



Industrial Decarbonisation Policy Update – March 2022

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UK Government

The UK government long awaited energy security strategy is expected to be announced later this week. The strategy is likely to contain new ambitions for increasing nuclear power and offshore wind, as well as new North Sea oil and gas. However, the Cabinet remains split over onshore wind, with business secretary Kwasi Kwarteng and levelling up secretary Michael Gove in favour of expanding onshore windfarms, and transport secretary Grant Shapps calling them an 'eyesore'. Recent calls to relax restrictive planning legislation in England to enable expanding onshore wind in England are unlikely to be met against the backdrop of the Conservative Party's internal row over net zero.

Infrastructure Progress Review 2022

National Infrastructure Commission

16th March 2022

The National Infrastructure Commission has published its Infrastructure Progress Review 2022, which finds that the Government is not currently on track to deliver infrastructure changes required to achieve Net Zero by 2050, level up the UK or improve climate resilience.

More information [here](#).

North Sea Transition Deal – One Year On Report

Department for Business, Energy and Industrial Strategy

21st March 2022

A report on the North Sea Transition Deal evaluates the progress made in the past year across the five key areas of the Deal: supply decarbonisation, carbon capture, usage and storage (CCUS), hydrogen, supply chain transformation, and people and skills.

More information [here](#).

Cluster sequencing Phase-2: eligible projects announced (power CCUS, hydrogen and ICC)

Department for Business, Energy and Industrial Strategy

22nd March 2022

BEIS has now announced eligible projects for Phase-2 cluster sequencing process. These include 8 projects for power CCUS, 8 hydrogen projects and 25 industrial carbon capture projects located in the East Coast Cluster and Hynet, announced as Track-1 clusters for CCS last October, and the Scottish cluster, currently figuring as reserve cluster.

More info on the projects [here](#).

Industrial Hydrogen Accelerator Programme

Department for Business, Energy and Industrial Strategy

23rd March 2022

BEIS has published a notice on the proposed Industrial Hydrogen Accelerator Programme that would provide funding for innovation projects that can demonstrate end-to-end industrial fuel switching to hydrogen. More information [here](#).

Proposals to bring shipping into ETS

Department for Business, Energy and Industrial Strategy

25th March 2022

In a current consultation on changes to the UK emissions trading system (ETS), the UK government is considering including the domestic maritime sector. The UK ETS was launched last May replacing the EU ETS after Brexit and currently covers around 1,000 power plants, industries and airlines which together make up around a third of the UK's emissions. Shipping is currently not included in the scheme. The consultation is also seeking to tighten the cap in the ETS from 2024. See also section on consultations below.

Carbon capture, usage and storage: amendments to Contracts for Difference regulations

Department for Business, Energy and Industrial Strategy

29th March 2022

BEIS has published a response to its earlier consultation on amendments to the Contracts for Difference regulations to facilitate the award of the dispatchable power agreement (DPA) for Power CCS. The government response sets out the proposed amendments and related policy rationale, that will be incorporated in a new Statutory Instrument, The Contracts for Difference (Miscellaneous Amendments) Regulations 2022).

More information [here](#).

Westminster

Report on National Policy Statement for Energy

Business, Energy and Industrial Strategy (House of Commons) Committee

25th February 2022

Following its recent inquiry, the Committee published a report in which it welcomes the Government's move to revise its energy National Policy Statement (NPS) but urges the Government to 'be explicit on net zero target' in its approval process for major energy infrastructure. It is also suggested that the revised statement should explicitly give greater weight to the "urgent" need to build new energy infrastructure that will increase the supply of low-carbon energy in the UK's network. The report also recommends the wording of the statement to provide the Secretary of State with flexibility to consider and give consent to new technologies such as hydrogen and carbon capture and storage.

More information [here](#).

Evidence session on UK energy supply and investment

Economic Affairs Committee (House of Lords)

1st March (ongoing)

Starting in March, the Committee held a series of oral evidence sessions on UK energy supply and investment, questioned witnesses from the International Energy Agency, Carbon Tracker Initiative, Offshore Energy, the Renewable Energy Association and many others. Sessions discussed the Net Zero investment, green technologies, financial institutions, infrastructure and many related issues. Among the key messages from witnesses was the need for a big increase in R&D, as well as support for demonstration projects, such as carbon capture and storage technologies. CCUS was particularly highlighted as key for the harder to abate sectors, and the importance of developing knowledge and skills to apply it to such technologies was discussed.

