

# Industrial Decarbonisation Policy News Update May 2024

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*The IDRIC Policy News Update provides a monthly round-up of key policy developments relevant to industrial decarbonisation at UK level and in the devolved administrations. Previous issues can be found [here](#). To receive future issues per email, sign-up [here](#).*

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## 1. UK policy

### **General update**

*Following the announcements that general elections will take place on the 4<sup>th</sup> July, the official pre-election period started during which both UK and Scottish governments will limit new policy announcements and the UK Parliament is dissolved. The party's election manifestos are expected to be launched in the period between 5<sup>th</sup> and 16<sup>th</sup> June.*

### **Labour's plans for energy policy**

*The Labour Party*

31<sup>st</sup> May 2024

During its campaign trip in Scotland, Labour leader Sir Keir Starmer unveiled plans for GB Energy, a proposed publicly owned energy company which would be established if Labour wins the forthcoming general election. The company has been positioned as a vehicle to tackle both energy security and cutting energy costs for consumers. Great British Energy would be headquartered in Aberdeen, Scotland. GB Energy would be working alongside private partners and have three initial priorities: 1) co-investing in new technologies in areas like floating offshore wind, tidal power, and hydrogen, 2) scaling and accelerating mature technologies, like wind, solar and nuclear, and 3) scaling up

municipal and community energy. Earlier this year, the Party confirmed that GB Energy will be provided with an initial £8.3bn over the first Parliament. These funds will be delivered via a new windfall levy on oil and gas producers and will create 650,000 skilled jobs. The Party is keen to model this company on the same lines as European national energy developers like EDF and Ørsted – acting as lead developer that will eventually return profits to the Treasury and taxpayers.

The Plan has been backed by Sir Patrick Vallance, the government's former chief scientific advisor. Labour also announced that while it would honour existing licenses for oil and gas projects, it would not issue new licenses, prompted warnings from the SNP and unions over risks to jobs in Scotland. It is currently unclear how GB Energy will interact with the new National Energy System Operator (NESO) or the regulator (Ofgem) at this stage.

More info [here](#).

## **Energy skills passport to support worker transition**

*Cross-industry initiative*

24<sup>th</sup> May 2024

Energy industry leaders have introduced a roadmap for an 'energy skills passport' to address the skills gap and facilitate recognition of skills and qualifications across sectors like oil and gas and offshore wind. This passport aims to enable seamless worker transitions within the energy industry, supporting the UK's energy transition. The project will align technical qualifications, safety standards, career pathways, and recognition mechanisms. Developed through a cross-sector partnership and supported by the Scottish Government with £3.7m, this initiative builds on the Government's North Sea Transition Deal, aiming to decarbonize the oil and gas sector and promote green jobs in low-carbon industries by 2050.

More info [here](#).

## **Proposals to expand the UK Emissions Trading Scheme**

*Department for Energy Security and Net Zero, The Scottish Government, Welsh Government, Department of Agriculture, Environment and Rural Affairs (Northern Ireland)*

23<sup>rd</sup> May 2024

The UK Emissions Trading Scheme (ETS) Authority has published a package of consultations on expanding the UK ETS to include the energy from waste and waste incineration sectors. It is also consulting on how engineered greenhouse gas removals, such as direct air carbon capture, could be integrated, and on whether high-quality nature-based removals could be suitable for the scheme. The UK ETS currently applies to the aviation, power, and industry sectors, but since its establishment in 2021 the Authority has been examining how carbon pricing can drive decarbonisation across more of the economy. Stakeholders are invited to share views on the 2 consultations to further limit carbon emissions and support progress to net zero. It follows previous commitments to consult, made last year as part of ambitious reforms to the scheme.

More info [here](#).

## **Future carbon storage levy likely**

*North Sea Transition Authority*

23<sup>rd</sup> May 2024

The NSTA responded to its recent call for evidence on the potential principles, design and timing of a possible future levy on UK carbon storage licences, and stated that it intends to introduce a carbon storage levy once the CCS industry is on a more self-sustaining footing.

More info [here](#).

