

ACCELERATING CLEAN BRITISH POWER

Regen's proposed first steps for the new Labour government

July 2024



EXECUTIVE SUMMARY

WE NEED A PLAN AND CLEAR REMITS

ACTION 1

Update the Strategy and Policy Statement for Energy Policy in Great Britain

ACTION 2

Complete set up of National Energy System Operator with remit to produce clean power plan

Click the **actions** above to read more

TAKING ACTION ON THE GRID

GRID ACTION 1

Deliver ‘first ready, first served’ grid connections and reform network incentives to deliver connections by end of 2024

GRID ACTION 2

Establish a taskforce to implement a strategic approach to grid upgrade supply chain and procurement

GRID ACTION 3

Rule out hydrogen for heating and make upgrading local electricity grids a critical infrastructure programme

ACCELERATED MARKET REFORM

MARKETS ACTION 1

Relaunch the Review of Electricity Market Arrangements on an agenda for progressive market reform

MARKETS ACTION 2

Rule out zonal pricing

MARKETS ACTION 3

Boost the Contracts for Difference Allocation Round 6 budget to get offshore wind back on track

MARKETS ACTION 4

Get offshore wind back on track through a ‘buy it now’ price for CfDs

MARKETS ACTION 5

Boost short- and long-duration flexibility with clear targets

TAKING ACTION ON PLANNING

PLANNING ACTION 1

Update the National Planning Policy Framework to prioritise clean energy and maximise local benefits

PLANNING ACTION 2

Hire 1,000 infrastructure planning officers to tackle under-resourcing across the UK

PLANNING ACTION 3

Remove barriers to onshore wind and solar farm deployment

PLANNING ACTION 4

Establish community benefits registers and best practice guidance, including on biodiversity

PLANNING ACTION 5

Publish the update to the National Fire Chiefs Council on Grid Scale Battery Energy Storage System fire safety planning guidance

ENSURING A JUST TRANSITION TO CLEAN POWER

JUST TRANSITION ACTION 1

Develop and commit to a Fair Net Zero Framework in the first year of parliament

JUST TRANSITION ACTION 2

Commit resource and guidance to unlock community engagement in clean power projects

JUST TRANSITION ACTION 3

Collaborate with industry, trade unions and workers to secure future green jobs for those in high-carbon sectors



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CONTENTS

Achieving Labour's clean power ambitions	1
We need a plan	2
Taking action on the grid	3
Accelerated market reform	5
Taking action on planning	8
Ensuring a Just Transition to clean power	11

ABOUT REGEN

Regen provides independent, evidence-led insight and advice in support of our mission to transform the UK's energy system for a net zero future.

We focus on analysing the systemic challenges of decarbonising power, heat and transport.

We know that a transformation of this scale will require engaging the whole of society in a just transition.

ACCELERATING CLEAN BRITISH POWER
Regen – July 2024



ACHIEVING LABOUR'S CLEAN POWER AMBITIONS

Labour has pledged make Britain a 'clean energy superpower'. Achieving this ambitious and vital mission will require immediate action during the first 100 days of government.

Great Britain's electricity grids are jammed with connection-ready projects unable to connect. Our electricity markets require bold, progressive reform as we race towards a renewables-based system. Barriers in planning policy and resourcing are hindering growth.

Across all of this, a rapid transition to a decarbonised energy system needs to be fair for communities and workers.

The purpose of this paper is to set out advice on the first actions required to put the country on course to deliver the new government's vital clean power mission.

More detailed analysis and recommendations is set out in Regen's papers on [grid](#), [planning](#) and [market reform](#).

What is 'clean' or 'net zero' power?

A clean power sector should result in a 'very low' level of carbon emissions from electricity generation, such that the power sector can support and accelerate the decarbonisation of transport, heat and industry.

None of the models of a clean power system envisage decommissioning all gas power stations. The aim should be to reduce the use of unabated gas power to a point where it is rarely used beyond as an energy security service.

See more in our ['What do we mean by clean power'](#) briefing note.

Benefits of clean power

- ✓ Remove our reliance on fossil gas and the whims of global fossil fuel markets
- ✓ Lower and more predictable energy bills
- ✓ The UK becoming a net exporter of energy from our onshore and offshore green energy resources
- ✓ Enabling the decarbonisation of heat and transport
- ✓ Growing the UK's economy through jobs, investment and home-grown energy.