More info [here](#).

Report on Achieving Net Zero

Public Accounts (House of Commons) Committee

2nd March 2022

Following its recent inquiry into the government's strategy for achieving net zero, the Committee has published its report which makes a series of recommendations to government. These include how it should ensure the Parliament can scrutinise the implementation of its net zero policies, how it should strategically encourage the private sector workforce to develop the skills needed to achieve net zero, and how the Government should encourage work across its departments to increase public awareness of consumption emissions to ensure the impact of consumer decisions play a central role in tackling climate change.

More information [here](#).

Report on The net zero transformation: delivery, regulation and the consumer

Industry and Regulators Committee (House of Lords)

4th March 2022

As part of its Ofgem and net zero inquiry, the Committee concluded that it does not believe that the necessary policy detail is in place to achieve net zero targets. The report calls for clarity from the Government to encourage the scale of investment required to decarbonise

the energy system while maintaining energy security, particularly in areas such as the business model to support the development of long-duration storage technologies and the overall funding envelope and business model for carbon capture, usage and storage (CCUS). The report recommends that the Government should set out by the end of 2024 the roadmap by which it will deliver the energy mix it envisages for achieving net zero in a secure way, including setting out the funding structures for any new technologies that the Government aims to rely on.

The report is available in full [here](#).

Response to the Treasury's Net Zero Review

Environmental Audit Committee (House of Commons)

29th March 2022

In a recent letter to Business Secretary Kwasi Kwarteng, the Environmental Audit Committee has called on the government to take more action to roll out technologies such as BECCS and DACCS by improving transparency and accountability around emissions targets. Government policy of combining greenhouse gas removal and reduction targets was criticised as not providing sufficient incentives for sectors such as steel and cement to decarbonise.

More information [here](#).

The committee also launched a new inquiry into how the UK can reduce its reliance on oil and gas (see section on consultations below).

Scottish Government

Scotland's National Strategy for Economic Transformation

1st March 2022

The Scottish Government has published its 10 year economic transformation strategy, the first economic strategy it has published since 2015. The strategy was expected late last year, but was delayed due the pandemic and negotiations with the Scottish Green Party. It brings together existing policies and sector strategies that have already been brought forward by the government over the past years. It revolves around 5 policy programmes which will seek to establish Scotland as an entrepreneurial, productive and innovative nation, strengthen the nation's position within new markets, support skills at every stage of life to meet the demands of the economy, and to reorient the economy towards wellbeing and fair work.

The strategy highlights the importance of existing skills and expertise in the oil and gas industry, onshore and offshore energy generating technologies, and the role of hydrogen, including an action to "provide capital investment to support renewable hydrogen production". An intention for a cluster-led approach to developing markets is outlined, however, the strategy does not mention CCUS technologies, transport or storage infrastructure.

More information [here](#).

Technology sector export plan

21st March 2022

The Scottish Government published an action plan in order to help the Scottish technology sector increase exports and reach new international markets. The Export Plan for Scotland's Technology Sector identifies opportunities to build on strengths in key areas, including digital technologies and advanced manufacturing. To support these ambitions, the plan outlines the current support offered to technology companies in Scotland and sets out plans for increasing the support for companies and industries build export capacity and capability.

More information [here](#).

Green Freeports prospectus published

25th March 2022

A guide has been published for bidders who want to establish a Green Freeport in Scotland. The joint prospectus, published in partnership by the Scottish and UK Governments, underlines the Scottish Government's commitment to Fair Work First criteria, including payment of the real Living Wage, and invites bidders to reflect that in setting out their fair work strategies.

More information [here](#).

Scottish Government International Trade Missions

9th March 2022

A Joint Declaration of Intent on Cooperation on economy, energy transition and net zero between the state of North Rhine-Westphalia and the Scottish Government was signed, setting the context for further development of links and shared activities.

21st – 25th March 2022

Scottish Development International, the international arm of the Scottish Government and Scotland's enterprise agencies, led a trade mission to the United Arab Emirates (UAE), with a focus on hydrogen and clean energy technologies. The visit concluded with the signing of a memorandum of understanding between the Scottish Hydrogen and Fuel Cell Association and the Clean Energy Business Council MENA.

