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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.*

*Contact: policy@idric.org*

## 1. UK policy

### National Energy System Operator (NESO) launched

*Department for Energy Security and Net Zero, National Energy Systems Operator*

1st October 2024

The new National Energy System Operator (NESO) chaired by Fintan Slye has launched following the government agreeing to acquire the Electricity System Operator (ESO) from National Grid, transferring the ESO into public ownership. NESO is an independent organisation which will help connect new generation projects with the electricity grid, working alongside Great British Energy to deploy renewable energy, operating the electricity network and offering expert advice to the energy sector's decision makers. NESO aims to ensure grid stability and flexibility, enabling hydrogen to contribute effectively to decarbonisation while supporting a resilient electricity system. It will join up national and local energy plans through its development of Regional Energy Strategic Plans.

More info here.

### UK Infrastructure Bank to invest in major subsea cable manufacturing facility

*UK Infrastructure Bank*

26th September 2024

The UK government-owned infrastructure bank confirmed an initial investment of £20m, in subsea HVDC cable manufacturer XLCC to develop a major factory in Hunterston in Scotland. Subsea HVDC cables are capable of transporting energy over long distances with significantly increased efficiency. They will play a fundamental role in the upgrade of the grid required for allowing the clean energy produced by wind farms in the North Sea to be transported to homes and businesses across the UK. Once complete the Hunterston factory will create around 900 permanent jobs including over 200 apprenticeships.

More info here.

### Aberdeen to host Great British Energy headquarter

Department for Energy Security and Net Zero

24th September 2024

The Prime Minister confirmed that Great British Energy will be headquartered in Aberdeen, with two smaller sites hosted in Edinburgh and Glasgow. Great British Energy was created as a new publicly owned company to drive investment in clean home-grown energy, creating jobs and supporting growth across the UK. An interim Chief Executive will soon to be appointed to take the lead on launching the new company and building its Aberdeen base along with the start-up Chair Juergen Maier, former CEO of Siemens UK.

More info here.

### Crown Estate publishes vision for UK seabed to drive energy transition and nature recovery

*The Crown Estate*

11th September 2024

The Crown Estate has unveiled its vision for the UK's seabed, focusing on facilitating nature recovery and supporting the transition to clean energy, in response to the increasing demands from various sectors critical to the UK economy. The Crown Estate is collaborating with stakeholders to develop a new Marine Delivery Route map which aims to ensure the sustainable and efficient use of the seabed for future generations. The Route map seeks to accelerate the delivery of offshore renewable energy projects by addressing challenges such as consenting and grid connections. It will also support the economic development and prosperity of onshore communities through a long-term investment strategy for key enablers like skills, ports, and supply chains.

More info here.

### Government response to industrial electrification call for evidence

*Department for Energy Security and Net Zero*

10th September 2024

The Government published its response to last year's Call for Evidence which highlighted the barriers faced by industrial sites regarding electrification. The summary document sets out the key insights drawn from responses, including on electrification-specific intervention needed to bring parity with

other low carbon fuels, therefore allowing sites to choose the right decarbonisation option for their business.

More info here.

### North Sea emissions cut for a fourth year in a row, but operators warned not to be complacent

*North Sea Transition Authority*

10th September 2024

The North Sea oil and gas industry made progress on its transition to net zero by cutting production emissions 4% last year, contributing to an overall reduction of 28% between 2018 and 2023. This includes a 49% reduction in flaring in the same five-year period – due to efficient operations, stricter controls and fines for unpermitted activity. North Sea industry has committed to reaching net zero by 2050, and a 90% emissions reduction by 2040, while also agreeing interim targets with government, including a halving of emissions by 2030. The latest Emissions Monitoring Report from the North Sea Transition Authority (NSTA) shows that progress has been made and the 2030 target is within reach, but more work is needed to ensure that industry meets and surpasses key emissions targets and gets on long-term reduction trajectories.

