

Powering Up Britain



In brief:

- The High Court ruled the government's existing plans were not sufficient to meet climate targets. Powering Up Britain is in response to that ruling
- The government will not be making changes to the planning rules relating to 'best and most versatile' agricultural land that might constrain solar deployment
- There will be a consultation on improving the energy efficiency of owner-occupied homes
- A consultation on the UK Carbon Border Adjustment Mechanism, a carbon border tax, has been launched.

Powering Up Britain is the latest blueprint for the future of energy in the UK. The document was drawn up after the High Court ruled the government's existing plans were not sufficient to meet its climate targets. According to the government, the strategy brings together the Energy Security Plan and Net Zero Growth Plan to explore how both decarbonisation and energy security targets can be simultaneously achieved.

The strategy has already faced harsh criticism from academics and environmental groups. Friends of the Earth said it may have to go back to the High Court after being part of the group which brought the first case against the original plan. Dr Chris Jones, an expert in climate change at the University of Manchester, said "the regressive measures on fossil fuels won't make any real impact on our bills and energy security, but they are enough to downgrade the UK's role as a leader in tackling climate change".

It is a multifaceted plan, commenting on various areas from nuclear power to carbon capture to decarbonising transport, with some of these areas having consequent implications for the rural sector.

Renewable energy

The government has acknowledged the huge potential of solar and the cost effectiveness of ground-mounted solar. As a result, it is looking for large scale solar deployment across the UK, mainly on brownfield, industrial and low/medium grade agricultural land. After much confusion, it has now stated it will not be making any changes to the planning rules relating to 'best and most versatile' agricultural land that might constrain solar deployment.

Any decision on onshore wind has been avoided with little more than a vague repetition of previous statements. The government states it will deliver a "localist" approach and provide local authorities with more flexibility in their responses to the views of the local community. There are rumours of a consultation that will offer households a discount on their energy bills if they support the development of local onshore wind farms, but this has not yet been released.

Energy efficiency

A new Energy Company Obligation scheme (the Great British Insulation Scheme) will be introduced and deliver £1 billion of additional investment by March 2026 in energy efficiency upgrades. The scheme will target around 300,000 of the country's least energy efficient homes in the lower council tax bands. The government plans to set out legislation for this measure in the summer.

There will also be a consultation by the end of this year on how to improve the energy efficiency of owner-occupied homes and the government has promised to publish a long overdue summary of responses to the consultation on improving the energy performance of privately rented homes.

Heat pumps

The government looks set to continue its pursuit of a "heat pump first strategy". Alongside incentivising private investment, there is an intention to implement the Clean Heat Market Mechanism in 2024 to incentivise heating system manufacturers to deploy heat pumps as a proportion of fossil fuel boiler sales. The availability of the Boiler Upgrade Grant Scheme will be extended to 2028.

The government has an ambition to phase out all new and replacement natural gas boilers by 2035. With that in mind, it says it will further consider Chris Skidmore's recommendations in the Independent Review of Net Zero. His review recommended that gas boilers be banned by 2033, rather than 2035.

Fuel price rebalancing

Chris Skidmore also recommended that by the end of 2024 progress is made towards rebalancing gas and electricity prices. It is currently felt that levies and other influencing factors push consumers away from electricity and towards gas, therefore reducing the uptake of green products such as heat pumps which increase electricity consumption. The strategy has accepted Skidmore's recommendation so some environmental levies will be moved from electricity bills to gas, reflecting that a much higher proportion of electricity is from renewable sources today.

Carbon leakage

Carbon leakage occurs when, as a result of domestic climate policies, production is offshored to regions where emissions constraints and penalties are less. The government wants to mitigate against this through a UK Carbon Border Adjustment Mechanism which could be deployed as early as the mid-2020s. The consultation on this will run for 12 weeks and could see a tax applied to imports that is reflective of the carbon cost of production and the carbon price already levied in the nation of origin. For example, the price of carbon allowances in Britain currently stands at about \$86 a tonne while allowances in China trade around \$8.28 per tonne. The strategy also acknowledges the need for a long term pathway for the UK Emissions Trading Scheme and has committed to set one out this year. There has been speculation that fertiliser imports could be caught by this process, but no specific mention is made in Powering Up Britain.

Grid

Electrification is a central tenet of net zero ambitions, being key to sectors such as transport and heat. Elsewhere in the strategy, the government has promised more than £380 million to improve the number of electric vehicle charging points. That electrification is placing huge demand on the supporting infrastructure, namely the electricity grid which the government admits needs to expand at an unprecedented scale and pace. It has the ambition to cut delivery times in half and accelerate the delivery of strategic transmission upgrades by at least three years. A connections action plan is also expected in the summer.

To find out more about how developers can overcome grid capacity issues and how landowners can benefit from investment in renewable energy assets, see our Energy Security and Infrastructure Spotlight [report](#).

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