WE NEED A PLAN

Setting out a clean power plan, a cross-departmental ‘mission board’ and updating the remits for NESO and Ofgem will be vital to achieving Labour’s mission.

ACTION 1

Update the Strategy and Policy Statement for Energy Policy in Great Britain

The statutory Strategy and Policy Statement should be updated to reflect Great Britain’s mission to achieve clean power, defined in terms of the carbon intensity of the grid in 2030 and 2035.

The updated statement should also update the remit for Ofgem and the National Energy System Operator (NESO) as to their role in delivering the mission.

“This is a challenge that we should not shrink from and say it is too hard, but roll up our sleeves and give it everything we have got”

SIR PATRICK VALLANCE

ACTION 2

Complete set-up of NESO with remit to produce a clean power plan

The establishment of NESO as a public body should be completed this summer.

The first role of the NESO should be to deliver a Strategic Spatial Energy Plan (SSEP) by 2025, aligned with Labour’s clean power mission. The SSEP should guide planning policies, grid connections and market reform and be followed by 2026 with a Centralised Strategic Network Plan.

The NESO should also be required to work with local and combined authorities to deliver Regional Energy Strategic Plans that reflect local decarbonisation plans, recognising that the route to clean energy will be very different in the Tees Valley than in Tunbridge Wells.

TAKING ACTION ON THE GRID

Connecting clean energy projects to the national grid at pace will require accelerated programmes to tackle the ‘gridlock’ and action to upgrade electricity networks.

GRID ACTION 1

Deliver ‘first ready, first served’ grid connections and reform network incentives to deliver connections – by end of 2024

Ofgem and NESO are leading a positive connections reform process with industry to address the logjam of clean power projects ready to connect that are blocked by projects that are not progressing. This ‘first ready, first served’ reform should be implemented by the end of 2024

Further reform is then required to align grid connections with the SSEP to ensure we develop the right projects in the right place.

Alongside this, Ofgem are due to consult on the end-to-end connections process. This should lead to Ofgem setting out by the end of the year a plan for requiring a strategic and timely approach to connections by network operators.

GRID ACTION 2

Establish a taskforce to implement a strategic approach to grid upgrade supply chain and procurement

To [Rewire Britain](#), grid upgrades will need to be accelerated and procurement lead times cut. A Net Zero Grid Procurement Taskforce should move from by-project procurement to a programme, by:

- Identifying requirements for strategic procurement and deliver a procurement framework for critical components
- Forming a cross-industry partnership across NESO, transmission and distribution networks and key suppliers
- Standardising requirements across network owners to reduce procurement costs and accelerate delivery
- Supporting collaboration to reduce supply chain lead times and risks, leverage economies of scale and optimise resource use
- Building capacity and establishing UK-based grid supply chain.

GRID ACTION 3

Rule out hydrogen for heating, and make upgrading local electricity grids a critical infrastructure programme

The [Second National Infrastructure Assessment](#) recommended that the government should not support the rollout of hydrogen heating. This is supported by [54 independent scientific studies](#).

Labour should quickly provide clarity by ruling out use of hydrogen for heating and supporting the electrification of heat.

Electrification of heat (and transport) will rely on the local grid being ready to deliver more power to the consumer. If the grid is not ready, this will impact households and businesses, impede net zero and curtail growth in the low-carbon economy.

Currently we have spare capacity. However, we need to learn lessons from the transmission network and ensure we plan and invest in the distribution network in good time to enable households to charge their EVs and run their heat pumps.

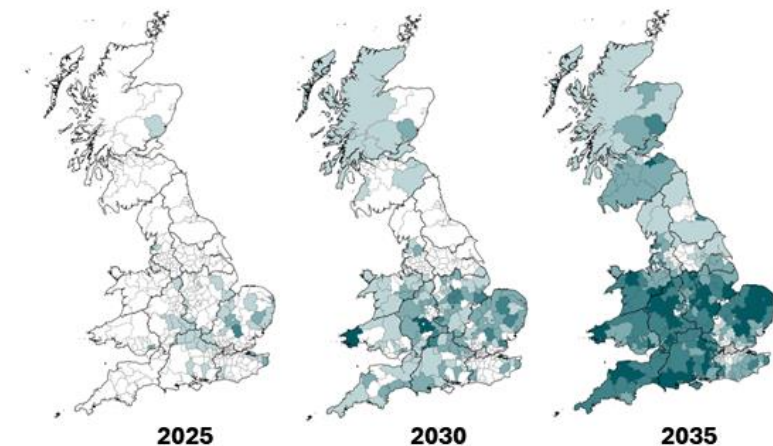
Ofgem should adapt the regulatory model for Distribution Network Operators (DNOs) to require networks to produce long-term investment plans to ensure they have the capacity in time.

