry and Regulators Committee

8th February 2024

In its report *Who watches the watchdogs?* The House of Lords Industry and Regulators Committee responds to growing concerns about the functioning of the three-way relationship between the regulators, the Government, and Parliament. The report addresses issues around the duties and objectives of the UK's around 90 regulatory bodies, their independence, issues around resourcing and skills, accountability and transparency. IT makes a number of recommendations, including the establishment of an 'Office of Regulatory Performance' to improve performance and increase scrutiny.

More info [here](#).

Scotland

Consultation on resourcing Scotland's planning system

Scottish Government

28th February

The Scottish Government opened a consultation on how best to resource the planning system, improve capacity and build resilience particularly within planning authorities, to deliver on the goals set out in the National Planning Framework 4, adopted last year. The [accompanying document](#) sets out a number of ongoing and proposed actions to improve the funding for planning authorities, ensure sufficient recruitment and training, and strengthen leadership and collaboration across levels of government, councils, and wider stakeholders. The consultation will be open until the 31st March.

More info [here](#).

Ministerial Statement: Grangemouth Oil Refinery

Scottish Government

22nd February 2024

Speaking in the Scottish Parliament, Cabinet Secretary for Wellbeing Economy, Net Zero and Energy Màiri McAllan responded to Petroineos' plans to begin preparatory works to transition the refinery into a fuels-import terminal, as well as providing details on the Scottish Government's support for the development of new low-carbon projects at the cluster, such as biofuels production, hydrogen production, and carbon capture and storage. Of note, McAllan said that the Scottish Government is supportive of Petroineos' potential plans to transition to hydrogen on the site and is ready to work with all stakeholders to overcome any technical and regulatory issues. The Cabinet Secretary also stressed the importance of deploying CCUS via the Acorn project and urged the UK Government to provide clarity and urgency on the progress of the expanded CCUS Track-1 and Track-2 projects.

More info [here](#).

Building a business case for Scotland

Scottish Labour Party

14th February 2024

The party published a paper outlining how the party would fulfil Scotland's economic potential. The policy paper focuses on people and skills, regional development, technology, investment and innovation agencies and regulation. The publication of the report came ahead of Scottish Labour's annual conference in Glasgow. Of note to industrial decarbonisation, opportunities offered by the transition to green economy and technological transformation are highlighted as key for economic growth. Particularly, the party pledges to work with a UK Labour Government to capitalise on Scotland's strategic advantages in new technologies, such as carbon capture and storage, hydrogen and bioenergy by creating a net zero cluster at Grangemouth. The paper also includes commitments to simplify Scotland's enterprise agency landscape, developing a green skills plan, cultivating a technology ecosystem and reforming Scotland's planning system.

More info [here](#).

Reshuffle expands remit of Net Zero Cabinet Secretary

Scottish Government

8th February 2024

A reshuffle of the Scottish Government was triggered following the resignation of Michael Matheson as Cabinet Secretary for Health, NHS Recovery and Social Care, following the controversy over his use of a work device while on holiday.

Of relevance to industrial decarbonisation, the following changes were made:

- Current Cabinet Secretary for Economy and Energy Neil Gray will be taking on a new role as Health and Social Care Secretary following the reshuffle.
- Mairi McAllan's role as Net Zero Secretary was expanded to cover the economy portfolio. She will become Cabinet Secretary for Wellbeing Economy, Net Zero and Energy.
- Gillian Martin was appointed as Minister for Energy, Just Transition and Fair Work, supporting the Cabinet Secretary for Wellbeing Economy, Net Zero and Energy.

More info [here](#).

First Minister chairs cross-party meeting on net zero

Scottish Government

1st February 2024

First Minister Humza Yousaf chaired a cross-party discussion on Scotland's climate change ambitions this week. This saw all party leaders discuss how Scotland can all address the climate crisis, with the First Minister highlighting the Scottish Parliament's shared goal of securing a future that is fair and just for all.

Chris Stark, departing Chief Executive of the Climate Change Committee, also presented information on Scotland's progress in its journey to net zero. It was previously announced that The CCC's progress report on Scotland is expected to be published in Q1 2024.

More info [here](#).

Wales

£5.9 million of Welsh Government support given to businesses investing in research and innovation

Welsh Government

26th February 2023

Over fifty projects have been given support from the Welsh Government to invest in equipment that will help develop and embed new innovative products and services. In a cross-government approach, grants have been awarded from both the economy and climate change portfolios, with projects that support Wales' move towards a circular, net zero carbon economy also recognised. Grants from the SMART Capital Equipment Fund and the Circular Economy Fund for Business were given to support organisations to invest in innovation with the aim of improving people's lives, growing the economy and addressing the climate and nature emergencies.

More info [here](#).

Senedd inquiry into the Future of Welsh Steel

Welsh Senedd

February 2024

Following the announcement regarding the closure of the blast furnaces in Port Talbot, the Senedd's Economy, Trade, and Rural Affairs Committee held a series of meetings in February to explore the Future of Welsh Steel. The committee heard from the Minister for Economy, Vaughn Gething MS, and representatives from industry and academia, including contributions from Net Zero Industry Wales. Further sessions are planned in March.