More info here.

### Sixth renewables auction delivers record number of clean energy projects

*Department for Energy Security and Net Zero*

3rd September 2024

After disappointing results in 2023 which saw zero offshore wind projects agreed, this year's Allocation Round 6 (AR6) round delivered 131 new green infrastructure projects compared to 92 projects in the last auction round. This makes it the biggest round ever with significant numbers for onshore wind, solar and tidal energy, which will power the equivalent of 11 million British homes. These successful results come after the government last month increased the budget by 50%. 9 offshore wind contracts were awarded including securing both what will be Europe's largest and second largest windfarm projects, Hornsea 3 and Hornsea 4 off the Yorkshire coast and the largest floating offshore wind project in the world to reach market, Green Volt. The round also includes 6 new tidal projects and a combined 115 solar and onshore wind projects.

More info here.

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## 2. UK Parliament

### Call for evidence on skills and training reopened

*Industry and Regulators Committee, House of Lords*

12th September 2024

The Industry and Regulators Committee reopened its inquiry launched in April to assess the effectiveness of the UK's skills policies, focusing on apprenticeships and in-work training. The inquiry aims to determine whether the current systems meet the future needs of the UK workforce and explores the roles and responsibilities of the government, employers, training providers and individuals. Initially paused due to the General Election, the call for evidence has now been updated to reflect the priorities of the new government. The goal is to examine how these systems should be reformed to better support industry demands and workforce development.

More info here.

### Great British Energy Bill passing through Parliament

*House of Commons*

5th September 2024

The Great British Energy Bill, introduced to the Parliament end of July, was debated at second reading earlier in September and has now been sent to a Public Bill Committee which will scrutinise the Bill line by line with a first meeting on 8th October. The bill includes provisions to create a new company, Great British Energy (GBE), a publicly owned energy company designed to drive deployment of low-carbon, 'clean' energy.

More info here.

### Parliamentary select committees reconstituted

After the State Opening of Parliament, select committees in both Houses have been reconstituted and new chairs have been elected in September. Select committees are responsible for examining the work of government departments and carrying out thematic inquiries in key policy areas.

Select Committees of relevance to industrial decarbonisation include, among others:

**House of Commons select committees:**

| Committee | Thematic area | Chair |
|---|---|---|
| Energy Security and Net Zero Committee | Scrutinises the policy, spending and administration of the Department for Energy Security and Net Zero and its public bodies, including Ofgem and the Committee on Climate change | Bill Esterson MP (Lab) |
| Environmental Audit Committee | Considers the extent to which the policies and programmes of government departments and non-departmental public bodies contribute to environmental | Mr Toby Perkins MP (Lab) |

| | | |
|---|---|---|
| | protection and sustainable development, and to audit their performance against sustainable development and environmental protection targets. | |
| Business and Trade | Scrutinises the policy, spending and administration of the Department for Business and Trade and its public bodies | Liam Byrne MP (Lab) |
| Housing, Communities and Local Government | Scrutinises the policy, administration and spending of the Ministry of Housing, Communities and Local Government. | Florence Eshalomi MP (Lab) |
| Science, Innovation and Technology | Examines the expenditure, administration and policy of the Department for Science, Innovation and Technology, and associated public bodies, and aims to ensure that Government policies and decision-making across departments are based on solid scientific evidence and advice. | Chi Onwurah MP (Lab) |
| Environment, Food and Rural Affairs | Scrutinise the administration, spending and policy of the Government's Department for Environment, Food and Rural Affairs. | Mr Alistair Carmichael MP (Lib) |
| Public Accounts Committee | examines the value for money of Government projects, programmes and service delivery. Drawing on the work of the National Audit Office the Committee holds government officials to account for the economy, efficiency and effectiveness of public spending. | Sir Geoffrey Clifton-Brown MP (Con) |
| Scottish Affairs | Scrutinises the expenditure, administration and policies of the Scotland Office, and its associated bodies, and the wider UK Government policy with direct impacts on Scotland. | Patricia Ferguson MP (Lab) |
| Welsh Affairs | Scrutinises the expenditure, administration and policies of the Wales Office, and the policies of the UK Government as a whole that have an impact in Wales. | Ruth Jones MP (Lab) |
| Northern Ireland Affairs | Examines the expenditure, administration and policy of the Northern Ireland Office and its associated public bodies. | Tonia Antoniazzi MP (Lab) |