Our May 2024 analysis showed that, for electrification at the rate required to meet carbon budgets, network operators calculate that, without intervention, 45% of primary substations will run out of capacity by 2035.

Click the image below for more.

Network investment is necessary across the country for electrification at the rate needed for net zero

Proportion of primary substations with demand constraints in each local authority



Note: Regen analysis of DNO data. Consumer Transformation DFES scenario. 

ACCELERATED MARKET REFORM

Energy markets require a progressive reform programme to support a renewables-based power system – including evolving Contracts for Difference to underpin investment in renewable energy and reduce our exposure to international gas prices.

MARKETS ACTION 1

Relaunch the Review of Electricity Market Arrangements with an agenda for progressive market reform

Progressive reform of electricity markets can support Labour’s goals without the risks associated with more radical market reform.

Relaunching the Review of Electricity Market Arrangements to focus on progressive market reform is key to achieving impactful reform in line with the 2030 targets. The relaunched agenda should include:

- Sending the right locational signals for development, through SSEP and RESP spatial plans to which planning decisions, connection queue management and upfront charges are aligned
- Evolving the use of Contracts for Difference (CfDs) to reduce energy bills and volatility, support investment in renewables and account for non-price factors such as system benefits

- Supporting a transition from unabated gas to low-carbon flexibility and dispatchable generation, backed by a strategic reserve of fossil fuel plants
- Enabling consumers to become active participants in the energy market, and benefit from market evolutions.

MARKETS ACTION 2

Rule out zonal pricing

The government could boost investor confidence by quickly ruling out the upheaval of moving from a national to a zonal market design as part of the Review of Electricity Market Arrangements.

Radical market redesign is not compatible with accelerating investment in clean power. Zonal pricing is underdeveloped and poorly understood by stakeholders, and there is no consensus that it is the right solution.

The uncertainty around the future design of GB’s electricity markets increases risk for developers and is impeding investment.

MARKETS ACTION 3

Boost the CfD Allocation Round 6 budget to get offshore wind back on track

The government has an immediate decision to make on increasing the budget for Allocation Round 6.

The bungled Allocation Round 5 has left a gap in Britain’s offshore wind pipeline. To progress towards Labour’s clean power goal, a strong Allocation Round 6 will be vital.

The previous government allocated £1bn – doubling this would enable in the region of 6 GW of offshore wind projects to proceed.

The cost of supporting these projects is being overstated by the previous government setting a ‘market reference price’ far lower than current and expected electricity prices.

MARKETS ACTION 4

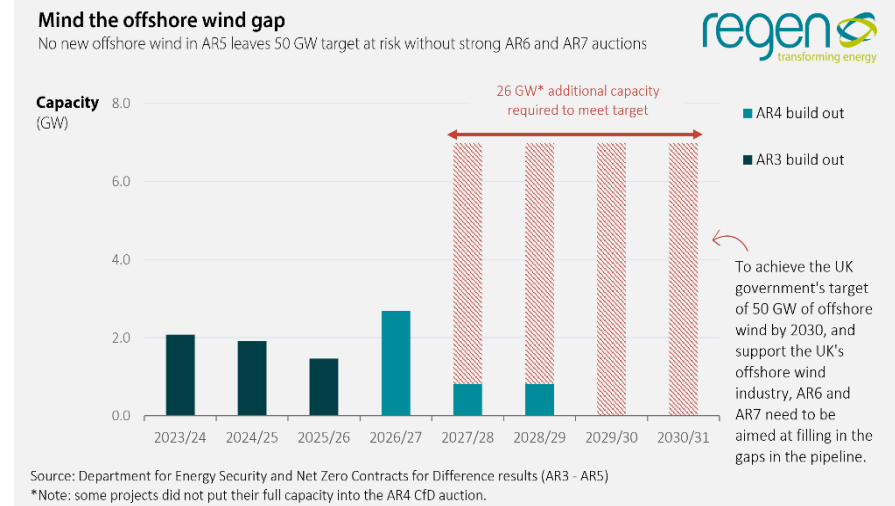
Boost clean power development through a ‘buy it now’ price for CfDs

To turbocharge Labour’s goals it could follow up AR6 by introducing a ‘buy it now’ CfD at a set rate for projects that could deliver by 2030.