## **UK overachieves carbon emissions target and rejects rollover**

*Department for Energy Security and Net Zero*

21<sup>st</sup> May 2024

As the UK overachieved in delivering its legally binding emissions target by 15% between 2018 to 2022 as part of Carbon Budget 3, the government confirmed that surplus greenhouse gas emissions cut over the last 5 years will not be carried forward into the next carbon budget. Under the UK's Climate Change Act, if the country emits fewer emissions than the legal limit, the government has the power to bank the surplus for later carbon budgets. The government decision not to carry forward the surplus keeps the UK within its ambitious target with no additional headroom to emit greenhouse gases over the coming years. This is in line with advice provided by the independent Climate Change Committee.

More info [here](#).

## **Environment Agency business plans**

*Environment Agency*

20<sup>th</sup> May 2024

The Environment Agency has published its recent business plan which outlines the agency's priorities for 2024 and 2025, its available funding and how it will measure its performance, across the organisation's roles as a regulator, adviser, operator, responder and research centre. On regulation (section 7.4.) it states its ambition to be a confident regulator, supporting climate resilience and environmental protection and development of decarbonisation, with mentions of CCS, hydrogen, decarb ready, and developing regulatory approaches to innovation. On spatial planning, the Environment Agency seeks to influence strategic planning to identify opportunities for improving environmental and climate resilience, working with others on wildlife rich habitats and nature recovery, and to identify environmental limitations of development programmes, particularly around water quality and water scarcity.

More info [here](#).

## **Infrastructure Progress Review 2024**

*National Infrastructure Commission*

16<sup>th</sup> May 2024

Looking back over the last 12 months, the National Infrastructure Commission's report shows mixed progress infrastructure policy, funding and delivery needed to deliver the goals of net zero. Progress is highlighted in some areas such as planning and regulation, where the government has revised its National Policy Statements for energy, national networks and water resources, and updated Ofgem's duties to include supporting the delivery of net zero. But other areas of policy and delivery have seen

few developments, or worse, progress has reversed, the report states. Last minute changes to heat policy have created uncertainty for households leaving the government off track to meet its target for heat pump rollout. The Commission reiterates its position that hydrogen should not be used for domestic heating, but will play a key role in future energy systems and decarbonising industry. It also reiterates that achieving net zero will also require new networks for hydrogen and carbon capture and storage, and a plan for supporting engineered greenhouse gas removals and urges the government to speed up plans for hydrogen storage to ensure storage will be in operation earlier than 2035. The report also criticises that while Ofgem has been given a net zero target, its new strategic policy statement fails to provide longer term direction on key issues for the energy transition. The government has also yet to review regulators' wider duties to ensure they are coherent and effectively balanced. The report highlights the importance of strengthening the capacity of the planning system for easing constraints in consenting the roll out of infrastructure at the pace that is required.

More info [here](#)

### **Smarter regulation white paper published**

*Department for Business and Trade*

16<sup>th</sup> May 2024

Following a consultation last November, the government published a white paper 'Delivering a regulatory environment for innovation, investment and growth'. The 23 reforms in the document aim to cut 'red tape' and ensure the ca. 50 bodies involved in the UK regulatory landscape deliver a 'world class service'. Reforms include the introduction of guiding principles for regulatory decision-making, as part of an ambition to create a 'one-stop-shop' of regulatory information. The launch of a new Regulators Council aims to improve the strategic dialogue between regulators and government, alongside monitoring the effectiveness of policy and strategic guidance issued. The white paper also includes a new Growth Duty Performance Framework which asks regulators to provide evidence on how they are supporting economic growth (net zero is not explicitly mentioned). The government also announced it will address regulators' skills challenges and support career development, including through launching a task and finish group with regulators and industry experts, to design and implement a 'Regulator Profession'. A holistic assessment of infrastructure investment needs in energy networks, water and telecoms sectors aims to enhance regulatory accountability and support decision-making.

More info [here](#).