More info [here](#).

Open Consultations and calls for evidence

- UK Government: [UK Emissions Trading Scheme: future markets policy](#), closes on 11 March 2024
- Welsh Government: [Just Transition Framework](#), closes 11 March
- Scottish Government: [SEPA Environmental Authorisations \(Scotland\) Regulations 2018: Proposed types of authorisation for Waste, Water and Industrial activities](#), closes on 12 April 2024
- UK Government: [Green Industries Growth Accelerator: hydrogen and CCUS supply chains](#), closes on 23 April 2024
- Scottish Government: [Climate change - draft Scottish National Adaptation Plan 3](#), closes on 24 April 2024.
- Parliamentary Office for Science and Technology: [The hydrogen backbone](#), POSTnote, closes early April 2024

European Union

Agreement on framework for the certification of high-quality carbon removals

European Parliament / Council

20th February 2024

A provisional agreement has been reached between the European Parliament and the Council on the first EU-wide voluntary framework for the certification of high-quality carbon removals. This certification framework aims to boost innovative carbon removal technologies and carbon farming which will help the EU to reach climate neutrality, ensuring that these are transparent and trusted, and thereby prevent greenwashing. Proposed certification rules cover carbon farming, industrial carbon removals as well as binding carbon in long-lasting products and materials.

The provisionally agreed Regulation will improve the EU's capacity to quantify, monitor and verify the authenticity of all these forms of carbon removals. The Regulation also provides a

prioritisation of the certification methodologies that should be developed. On this basis, the Commission, supported by a Carbon Removal Expert Group, will continue its work to develop credible and tailored certification methodologies for the different types of carbon removal activities. The European Parliament and Council now need to formally approve the agreement.

More info [here](#).

European Commission recommends a 90% net greenhouse gas emissions reduction by 2040

European Commission

6th February 2024

The Commission has published a detailed impact assessment on possible pathways to reach the agreed goal of making the European Union climate neutral by 2050 and recommends a 90% net greenhouse gas emissions reduction by 2040 compared to 1990 levels for discussion. The Commission's communication also sets out a number of necessary enabling policy conditions. For industry, the communication says that the Green Deal now needs to become an industrial decarbonisation deal that builds on existing industrial strengths, like wind power, hydropower, and electrolyzers, and continues to increase domestic manufacturing capacity in growth sectors like batteries, electric vehicles, heat pumps, solar PV, CCU/CCS, biogas and biomethane, and the circular economy. Carbon pricing and access to finance are also critical for the delivery of emission reduction targets by European industry. The Commission will set up a dedicated taskforce to develop a global approach to carbon pricing and carbon markets. Europe will also need to mobilise the right mix of private and public sector investment to make our economy both sustainable and competitive. A European approach on finance will be needed in the coming years, in close cooperation with Member States. A legislative proposal will be made by the next Commission, after the European elections, and agreed with the European Parliament and Member States as required under the EU Climate Law.

More info [here](#).

Council and Parliament agree Net-Zero Industry Act

Council / European Parliament

6th February 2024

The Council and the European Parliament reached a provisional deal on the regulation establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem, better known as the 'net-zero industry act' (NZIA). The regulation aims at boosting the industrial deployment of net-zero technologies needed to achieve EU's climate goals, using the strength of the single market to reinforce Europe's leadership in industrial green technologies.

Under the agreement, there will be a single list of net-zero technologies, with criteria for selecting strategic projects in those technologies that will contribute better to

decarbonisation. The net-zero industry act aims to ease conditions for investing in green technologies, by simplifying permit-granting procedures and supporting strategic projects. It also proposes to ease market access for strategic technology products, enhance the skills of the European workforce in these sectors (notably through the launching of net-zero industry academies) and create a platform to coordinate EU action in this area. To foster innovation, the net-zero industry act proposes favourable regulatory frameworks to be created for developing, testing and validating innovative technologies (known as regulatory sandboxes).

The provisional agreement supports the main objectives of the net-zero industry act that were proposed by the Commission less than a year ago, while introducing several improvements, such as streamlined rules on construction permit procedures, creation of net-zero industrial valleys, and more clarity on criteria for public procurement and auctioning.

The net-zero industry act is one of the three key legislative initiatives of the Green Deal Industrial Plan, together with the Critical Raw Materials Act and the electricity market design reform, to enhance the competitiveness of Europe's net-zero industry and support a rapid transition to climate neutrality.

More info [here](#).