Setting a ‘buy it now’ price towards the lower end of the AR6 competitive auction outcomes, with a budgetary or capacity limit, would drive projects and ensure good value for consumers.

Our March 2024 analysis showed the previous government’s 50 GW offshore wind target was already in jeopardy, and would require strong AR6 and AR7 outcomes to get back on track.

Click the image below for more.



MARKETS ACTION 5

Boost short-duration and long-duration flexibility with clear targets and accelerated market reform

The new government should set targets for grid-scale electricity storage capacity by 2030 and beyond, working with NESO and industry as part of the SSEP. To deliver these targets the government should:

- Implement the long duration energy storage (LDES) cap and floor scheme with a technology-agnostic capacity target of between 5 and 12 GW by 2035 and ‘pots’ of LDES requirements for different duration ranges.
- Ensure that NESO has a clear remit to accelerate flexibility market reform – including improving the dispatch of low-carbon flexibility in the Balancing Mechanism and delivering the actions from its Thermal Constraints Collaboration Project.



TAKING ACTION ON PLANNING

Planning reform is key for Labour to deliver its clean energy goals. Local planning resources are stretched, planning policy is hindering renewable deployment and community benefits are not being realised.

PLANNING ACTION 1

Update the National Planning Policy Framework (NPPF) to prioritise clean energy and maximise local benefits

The government should undertake a full review and update of the NPPF to ensure that net zero and renewable energy are established as central priorities – in line with our carbon budgets. This includes:

- Update Paragraph 160 to include the following wording: 'Local plans should seek to realise their area's full potential for electricity and heat from renewable, low-carbon and zero-emission sources by identifying a full range of opportunities for low-carbon development. Local planning authorities should take a proactive approach to setting out their vision for energy and decarbonisation in the local area, including maximising the potential for renewable energy by linking the local plan with other local authority strategies such as Local Area Energy Plans.'
- Update Paragraph 161 of the NPPF to state that community-owned renewable energy applications should be given weight in planning. Additionally, a consistent, free, pre-application advice service should be offered to any community energy project.
- Update Paragraph 163 with the wording used in Policy 11 of the Scottish National Planning Framework: 'Development proposals for all forms of renewable, low-carbon and zero-emissions technologies will be supported' (this should include battery storage) and 'development proposals will only be supported where they maximise net economic impact, including local and community socio-economic benefits such as employment, associated business and supply chain opportunities.'
- Paragraph 163 should also be updated to identify all forms of renewable energy infrastructure as a Critical National Priority.
- Amend the proposals for an accelerated planning service at the local authority level (as per the [consultation published in March 2024](#)) to ensure that an accelerated system prioritises renewable energy and projects aligned with achieving net zero emissions.

PLANNING ACTION 2

Hire 1,000 infrastructure planning officers to tackle under-resourcing across the UK

Challenges with recruiting and retaining planners in local planning authorities are impacting the planning system for renewable and storage projects, causing delays in project decisionmaking that impact applicants, decision makers and overall investment in clean energy projects.

Local plans are increasingly out of date, meaning that many local authorities' energy policies do not reflect the latest developments.

The government should carry out a review of local authority planning resourcing. This should:

- Build upon work started under the planning skills delivery fund to undertake a review of pay, working conditions and career progression for local authority planners
- Review the potential for developing specialist renewable energy planner roles that work across local authorities
- Consider how to increase the capacity of local authorities to update local plans.

Committing to hiring up to three new infrastructure-focused planning officers per local authority would ensure that planning resource is not a blocker to achieving clean power.

PLANNING ACTION 3

Remove barriers to onshore wind and solar farm deployment

The previous government effectively banned onshore wind development in England (despite it being the cheapest form of power), hindering growth and our net zero progress.