### **Winners of Industrial Energy Transformation Fund (IETF) published**

*Department of Energy Security and Net Zero*

15<sup>th</sup> May 2024

The Government has published the winners of Phase 2 of the Industrial Energy Transformation Fund (IETF), which were selected in August 2022. The seven winning projects received grant funding for feasibility and engineering studies, and for the deployment of industrial energy efficiency and deep decarbonisation projects, including for assessing possibilities of:

- retrofit of heat recovery technology to reduce gas consumption in painting booths (Airbus Operations Limited, Broughton, Wales)
- utilising the waste heat from the exhaust gases of the glass toughening furnaces to produce electrical power and improve energy efficiency (Ultra Tough Limited, Welham Green and Hatfield South)

- using CCUS for glass production (Saint-Gobain Glass, Eggborough)
- using heat pumps to provide process heat to the pasteuriser and associated CIP/washing processes (Bumble Hole Foods, Bromsgrove).
- waste heat recovery from rotary kiln exhaust using Organic Rankine Cycle (ORC) producing expanded clay aggregate (Plasmor Limited, North Humberside)
- carbon capture and utilisation from rotary kiln (Plasmor Limited, North Humberside)
- fuel-switching to H2 for heating equipment in the food sector (KP Snacks Limited, Billingham)

Phase 3 of the IETF (2024-2028) launched in January 2024 and provides up to £185 million in funding between 2024 and 2028. The first application window closed in April 2024, a second application window is expected for later in 2024.

## UK carbon footprint increased

*Department for Environment, Food and Rural Affairs*

15<sup>th</sup> May 2024

The government's the latest official data shows that the UK's carbon footprint is estimated to have risen by 15 per cent between 2020 and 2021. The carbon footprint includes emissions that are associated with the consumption spending of UK/England's residents on goods and services, wherever in the world these emissions arise along the supply chain, and those which are directly generated by UK/England's households through private motoring and burning fuel to heat homes. (Carbon footprint or consumption emissions are different to territorial emissions. The latter cover emissions that occur within the UK's borders and are used to track UK-wide progress towards international and domestic targets, such as net zero emissions by 2050).

The increase in consumption emissions reflects increases in emissions from all activities, but especially in emissions from imported goods, which are estimated to have risen 72 per cent from 1996 to 2021. In contrast, emissions relating to the consumption of goods and services produced in the UK were 54 per cent lower in 2021 than in 1996.

More info [here](#).

## Environment impact summaries for Net Zero technologies

*Environment Agency*

13<sup>th</sup> May 2024

The Environment Agency published summaries produced last year on potential environmental impacts of different technologies and possible regulatory responses, intended to provide high-level overviews. Technologies covered include:

- Electrochemical batteries
- Thermal energy storage
- Direct air carbon capture technology
- Energy storage
- Hydrogen production
- Hydrogen storage

More info [here](#).

## Document collection on critical mineral supply chains

*Department for Business and Trade*

9<sup>th</sup> May 2024

A new collection on the government website sets out how the government is securing supplies of the critical minerals for UK industry and energy security, now and in the future. The collection brings together relevant policy papers, including the UK Critical Minerals Strategy (March 2023), the report of the independent Task and Finish Group on industry resilience for critical minerals (December 2023) and the government's response to the report (March 2024).

More info [here](#).

## Hydrogen Heating Town pilot shelved

*Department of Energy Security and Net Zero*

9<sup>th</sup> May 2024

The government has decided not to progress work on a hydrogen town pilot until after it will make its strategic decisions on the role of hydrogen in decarbonising heat in 2026. This follows the decision in December 2023 not to proceed with the hydrogen village trial in Redcar. In an open letter, the government says it believes that low carbon hydrogen may have a role to play in heat decarbonisation, alongside heat pumps and heat networks, but in slower time in some locations. It plans to take a decision in 2026 on whether, and if so how, hydrogen will contribute to heating decarbonisation. It will assess evidence from its wider research programme, the neighbourhood trial in Fife and similar schemes across Europe, to take this decision.

More info [here](#).

## UK Innovation Survey 2023 report published

*Department for Energy Security and Net Zero*

9<sup>th</sup> May 2023

This report presents findings on business innovation in the UK from the 2023 UK innovation survey (UKIS 2023). The survey found that in 2020-2022, only 36% of UK businesses were innovation active, which is a decrease compared to 45% in 2018-2020. Businesses in production industries generally remained more innovative than businesses in distribution and service industries. Key barriers to innovation include cost factors (including finance availability, direct innovation costs too high and finance costs) and recent increases in energy prices, lack of qualified personnel and issues related to Brexit, among other barriers. While the survey does not specifically look at innovation related to decarbonisation, the recent edition of the survey asked new questions on innovations with environmental benefits, such as reduced energy use or CO<sub>2</sub> footprint, and reduced material or water use.