Scottish Parliament

Debate: The Road to COP27 and Beyond: Tackling the Climate Emergency in the Aftermath of COP26

Net Zero, Energy and Transport Committee

10th March 2022

The Scottish Parliament reflected on the inquiry led by the Net Zero, Energy and Transport Committee on the progress in tackling the climate emergency which has been made since the COP26 summit last November. The debate focused on the "*massive challenge*" of delivery on Scottish Government Net Zero commitments, including the decarbonisation of

heat and transport, energy strategy, hydrogen and CCUS. Scottish Ministers and MPs highlighted the role of funding for renewables, and nurturing skills and expertise in not just meeting commitments, but ensuring they are delivered within the context of a just transition.

Full transcript is available [here](#).

Report on National Planning Framework 4

Local Government, Housing and Planning Committee

30th March 2022

In its report, the Committee offers reflections on National Planning Framework 4 (NPF4) and the capacity and suitability of the current planning system to meet the ambitions of NPF4. The report concludes that the capacity of the current planning system is an overarching issue, and that “greater clarity on priorities is required if the ambitions of NPF4 are to be delivered in a coherent and consistent way”. The committee highlighted that many stakeholders do not understand the meaning of the language used, and therefore have difficulty in identifying priorities for decision making. The committee welcomes the prominence given to the climate emergency in NPF4, but stated that it is essential that this prominence is realised in planning decisions, and suggested the Scottish Government reflect on concerns expressed by the Climate Change Committee.

Further information [here](#).

Wales

Net Zero Industry Wales body

Welsh Government, Business, Economy, and Innovation

28th March 2022

A new body, Net Zero Industry Wales is to be created to support Welsh industry decarbonise and create new jobs in the green industries of the future. Net Zero Industry Wales will work with an existing group of 40 business and academic partners operating within a wide range of energy-intensive industries to help them achieve Net Zero.

More information [here](#).

Northern Ireland

Climate change bill: Net Zero targets

Northern Ireland Assembly

9th March 2022

With the passing of climate change legislation by the Northern Ireland Assembly, Northern Ireland has for the first time set a legal commitment to Net Zero, bringing the country closer to the rest of the UK and Ireland in terms of climate change legislation. The bill, tabled by Minister for Agriculture and Environment, Edwin Poots, originally only included an 82%

emissions reduction target, but was subsequently amended to contain a net zero target, due to competition from an opposing bill by Green Party Northern Ireland leader Clare Bailey. However, while the final bill contains a net zero target for 2050, Poots secured a separate reduction target of only 46% for methane emissions, in an effort to appease the country's strong agriculture sector. For more information on Northern Ireland's track record on climate targets see the Belfast Telegraph article [here](#) and the CCC's response [here](#).

Open consultations and calls for evidence

Consultation: UK Offshore Energy Strategic Environmental Assessment 4

Department for Business, Energy and Industrial Strategy

17th March 2022

BEIS is consulting on a draft programme covering future offshore renewables leasing, licensing for oil and gas, hydrocarbon and carbon dioxide gas storage, and offshore hydrogen production.

Closing date: 27 May 2022. More information [here](#).

Consultation: Developing the UK Emissions Trading Scheme (UK ETS)

Joint consultation of the UK Government, the Scottish Government, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs for Northern Ireland

25th March 2022

The UK government and devolved administrations, which together make up the UK ETS Authority, have launched a joint consultation on the proposed UK ETS. This includes proposed actions for a net zero consistent cap for the scheme, changes to Free Allocation policy and options for the expansion of the UK ETS to cover waste and maritime sectors. Additionally, this consultation calls for evidence on a number of potential future opportunities for scheme development, including the incorporation of greenhouse gas removal into the UK ETS, and on the monitoring, reporting and verification requirements necessary to address greenhouse gas emissions in the land use and agriculture sectors.

Closing date: 17 June 2022. More info [here](#).

Call for Evidence: Accelerating the transition from fossil fuels and securing energy supplies

The Environmental Audit Committee (House of Commons)

31 March

The Environmental Audit Committee is launching a new inquiry examining the Government's policies for securing energy supplies and accelerating the transition from fossil fuels. The inquiry covers the following areas:

- Securing sustainable energy supplies and protecting households from high prices
- Tax and the fossil fuel industry

- The transitional role of oil and gas in the energy mix

Closing date: 6 May 2022. More information [here](#).