**House of Lords select committees:**

| Committee | Thematic area | Chair |
|---|---|---|
| Industry and Regulators Committee | Considers matters relating to industry, including the policies to promote industrial growth, skills and competitiveness, and to scrutinise the work of UK regulators. | Baroness Taylor of Bolton (Lab) |
| Environment and Climate Change Committee | Environment and climate change | Baroness Sheehan (Lib) |
| Science and Technology Committee | Science and technology | The Baroness Brown of Cambridge DBE FREng FRS (crossbench) |

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## 3. Scotland

### Parliamentary committee continues debate on just transition

*Scottish Parliament*

18th September 2024

The Economy and Fair Work Committee held an evidence session on Just Transition, with Professor Keith Bell, Climate Change Committee and Professor Graeme Roy, Scottish Fiscal Commission, meeting minutes. The Committee will hold a further debate on its inquiries into a Just Transition for Grangemouth and the North East and Moray on 3rd October.

More info here.

### Scottish Government Launches £7 Million Fund to Support Green Hydrogen Projects

*Scottish Government*

16th September 2024

The Scottish Government has announced up to £7 million in funding to support the development of green hydrogen projects across Scotland, aiming to boost hydrogen production capacity between 5 and 400 megawatts. This funding which will help cover development costs, also supports the hydrogen supply chain and storage solutions to scale up the sector. Organisations can apply for a maximum of £2 million in match-funding until the end of the month, as part of a scheme co-developed with Scottish Enterprise. This initiative complements previous investments made through the Hydrogen Innovation Scheme.

More info here.

### Green Industrial Strategy published

*Scottish Government*

11th September 2024

The Scottish Government has published its Green Industrial Strategy which identifies areas of strength and opportunities to grow globally competitive industries in the transition to net zero. The strategy

- identifies **5 priority areas for investment**, including wind energy, CCUS, green economy professional and financial services, hydrogen, and clean energy-intensive industries (incl. electrification of existing industries where appropriate and attracting new clean industry)
- proposes coordinated action in **6 enabling areas**, including actions to related to supporting an investment-friendly ecosystem, investing in research and development, skills development, supporting supply chain businesses, delivering an agile planning and consenting system; and housing and enabling infrastructure
- outlines a **partnership approach** for aligning public institutions and working with business, industry, investors and academia.

More info here.

IDRIC's commissioned report to inform the strategy and support policy development for industrial decarbonisation can be found here.

## UK and Scottish governments announce joint plan to secure industrial future of Grangemouth

*Department for Energy Security and Net Zero, Scotland Office, Scottish Government*

12th September 2024

The UK and Scottish governments have announced a joint £100 million investment package to secure the industrial future of Grangemouth, following Petroineos' decision to decommission its oil refinery by mid-2025. Petroineos has announced that Scotland's only oil refinery at Grangemouth will close by the summer of 2025, convert the site into a terminal to import fuel, resulting in 400 job losses. The joint UK and Scottish government plan to address the site's future includes £20 million in new joint funding, alongside £80 million from the Falkirk and Grangemouth Growth Deal, aimed at supporting the local community and workforce through investments in local energy projects. Over the next 30 years, the Growth Deal is expected to deliver £628 million in economic benefits and create 1,660 jobs across the Falkirk area.