More info [here](#).

## Call for evidence on non-pipeline CO<sub>2</sub> transport launched

*Department for Energy Security and Net Zero*

7<sup>th</sup> May 2024



A new call for evidence seeks to explore new ways to transport captured CO<sub>2</sub> that would enable more UK industries to adopt carbon capture technology. The call aims to gather information to improve government's understanding of both non-pipeline transport (NPT) value chains and cross-border CO<sub>2</sub> transport and storage networks, the costs associated with them, and the potential barriers to deployment. The call for evidence will look to gather views and evidence in 3 areas: 1) non-pipeline transport (NPT) value chain data, 2) CCUS policy landscape, 3) wider deployment considerations. This forms part of government plans for a new competitive UK carbon capture, usage and storage market by 2035 laid out in the [CCUS vision](#) published last December. Stakeholders can share their views and evidence until 16 July 2024.

More info [here](#).

## High court declares UK Government climate plans unlawful

*High Court of Justice*

3<sup>rd</sup> May 2024

For the second time, the High Court has declared the Government's climate plans falling short of legal requirements of providing sufficient evidence how policies will help achieve the UK's statutory emissions reduction targets. Back in 2022, campaign groups Friends of the Earth, ClientEarth and Good Law Project had taken the Government to the High Court for the first time over a deemed breach of the Climate Change Act 2008. The High Court then mandated the Government to outline a revised net zero plan and provide more clarity on the contributions of individual policies to meeting the UK's legally binding carbon emissions reduction targets. The government then published the Carbon Budget Delivery Plan in spring 2023. However, the campaigners argued the assumption that that all policies would be delivered in full was unrealistic and criticised, among other aspects, the reliance on less developed technologies such as carbon capture and storage. In February, the groups filed a new case against in which it claimed the government did not sufficiently consider the risks to delivery of the plan. The High Court now ruled in favour of in 4 of the 5 claims and mandates the government to publish a revised strategy within the next 12 months.

More info [here](#).

## Chair for new energy system operator confirmed

*Department for Energy Security and Net Zero*

3<sup>rd</sup> May 2024

The government has confirmed Dr Paul Golby as inaugural chair and oversee the creation of the National Energy System Operator (NESO). Dr Golby was previously the Chair of the National Air Traffic Service. He is the former CEO of E.ON UK and was previously Non-Executive Director and Chair of the Safety, Environment and Health Committee at National Grid. He is also recognised for his contributions to the engineering field as a Fellow of the Royal Academy of Engineering. NESO's role will be to plan Britain's electricity, gas networks, and operate the electricity system, whilst driving progress towards net zero, maintaining energy security and minimising costs for consumers. NESO will be operational from summer 2024. NESO has identified five priorities for delivering value for the energy system from Day 1: strategic planning, security of supply, resilience, market development and net zero energy insights.

More info [here](#).

## Local elections bring losses for Conservatives

2<sup>nd</sup> May 2024

Beginning of May, the Conservatives suffered the worst defeat at a local election by a government since 1996, as voters in England headed to the polls to elect more than 2,600 councillors, 11 mayors, the 25 members of the London Assembly and Police and Crime Commissioners (in England and Wales) on the 2<sup>nd</sup> May. In the last routine elections before the next general election, the Conservative Party lost 474 councillors and 10 councils, while the Labour Party was able to gain 186 councillors, the Liberal Party 104, independent candidates took 91 and the Greens 74. In mayoral elections, Conservative Ben Houchen was re-elected as Tees Valley mayor, but Conservative incumbent Andy Street lost his seat as mayor of the West Midlands Combined Authority to Labour's Richard Parker. Labour also won the newly-created mayoralities of East Midlands Combined County Authority and the York and North Yorkshire Combined Authority. In London, Labour incumbent Sadiq Khan was re-elected for a third four-year term, with 43.8% of the vote.