European Commission sets out strategy for Industrial Carbon Management (CCUS)

European Commission

6th February 2024

In the Net-Zero Industry Act, the Commission has proposed that the EU develops at least 50 million tonnes per year of CO₂ storage capacity by 2030. Based on the new impact assessment on the EU recommended climate target for 2040, this figure will need to grow to around 280 million tonnes by 2040. The Communication on Industrial Carbon Management sets out a comprehensive policy approach to deliver on these targets, support the development of CO₂ supply chains and the required CO₂ transport infrastructure. It states that carbon capture should be targeted to hard-to-abate sectors where alternatives are less economically viable. Carbon removals will also be needed to generate negative emissions after 2050. The strategy identifies a set of actions to be taken at EU and national level to enable the deployment of these technologies and the necessary infrastructure to establish a single market for CO₂ in Europe in the decades ahead. The Commission will start preparatory work on a possible future CO₂ transport and storage regulatory package, including work on a carbon accounting framework for CCUS, guidance for permitting processes, and an atlas of potential storage sites, as well as investment and research support and public awareness measures.

The European Climate, Infrastructure and Environment Executive Agency (CINEA) has launched a new [digital tool](#) that allows viewers to interactively discover how the EU funding is distributed across the CCUS sector. The Commission's Joint Research Centre (JRC) has published today a [report](#) on the future CO₂ transport network for Europe and related investment needs.

More info [here](#).

 **Research Spotlight** 

A selection of recent policy-relevant publications by IDRIC researchers and partners. More research outputs can be found in the [IDRIC knowledge hub](#).

Policy brief: Understanding jobs demand and displacement outcomes of decarbonising UK industry clusters

Christian Calvillo, Antonios Katris, Hannah Corbett, Julia Race, Karen Turner

February 2024

The decarbonisation of UK industrial clusters through CCUS networks can support jobs and wider economic value across multiple sectors. However, worker and skills shortages pose challenges across the UK clusters, impacting the deliverability of CCUS projects as well as wider economy outcomes. This research focuses on these challenges and highlights four key messages crucial for both CO2 Transport and Storage (T&S) sector stakeholders and policymakers:

1. Temporary job spikes in construction during CCUS investment and development phases need to be considered in planning.
2. Addressing workforce and skills shortages can mitigate job displacement and maximise economy-wide benefits of establishing a new CO2 T&S sector.
3. Simultaneous introduction of regional subsections of CO2 T&S sector may exacerbate resource competition across all sectors, limiting wider economy gains.
4. Consistent assessments of employment requirements and economic impacts across clusters are necessary to address labour shortages and potential negative economic outcomes.

Download [here](#).

Policy Brief: Delivering place-sensitive, fair industrial decarbonisation

Huei-Ling Lai, Patrick Devine-Wright, Jo Hamilton, Diarmaid Clery, Imogen Rattle, Abigail Martin, Peter Taylor, Sarah Mander, Stacia Ryder

January 2024

This policy brief combines evidence from four social research projects funded by IDRIC, emphasising the need to engage host communities in industrial decarbonisation. The brief highlights the necessity to develop place-based understandings of local needs, histories, and experiences of unfairness when formulating policies and cluster plans. To achieve a fair, sustainable future, policymakers and cluster developers should consider the long-term social impacts, historical influences, and potential climate effects on host communities. The brief recommends diverse, transparent public engagement, building trust, and addressing tensions and trade-offs between different stakeholder priorities. Effectively navigating these

aspects ensures industrial decarbonisation not only achieves environmental goals but also contributes to social and economic justice for present and future generations.

Download [here](#).

Journal article: Sunset and sunrise business strategies shaping national energy transitions

Brunilde Verrier, Neil Strachan

Renewable and Sustainable Energy Reviews, May 2024

This paper addresses the societal impacts associated to business positioning towards decarbonisation. It focuses on “sunset” versus “sunrise” (declining vs emerging) corporate strategies and their interconnections with market developments, citizens engagement, and government support to low-carbon transitions. While preserving fossil-based assets may seem rational in the short-term, it can lead to long-term negative effects (such as the creation of stranded physical, financial, and human assets). Conversely, incumbents can enhance market certainty and generate industry-society co-benefits by engaging in skills transfers and sending clear innovation signals to investors. The findings of this research underscore the complexity of navigating decarbonisation and offer insights to enhance energy system modelling and to foster informed policymaking.

Download [here](#).

REPORT: Securing the economic and environmental benefits from the transition to net zero – opportunities for policy in Scotland.

The RSE Economy and Enterprise Committee, Andrew Wilson, Jeremy Peat, Chris Stark, Mercedes Maroto-Valer, Peter Reekie, Sepi Golzari-Munro

December 2023

In this report, the RSE Economy and Enterprise Committee address Scotland’s transition to net zero, summarising key points and recommendations for urgent action to reset and refocus Scotland’s climate strategy and approach to delivery. The report underscores the importance of collaborative policy development between the layers of Government, and the need for a triple bottom line approach to policymaking that considers investor friendliness, consumer protection, and meeting the net zero policy ambition. The RSE emphasise the economic benefits of embracing renewables, the urgent need to shape the transition of Scottish economy and employment away from a reliance on fossil fuels, and the central role of investment in unlocking net zero. The report reaffirms the key commitment to reach net zero by 2045, emphasising how, whilst at risk, this target remains achievable.

Download [here](#).