More info here and here

## Climate Change Bill published

*Scottish Government*

5th September 2024

The Scottish Government has introduced new legislation to adopt a carbon budget approach for setting climate targets. The carbon budget framework will set limits on greenhouse gas emissions over five-year periods, offering a more stable and reliable approach compared to annual targets which are vulnerable to fluctuations. More info here.

In Parliament, the general principles of the Bill will be debated on 10 October 2024. More info here.

## New Planning Hub to launch

*Scottish Government*

4th September 2024

As part of its Programme for Government (2024-25), the Scottish Government announced the establishment of a new Planning Hub to improve the consistency and efficiency of decision-making and support the transition to net zero. Funded by the Scottish Government and led by the National Planning Improvement Champion Craig McLaren, the hub will support local planning authorities to improve their resourcing, skills and capacity for making quicker decisions, with an initial focus on consenting of hydrogen developments.

More info here.

## Scottish Programme for Government published

*The Scottish Government*

4th September 2024

The Scottish Government has unveiled ambitious plans in its new Programme for Government, positioning net zero at the centre of its economic and environmental strategies. While the Deposit Return Scheme (DRS) has been delayed until at least 2025, efforts are intensifying across renewable energy, climate adaptation, industrial decarbonisation, and the circular economy. Key initiatives focus on scaling up renewable energy, supporting industrial decarbonisation, and ensuring a just transition that benefits communities and businesses. Existing and new announcements include:

- **Carbon Budgets**: Legislation to introduce five-yearly carbon budgets, providing a structured approach to emissions reduction.
- **Natural Environment Bill**: New legislation to establish statutory targets for nature restoration and protection.
- **Energy Strategy and Just Transition Plan**: A forthcoming plan to double renewable energy generation while ensuring economic and social benefits.
- **Planning and Consenting Reforms**: Streamlined approvals for renewable energy projects over 50 MW to attract private investment.
- **Offshore Wind Sector**: Up to £500 million investment to leverage £1.5 billion in private funding to accelerate decarbonisation.
- **Just Transition Fund**: £500 million allocated over 10 years to support decarbonisation in the North East and Moray.
- **Heat in Buildings Bill**: Legislation to provide clarity for building owners, with a review of the New Build Heat Standard concluding by December 2024.
- **EV Infrastructure**: A roadmap to deliver 24,000 public electric vehicle charge points by 2030 and support a 20% reduction in car use.
- **Green Freeports and Investment Zones**: Establishment of two Green Freeports and two Investment Zones focusing on decarbonised industries and sustainable economic development.
- **National Project Pipeline**: By 2025, a pipeline and online investment portal to promote industrial decarbonisation projects across Scotland.

More info here.

## Scotwind revenues to cover budget shortfalls

*Scottish Government*

3 September 2024

In her fiscal pre-budget update, Finance Secretary Shona Robison set out plans to balance the budget amidst growing financial pressures. Announcements include £500 million direct cuts, with £188 million of specific savings across all portfolios, including a reduction in resource spend on

sustainable and active travel. The government also plans to utilise up to £460 million of additional Scotwind revenue funding to plug budget holes.

More info here.

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## 4. Wales

### Support for Tata supply chain launched

*Welsh Government*

30th September 2024

Supply chain businesses impacted by Tata Steel UK's transition to electric arc steelmaking at Port Talbot will be able to seek funding to overcome short term challenges during the transition phase, as well as helping businesses refocus in preparation for new growth opportunities. The Supply Chain Transition Flexible Fund is part of an overall £80 million support fund provided by UK Government through the cross-government transition board. The fund will be delivered through a partnership between Neath Port Talbot Council and Welsh Government's Business Wales. It comes on the day that Tata Steel UK is ceasing operations at blast furnace 4 along with other associated iron and steelmaking assets, bringing an end to ironmaking at the Port Talbot site.

More info here.