More info [here](#).

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## 2. UK Parliament

*The UK Parliament will be prorogued ahead of the General Election scheduled for Thursday 4 July. Select Committees have ceased to exist from 30 May until after the General Election. All ongoing inquiries have now closed. The House of Commons will next sit on Tuesday 9 July, while the House of Lords will next sit on Monday 3 June.*

### MPs urge the government to increase efforts on net zero shipping

*Environmental Audit Committee, House of Commons*

29<sup>th</sup> May 2024

The Environmental Audit Committee has published its report on 'Net zero and UK shipping'. In March 2021, the Committee launched an inquiry into efforts to decarbonise civil aviation and shipping, two of the UK's hardest to abate industries. This inquiry resulted in two separate reports, of which this is the second. Its principal recommendation is that the Government should issue an update to the 2019 Clean Maritime Plan within three months of State Opening of the 2024 Parliament. Among the detailed recommendations made by the Committee are proposals that the Government should:

- urgently assess the merits of introducing a voyage-based measure of the UK's contribution to international shipping emissions
- set stretching but achievable interim targets for UK domestic and international shipping emissions, consistent with carbon budget requirements and the overall 2050 net zero target
- send clear and unambiguous signals to the UK maritime sector that it is committed to supporting its transition to net zero, including reviewing the funding perspectives for decarbonisation of UK shipping and further matching funding for research and development to at least 2030.



- develop a strategy to support the manufacture of zero-emission marine fuels, accompanied by a deliver plan with clear production milestones, and consult on introducing a revenue support mechanism to incentivise commercial production of zero-emission marine fuels.

More info [here](#).

## MPs urge government to address grid connections and energy storage issues

*Environmental Audit Committee, House of Commons*

24<sup>th</sup> May 2024

Slow grid connections and a lack of clear plans for energy storage are a key barrier to the electrification of the UK energy system and risk net zero goals not being met, the Environmental Audit Committee has found. In its recent report, the committee concludes that many planned renewable energy projects are being hampered by persistent problems accessing the electricity grid. These include slow connections, limited capacity, inappropriate planning regulations and market uncertainty. The Committee recommends that the Government and Ofgem actively monitor and streamline initiatives designed to deliver grid connections faster. In particular, Ofgem should review its milestone queue reforms, with a focus on advancing demonstrably ready projects to the front of the queue.

The report also recommends the Government develop a plan to ensure local authorities have the personnel and expertise they need to reach planning decisions quickly while engaging with local communities. To address barriers to long-term storage as a matter of urgency, the Committee recommends the Government to either invest directly in infrastructure or reform policy mechanisms such as the Capacity Market. It calls on the Government to publish, by 2025 at the latest, an energy storage strategy setting out the short and long-term energy storage needed to deliver the UK's net zero goals.

More info [here](#).

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## 3. Scotland

### General update

*Following the termination of the power-sharing agreement between the SNP and the Scottish Greens and the resignation of Humza Yousaf in April, John Swinney has succeeded Yousaf as leader of SNP and has become Scotland's seventh First Minister of the devolution era.*

*Assuming office on the 8<sup>th</sup> May, Swinney undertook a small reshuffle of ministerial roles. The main move was to promote Kate Forbes to become the new Deputy First Minister, as well as taking responsibility for the economy portfolio. In her team, Richard Lochhead is Minister for Business and Tom Arthur is Minister for Employment and Investment. Màiri McAllan remains in her post, now as Cabinet Secretary for Net Zero and Energy. In her team, Gilian Martin is Minister for Climate Action, which includes energy, just transition, and energy efficiency. The roles previously occupied by Green Co-Leaders Patrick Harvie and Lorna Slater have also not been directly replaced, with their responsibilities broken up between other Ministers.*

*Swinney set out the priorities for his government (see below), but the details of his Program of Government are not expected before September, after the UK general election and summer recess of the Scottish Parliament.*

*With the termination of the Bute House Agreement with the Scottish Greens, the SNP now lacks a majority in the Scottish Parliament and will need to seek to secure support from MSPs from other parties for each legislative vote.*

