

Great British Energy Bill Committee – Call for Evidence

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Summary

GB Energy needs a clear joined up set of priorities and a purpose or mission set by the Secretary of State. This must provide long term certainty for investors and stakeholders with the appropriate level of oversight by government.

Guiding principles for setting up GB Energy

- The Government must outline the remit for GB Energy, set its objectives, and give it a purposeful mission for delivery in the Articles of Association.
- There needs to be greater clarity around the governance and oversight of GB Energy, defining who it will be governed by and how it will operate within the remit of existing structures such as NESO and Ofgem.
- To distinguish GB Energy from existing sector stakeholders, the Government must be mindful of all existing market actors when setting the purpose, objectives, and mission.
- The Secretary of State should be mindful of the importance of medium- and long-term stability and certainty when delivering his statement of strategic priorities.
- The Secretary of State must clearly define the metrics for GB Energy's success.

Governance and Oversight

In the absence of a clear purpose for GB Energy it is difficult to construct clear governance and oversight structures for it. It is vitally important that the Government addresses this and outlines the role that GB Energy will be taking. As it stands it is not clear if the Secretary of State intends to make GB Energy a financier, a project developer, or develop an entirely new private/public relationship. This raises questions over who GB Energy is directly answerable to and exacerbates the need for oversight from the appropriate bodies. For example, the Bill Committee should explore GB Energy's relationship with Ofgem, NESO, and existing legislation such as the Energy Act 2023 as there is potential for a conflict of interest occurring here. Furthermore, in its current form it appears that the Bill empowers the Secretary

of State to give guidance and direction on projects, whilst being directly responsible for their approval. Explanations over how this will work and how conflicts of interest are avoided are required.

Governance and oversight are essential to ensuring that the Secretary of State is receiving the correct advice. It would be helpful if clause 6 3(b) addresses this rather than only citing 'such persons the Secretary of State considers appropriate' to avoid intellectual blind spots. Committee Members could bring forward a probing amendment to explore the role that the Energy Security and Net Zero Select Committee may have in reviewing this list. We recognise that it is important to avoid this primary legislation becoming burdensome slowing down decision-making in a market that necessitates agile decision-making. However, these issues around governance and oversight must be resolved. GB Energy can have a hugely positive impact on the UK's energy security and Net Zero targets. There are a number of ways that GB Energy could logically achieve this, but without a clear purpose, and therefore without an obvious system of governance, the role that GB Energy takes in the UK's energy market could be rudderless.

GB Energy principles, purpose, security and opportunities.

GB Energy needs a clear purpose. Currently the wide ranging objectives of GB Energy, as published by the Government, do not provide that clear coherent purpose or mission^{1,2,3}. For example, the Government has said that GB Energy will promote the development of new technologies whilst simultaneously promising to leverage up to 60bn in private investment. This sounds good in practice, but how GB Energy will attract private investment into unproven and emerging technologies in a way that differs from existing financiers is unclear. We support the Government in its desire to develop and harness emerging technologies, this is very important if the UK wishes to fill technology gaps and accelerate Net Zero delivery. However, investing in less mature technologies poses a higher risk and could jeopardise profits, whilst supporting established mature technologies with a minimal rate of failure could present a safer return. We believe that one role GB Energy could have in the market is in supporting technologies that take a longer time to begin delivering returns, but are essential to delivering a whole systems energy strategy.

We want to see the Government outlines the remit for GB Energy, set its objectives, and give it a purposeful mission of delivery in the Articles of Association. Without a common understanding of strategic direction, GB Energy may be at risk of not maximising its potential and delivering the change that the UK's energy sector needs. This should also include clarity on the market spaces that GB Energy does not intend to inhibit.