### Consultation on implementation of Infrastructure (Wales) Act

*Welsh Government*

19th September 2024

The Infrastructure (Wales) Act 2024 provides for a new consenting process that will enable the Welsh Ministers to determine applications for significant infrastructure projects. The purpose of the Act is to provide more certainty in the decision-making process. The Act contains the framework for the overall process, with the finer details to be prescribed in Regulations. The Welsh Government is seeking views the finalisation of the Regulations, including to define developments that fall within the consenting process. The closing date for responses is 13 December 2024

More info here.

### Port Talbot Deal

*Department for Business and Trade, Wales Office*

11th September 2024

Tata Steel has announced the largest investment in the UK steel industry in decades and will collaborate with the government to explore new investment opportunities. As part of this initiative, the company will offer a comprehensive training programme for employees at risk of compulsory redundancy, providing recognised qualifications in sought-after skills. Employees choosing redundancy will receive a minimum payment of £15,000 pro-rata, plus a £5,000 retention payment. The Business and Trade Secretary highlighted the need to minimise compulsory redundancies, with 2,000 staff expressing interest in voluntary redundancy.

More info here.

### Welsh Government priorities

*Welsh Government*

17th September 2024

In a statement to the Senedd at the start of the autumn session, the First Minister committed to driving forward progress across green jobs and growth – creating green jobs that tackle the climate crisis and restore nature, while making families better off; accelerating planning decisions to grow the Welsh economy.

More info here.

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## 5. Consultations and calls for evidence

- Regional Energy Strategic Plan policy framework consultation, Ofgem, closes on 8th October 2024
- Great British Energy Bill: call for evidence, House of Lords Public Bill Committee, 15th October – earlier submission recommended
- Proposals for a new standard rules permit for research and development at a Part A(1) installation, Environment Agency, closes on 30th October 2024.
- Draft Electricity (Early-Model Competitive Tenders for Onshore Transmission Licences) Regulations 2024 for consultation, Ofgem, closes on 1st November 2024.
- Infrastructure (Wales) Act 2024 implementation, Welsh Government, closes on 13th December 2024

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## 6. European Union / International

*COP29, or the 2024 United Nations Climate Change Conference or Conference of the Parties of the UNFCCC, will be held in Baku, Azerbaijan from 11 to 22 November, 2024. We will provide an update of key themes to watch in next month's policy update.*

### Adoption of the revised EU ETS Monitoring and Reporting Regulation

*European Commission – Directorate-General for Climate Action*

23rd September 2024

The Commission adopted an amendment to the EU Emissions Trading System (ETS), Monitoring and Reporting Regulation (Implementing Regulation (EU) 2018/2066). The revisions include, zero-rating of emissions from certain low-carbon fuels, such as renewable fuels of non-biological origin and synthetic low-carbon fuels, in the ETS. The changes also cover improved rules for biomass fuels and sustainable aviation fuels, and aim to ensure compliance with sustainability and greenhouse gas savings criteria, and to avoid double counting of emissions. Improvements to the existing rules also address transfer of $CO_2$ and $CO_2$ emissions considered to be permanently chemically bound in a product. Furthermore, the measures also include monitoring and reporting requirements for non-$CO_2$ effects from the aviation sector. The new monitoring, reporting, and verification system for these effects will be operational from 2025.

More info here.

### The future of European competitiveness – A competitiveness strategy for Europe: Draghi Report

*European Commission*

9th September 2024

The Draghi report, commissioned by the European Commission, lays out several strategies to drive Europe's decarbonisation efforts while ensuring economic competitiveness. The report highlights the urgency of addressing Europe's lag in industrial productivity and innovation, with a particular focus on green energy and sustainable development. Key to this vision is the need for substantial public investment in decarbonisation, through a joint EU borrowing mechanism. This would fund major projects in clean energy, infrastructure, and technologies crucial for meeting the EU's climate goals, especially in reducing carbon emissions. The report also stresses the importance of regulatory reforms and calls for cutting red tape in approval processes for renewable energy projects, particularly wind and solar, and prioritising research and development in hydrogen and battery storage.