## **Climate change monitoring report 2024**

*Scottish Government*

28<sup>th</sup> May 2024

The Scottish Government published the fourth annual monitoring report on the [Climate Change Plan update \(CCPu\)](#) which updated the 2018 Climate Change Plan (CCP) and was finalised in March 2021. The report finds that in 2021, industrial emissions of 9.6 MtCO<sub>2</sub>e were within the emissions envelope published in the 2018 Climate Change Plan for this sector (11.3 MtCO<sub>2</sub>e). Given the impact of the COVID-19 pandemic on emissions figures, the longer-term trend of industrial emissions is less clear. By 2032 industrial emissions need to decrease by 43% on 2018 levels to meet Scotland's Climate Change targets, whilst ensuring Scottish industry remains globally sustainable and competitive. Two key indicators of a 'managed decarbonisation path' for industry, Industrial energy productivity (£GVAm per GWh) and Industrial emissions intensity (tCO<sub>2</sub>e per £GVAm), are both off track, but with high level of uncertainty around the figures. The report also finds that it is too early to say if technologies critical to further industrial emissions reduction (such as CCS and hydrogen) will be operating at commercial scale by 2030, given the dependence on UK government decision relating to the Acorn CCS project.

While industrial decarbonisation policy is largely reserved to the UK Government, the report tracks which policies have been implemented since the Climate Change Plan update, such as the UK-ETS, the Scottish Industrial Energy Transformation Fund (SIETF), the Energy Transition Fund (ETF), and the ongoing work of the Grangemouth Future Industry Board. It also lists policies which were abandoned or fell victim to budget cuts, such as Low Carbon Manufacturing Challenge Fund, Carbon Capture and Utilisation (CCU) Challenge Fund, and the Emerging Energy Technologies Fund.

More info [here](#).

## **New First Minister sets out Priorities for Scotland**

*Scottish Government*

22<sup>nd</sup> May 2024

First Minister John Swinney set out the priorities of his government and four focus areas:

- Eradicating child poverty
- Growing the economy
- Tackling the climate emergency
- Improving public services

Greater detail on these priorities and concrete actions will be presented in the First Minister's first Programme for Government. This was planned to be presented before the Scottish Parliament's summer recess, but is now expected in September.

More info [here](#).

## Scotland's Carbon Footprint: 1998-2020

Scottish Government

21<sup>st</sup> May 2024

Scotland's Chief Statistician published Scotland's Carbon Footprint: 1998-2020. This publication provides estimates of Scotland's greenhouse gas emissions on a consumption basis; that is emissions that are associated with the spending of Scottish residents on goods and services, wherever in the world these emissions arise, together with emissions directly generated by Scottish households. It shows that between 2019 and 2020, Scotland's carbon footprint decreased by 11.5 per cent. Between 1998 and 2020, Scotland's carbon footprint fell by 33.3 per cent.

More info [here](#).

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## 4. Wales

### General update

*First Minister Vaughan Gething faces a vote of no confidence, after Plaid Cymru (PC) has ended its co-operation deal with the Welsh Government. The deal saw Labour and PC work together in the Senedd on shared priorities and was due to conclude at the end of the year. PC made the decision to terminate the deal on the 17<sup>th</sup> May after concerns over the First Minister Vaughan Gething's decision to sack a minister after the leaking of an embarrassing phone message from the time of the pandemic when Gething was the Welsh health minister and over donations to Gething's leadership campaign. Following the termination of the agreement, the Labour-led government has lost majority in the Senedd. The Conservatives have tabled a no-confidence motion with a vote to take place on the 5<sup>th</sup> June.*

### Economic vision for Wales

Welsh Government

16<sup>th</sup> May 2024

The Welsh Government's Cabinet Secretary for Economy, Energy and Welsh language, Jeremy Miles, set out his immediate economic priorities for Wales. Immediate action being taken will include:

- Establishing a national economic council, replacing the Ministerial Advisory Committee
- Short turn around reviews in five key areas, looking at practical and actionable delivery in areas such as net zero skills, AI, and maximising growth opportunities in renewables.
- A series of regional events where all businesses will be invited to share their views with the Cabinet Secretary directly
- Developing a national approach to future skills planning, spanning all sectors of the economy

More info [here](#).