The government should remove footnotes 57 and 58 of the National Planning Policy Framework and update the National Policy Statements to incorporate projects over 50 MW into the National Policy Statements and NSIP regime, so they are treated as a Critical National Priority.

The March 2015 Written Ministerial Statement on solar energy should also be removed, or updated with a statement that confirms that the 2015 WMS is out of date and should no longer be taken into consideration in decision making. Decisions on solar energy should be based on the policies of the NPS and NPPF.



PLANNING ACTION 4

Establish community benefits registers and best-practice guidance, including on biodiversity

DESNZ should work with industry bodies to establish online, publicly accessible registers of the community benefits delivered by clean energy technologies to raise awareness of their contribution to the community.

DESNZ should issue best-practice guidance on engagement and community benefits for renewable energy projects at the NSIP level, renewable energy projects at the TCPA level, and for energy storage projects. This guidance should include consideration of biodiversity enhancements as an additional site benefit.

PLANNING ACTION 5

Publish the update to the National Fire Chiefs Council on Grid Scale Battery Energy Storage System fire safety planning guidance

The existing guidance from the National Fire Chiefs Council, published alongside a [planning note in 2023](#), is out of date and is hindering the development of a smart, flexible clean power system. New guidance should be issued as soon as practically possible.

ENSURING A JUST TRANSITION TO CLEAN POWER

To maintain public support and unlock value, the shift to a clean power system – from households to big infrastructure – will need to be fair for people and communities. The benefits of net zero power must be felt across society.

JUST TRANSITION ACTION 1

Develop and commit to a Fair Net Zero Framework in the first year of parliament

To ensure that fairness is embedded in net zero energy policymaking for households, workers and communities, Labour should develop a 'Fair Net Zero Framework', learning from examples in Scotland and Wales, setting out clear principles and metrics for energy policy development. This should include:

- Criteria and processes for analysing the distribution of costs and benefits of net zero policies and strategies, including second order effects such as health outcomes, savings to the NHS, environmental impact and economic development
- Promote best practice in collaboration and engagement with affected groups and sectors in policy development, strategic planning and new renewable and infrastructure projects
- Mandate explicit consideration of priority support for those most likely to be adversely affected by certain policies or strategies.

This should be closely informed by the CCC's distributional analysis and be included explicitly within DESNZ, Ofgem and NESO remits to ensure alignment across key strategic sectors and organisations.

To support monitoring, evaluation, promotion and scrutiny of net zero energy policies, Labour should establish a Fair Net Zero Taskforce with a statutory remit for informing and appraising government action on net zero energy from a just transition standpoint. This taskforce should work closely with the CCC, the UK Committee on Fuel Poverty and comparable bodies in Wales and Scotland.

JUST TRANSITION ACTION 2

Commit resource and guidance to unlock community engagement in clean power projects

The government should build on the Local Power Plan by consulting on a local and community energy strategy that includes:

- A price support mechanism that provides long-term contracts for local clean power at a level that recognises the wider social and economic benefit of community and local schemes.
- Additional resources for local energy development and capacity building as well as low-cost finance for developments, with priority for areas of high deprivation. Local authorities and communities note that there is often a lack of expertise, capacity or resource within communities – particularly in lower-income areas – to deliver local energy projects or participate effectively in shared ownership or community benefit funds.
- Taking forward the findings of the 2015 Shared Ownership Taskforce and publishing guidance on options for local and community ownership and benefit models.

JUST TRANSITION ACTION 3

Collaborate with industry, trade unions and workers to secure future green jobs for those in high-carbon sectors

The examples of Port Talbot in Wales and Grangemouth in Scotland show that action required to enable a just transition for workers in high-carbon industries, including North Sea oil and gas, is required. These workers and their communities cannot be allowed to go off the cliff edge as we saw with coal in the 1980s and 90s.

Building on Green Jobs Task Force recommendations (2021), the government should commit a proportion of the National Wealth Fund resource to a ‘jobs guarantee’, supporting those in high-carbon industries to transition to new green jobs as a priority.

This should include engaging with trade unions, workers, local government and relevant local stakeholders to ensure that viable and accountable just transition plans, alongside new high-value opportunities, are in place with binding timelines for action.



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