More info here.

### New guidance on implementing the revised renewable energy and energy efficiency directives

*European Commission, Directorate-General for Energy*

2nd September 2024

The Commission adopted new guidance to support EU countries in transposing and implementing the revised directives on renewable energy and energy efficiency into national law. The adopted guidance covers 3 areas related to the Renewable Energy Directive where progress needs to be accelerated: heating and cooling, energy system integration and renewable fuels of non-biological origin (RFNBOs), as well as the heating and cooling aspects of the revised Energy Efficiency Directive.

Background:

- The revised Renewable Energy Directive (RED) is the main legislative framework to drive the deployment of renewable energy in the EU. Its 2023 revision increased the EU's 2030 renewables target to at least 42.5% (aiming to reach 45%) and introduced new measures to accelerate the uptake of renewable energy projects, e.g. simplified permit-granting rules, and drive the use of renewables in sectors such as heating and cooling, industry and transport. EU countries are required to transpose the main elements of the directive into national law by 21 May 2025.
- The new Energy Efficiency Directive entered into force on 10 October 2023. The revised directive raises the EU energy efficiency target, making it binding for EU countries to collectively ensure an additional 11.7% reduction in energy consumption by 2030, compared to the projections of the EU reference scenario 2020. EU countries need to transpose the Energy Efficiency Directive into their national legislation by 11 October 2025.

More info here.

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## 7. Policy reports

A selection of recent reports, briefings and other publications with relevance to industrial decarbonisation policy. To suggest publications to be featured here, please contact us at policy@idric.org

### Transforming industry: Strategic policy insights for Scotland's industrial decarbonisation

Policy report

*A. Pultar, J. Ferrier, A. Jahanbakhsh*

*IDRIC, Heriot- Watt University*

This report was commissioned to support the Scottish Government in the development of an enhanced policy package to accelerate the decarbonisation of Scottish industry in light of the upcoming Green Industrial Strategy and Climate Change Plan. Strategic insights were collated from IDRIC's UK-wide academic research and ongoing stakeholder engagement and contextualised for Scotland, identifying critical components of an integrated policy approach to industrial decarbonisation, synthesise common challenges and outline key policy recommendations. The report identifies several financial and non-

financial barriers for adopting low-carbon alternatives in Scottish industry. In addition, systemic barriers to the roll-out and scaling of green technologies include electricity grid constraints, planning and permitting bottlenecks, as well as skills shortages.

Download

### Co-deployment of bioenergy with carbon capture and storage in the UK: Growth or gridlock?

Journal article

*M. Freer, A. Fullonton, D. Clery, S. Mander, C. Gough*

*University of Manchester*

This study evaluates a BECCS-Hub within the North-West Industrial Carbon Capture cluster. It examines five different BECCS supply chains as well as the carbon performance and scalability variations crucial for aligning with evolving BECCS business models. The study highlights challenges around securing enough biomass to fuel these systems, especially when there is competition for resources, and warns that this competition could slow down the UK's efforts to reach net zero carbon emissions. The research recommends flexible and well-planned strategies to ensure that BECCS can be scaled up efficiently in the future.

Download

### Transitioning or tinkering at a net-zero economy? Introducing an assessment framework for industrial cluster decarbonisation in the United Kingdom

Journal article

*C. Ogwumike, A. Akponeware, A. Oyewole, H. Dawood, R. Pinedo-Cuenca, J. Ling-Chin, A. Roskilly, N. Dawood*

*Teesside University, Leeds Beckett University, Durham University*

This paper proposes an assessment framework for industrial cluster decarbonisation and aims to address the existing gaps, particularly in the assessment of social, economic, and environmental impact of any deployed technology. The framework can assist stakeholders, policymakers, and researchers in assessing the impacts of energy transition, which is critical to policy design and decision-making while also contributing to achieving sustainable decarbonisation goals.

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