### Unions reject Tata Steel's restructuring plans

3<sup>rd</sup> May 2024

Consultations between Tata Steel and unions over the planned closure of the two blast furnaces at Port Talbot September have broken down. Unions said Tata's offer of employee support packages and support for training and skills development fell short in mitigating the impact of these changes on workers and communities. The move to electric arc furnaces is seen as a critical step towards reducing emissions from steelmaking, but also leading to job losses during the transition. As BBC Wales reports, 2,800 roles could be cut by the closure of the blast furnaces, with several thousand additional jobs in the community at risk if impacts are not mitigated. A transition board, chaired by Welsh Secretary David TC Davies, has been created to oversee a £100m fund to help those affected by the job cuts.

More info [here](#) and [here](#).

Tata is expected to go ahead with the closure of the blast furnaces in September and has achieved an agreement with National Grid for the building of grid connection infrastructure needed for the operation of a 3.2-tonne electric arc furnace, which is expected to cut greenhouse gas emissions from the steel production process by 75%.

More info [here](#).

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## 5. Consultations and calls for evidence

*(ordered by closing date)*

- [Draft Bioenergy Policy Statement: Consultation](#), Scottish Government, closes on 12<sup>th</sup> June 2024
- [Introduction of a UK carbon border adjustment mechanism](#), HM Treasury, closes on 13<sup>th</sup> June 2024
- [CCUS: non-pipeline transport and cross-border CO2 networks](#), DESNZ, closes on 16<sup>th</sup> July 2024
- [UK Emissions Trading Scheme Scope Expansion: Waste](#), DESNZ, closes on 18<sup>th</sup> July 2024
- [Integrating Greenhouse Gas Removals in the UK Emissions Trading Scheme](#) DESNZ, closes on 15<sup>th</sup> August 2024

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## 6. International

*A selection of international policy developments relevant to industrial decarbonisation.*

### **General update**

European Parliament elections will take place from 6-9 June 2024. Carbon Brief tracks the [commitments made by each of the main European Parliament groupings](#) in their election manifestos, across a range of issues related to climate and energy.

### **Council support for ‘EU supergrid’**

The EU Council has approved measures to create an interconnected and resilient electricity network across Europe, aiming to enhance energy security and achieve decarbonisation. The energy ministers emphasized the necessity of an EU Supergrid to incorporate more renewables, support electrification, stabilize prices, and boost energy security, reflecting the EU's ambition to become greener, more competitive, and resilient. The Council's conclusions stress the importance of coordinated long-term electricity grid planning at the European level to address network congestion, combining national plans with regional coordination and considering less interconnected regions. The Commission is urged to propose a framework ensuring compliance with EU climate and energy targets, increasing transparency and improving governance for cross-border infrastructure planning and implementation to foster a genuinely integrated Energy Union.

More info [here](#).

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## 7. Policy reports

### **State and Trends of Carbon Pricing 2024**

*The World Bank*

This report provides an up-to-date overview of existing and emerging carbon pricing instruments around the world, including international, national, and subnational initiatives.

Key findings:

- In 2023, carbon pricing revenues reached a record \$104 billion. There are now 75 carbon pricing instruments in operation worldwide. Over half of the collected revenue was used to fund climate and nature-related programs.
- 24% of global emissions are now covered.
- Large middle-income countries including Brazil, India, Chile, Colombia, and Türkiye are making strides in carbon pricing implementation.
- While traditional sectors like power and industry continue to dominate, carbon pricing is increasingly being considered in new sectors such as aviation, shipping and waste.
- Governments are increasingly using carbon crediting frameworks to attract more finance through voluntary carbon markets and facilitate participation in international compliance markets.

- Despite record revenues and growth, global carbon price coverage and levels remain too low to meet the Paris Agreement goals. Currently, less than 1% of global greenhouse emissions are covered by a direct carbon price at or above the range recommended by the High-level Commission on Carbon Prices to limit temperature rise to well below 2°C.

Download [here](#).