When setting GB Energy's objectives, the Secretary of State must be mindful of how it is distinct from other stakeholders in the energy market by maintaining a knowledge base of market opportunities and

¹ [Great British Energy founding statement - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/great-british-energy-founding-statement)

² [Great British Energy Bill: call for evidence - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/commons-select/energy-and-climate/)

³ [Great British Energy \(great-british-energy.org.uk\)](https://great-british-energy.org.uk)

failings that distinguish where GB Energy can act most effectively. For example, GB Energy should be clearly distinguishable from stakeholders like the Green Investment Bank to avoid inefficiencies and duplication. Instead, GB Energy can step into the areas that the Green Investment Bank and other actors may not be able to act in. GB Energy should be built on a robust understanding of the remit of existing actors such as the National Energy Systems Operator (NESO). The impact of greater community energy production needs to be included when assessing the overall cost of providing security of energy supply. If GB Energy fails to acknowledge this then significant inefficiencies and insecurities may emerge.

For GB Energy to take on a leadership role in Net Zero delivery it should not only focus its efforts on the electricity system. Instead, in principle, it could explore long term alternative energy sources that have already matured but do not currently have the right conditions for deployment. The long-term economic success of GB Energy hinges on the ability to leverage the £60bn of private investment as set out by the Secretary of State and Chancellor of the Exchequer. To achieve this, the UK must provide the right environment for investment underpinned by a holistic approach. There is an opportunity for the Government to tackle the societal infrastructural deficit on skills, connections and planning reforms delivering on three of its key pledges at the election. Firstly, the Government needs to present a clear plan, building investor confidence, that addresses how these issues will be reformed to position the UK as the first choice for private investment.

With a clear set of coherent objectives and a purposeful mission, GB Energy can be a driving force toward Net Zero, and strengthen energy security. Government should work closely with all market stakeholders, ready to step in when market gaps are identified. These actions could range from regulatory, policy changes or direct funding building a healthy investment landscape for Net Zero solutions. For example, the Committee for Climate Change (CCC) produces reports on Net Zero progress and carbon budgets, but when their July 2024 progress report identified risks to Net Zero delivery, no responsibility was taken for addressing these risks. To fill this gap, the UK needs an entity, that could possibly be GB Energy, that can take responsibility under the direction of the Secretary of State to act on these recommendations. GB Energy could begin by reviewing the CCC's report and collaborating with other bodies to develop a strategic plan to mitigate those risks.

Direction

This legislation places a large amount of power in the hands of the Secretary of State. This Bill obligates him to publish a statement setting out GB Energy's strategic priorities, with no requirement to consult with sectoral experts on those priorities. There is no timescale on making this statement, and there is no timescale on how long this statement is valid for. GB Energy must be agile, responsive, and opportunistic, but that should not be a trade off at the expense of long-term stability and certainty. To curtail this risk, GB Energy must be able to operate freely within a consistent policy framework that enables agility, supports project development, and delivers over the medium to long term, particularly when addressing key strategic decisions such as large nuclear, small/medium nuclear reactors, or no nuclear options.

The Bill lacks any clear metrics of success, raising concerns about how GB Energy's progress will be measured. Including these metrics in the primary legislation may limit the scope that GB Energy can act within. However, these metrics should be clarified by the Secretary of State. The role of the Treasury is notably absent too. The Bill Committee must explore if the Treasury have a role in overseeing and supporting the financial management of GB Energy. In the absence of a clear purpose underpinned by measurable objectives, direction by the Energy Secretary creates uncertainty around the potential for GB Energy to incur significant losses, something which could be a matter for the Public Accounts Committee. A high rate of failure with taxpayers' money may result in the erosion of public and market confidence unless that failure rate is acknowledged beforehand. The Secretary of States' direction must establish a clear plan that outlines how much of GB Energy's focus will be split between immature and mature technologies, and he should include in his directions before Parliament GB Energy's tolerance to failure. Metrics for GB Energy's success need to be explicitly outlined providing details of when the Secretary of State can revise GB Energy's priorities creating certainty around how it operates, maintaining stability and strategic focus.