## **The return of industrial policies**

*OECD Economic Policy Papers*

The paper contributes to renewed debates about industrial policy in the context of recent initiatives in several OECD economies. It discusses the pros and cons of industrial policies motivated by environmental, national security and place-based/inclusiveness objectives. The paper also considers implementation and design issues, and how to respond to industrial policies in other countries. There are well-grounded economic, social and environmental justifications for some industrial policies. However, there are legitimate concerns that the benefits of such policies could be limited and the costs high. This mainly relates to measures curbing domestic and international competition and the practical and political challenges in designing and implementing effective measures. Thus, while governments may want to experiment with future and welfare-oriented industrial policies, they should exert moderation in scope, exercise caution in design and implementation, and be mindful of possible negative international implications.

Download [here](#).

## **Catalysing change: Defossilising the chemical industry**

*The Royal Society*

The vast majority of chemicals are made using fossil feedstocks – oil, natural gas and coal. Due to the size of the industry and its use of fossil fuels and feedstocks, the chemical sector is responsible for approximately 6% of global greenhouse gas emissions. The chemical industry cannot fully ‘decarbonise’ - as most chemicals inherently contain carbon atoms that are essential to the material’s structure. Decarbonisation measures such as electrification and improved energy efficiency would help to reduce the chemical industry’s emissions. Alongside decarbonisation measures, the chemical industry will also have to ‘defossilise’ – by replacing fossil feedstocks with alternative carbon sources to make chemicals. The chemical industry could defossilise by using biomass, plastic waste and carbon dioxide as alternative carbon sources to make chemicals. This policy briefing explores the opportunities and challenges associated with each of these alternative carbon sources.

Download [here](#).

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## 8. IDRIC Research Spotlight

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

### **Exploring the impacts of the adopted carbon capture approach to the Scottish chemical industry and the wider Scottish economy**

*Antonios Katris, Abdoul Karim Zanhouo, Stephen Duah Agyeman, Christian Calvillo, Hannah Corbett*

*Centre for Energy Policy, University of Strathclyde*

Carbon capture utilisation and storage (CCUS) is viewed as essential for the UK to achieve net zero by 2050 and the UK Government is supporting CCUS rollout in four UK industrial clusters. Carbon capture can be introduced either post-combustion (post-production more generally) or pre-combustion with a substitution towards low or zero carbon fuels, with varying capital and energy requirements, and therefore varying impacts for the adopting industries. This policy brief discusses how the Scottish chemical industries and the wider Scottish economy may be affected by introducing pre- or post-combustion carbon capture. It also considers the implications of UK-wide carbon capture adoption by chemical industries versus unilateral actions by the Scottish chemical sector, while exploring the potential effects of government subsidies aiming to ease some of the carbon capture driven price pressures.

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### **Inspiring young minds: Work skills readiness for decarbonisation in the Humber**

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The report explores young people's perceptions of the net-zero transition across South Humber and Lincolnshire regions, including their motivations to pursue "green" careers. The aim of the study is to better understand the knowledge, attitude and aspirations towards climate change to help promote climate careers.

Impacts of this research include guiding workforce development by tailoring training programs to the needs of young people; creating closer collaboration between regional industries and schools/communities to support decarbonisation initiatives; and providing data to support local policy decisions and incentives designed to build a workforce able to support the transition to a net-zero economy.

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### **"Oh Yes! Net-Zero": Sociotechnical capabilities and regional innovation systems for British industrial decarbonisation**

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This paper examines what sociotechnical pathways, capabilities, and regional innovation systems are emerging to support industrial decarbonisation efforts in the UK. It combines and applies insights from evolutionary economic geography and transitions studies, such as sociotechnical capabilities and learning, as well as spatial frameworks such as challenge-oriented regional innovation systems (CoRIS) and green industrial restructuring. Findings show effective use of spatial and technological proximities within industrial net-zero clusters, especially through new forms of networking, collaboration, and partnerships. CoRIS provides the basis for greater reflection on perennial transitions issues, both within and across clusters, related to incumbency and innovation, in addition to spotlighting emergent issues such as light versus deep green restructuring and incremental versus transformative change. The study highlights both incremental and transformative change in industrial decarbonisation, revealing dynamic processes across sociotechnical attributes.

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