

ENERGY

MACRO ANALYSIS

Despite the brief interruption of a heckler, there will be sighs of relief after today's launch of Labour's manifesto. As predicted there were no surprises and many of the big policies had been briefed well in advance. What it demonstrates is quite how serious Sir Keir is about winning the election and reassuring the swing voters he needs for a healthy majority.

The five 'missions' are padded out a little but the focus is undeniably one of economic growth and reassurance that Labour can be trusted on the economy. Will everyone be happy with the manifesto? Well no, there are already grumblings on the left of the party that it's not radical enough. But as Sir Keir made abundantly clear in the Sky News debate last night – his priority is country not party, and today's manifesto is a clear reflection of this mantra.

Jennifer Gerber, Senior Political Advisor,
WA and former Labour Special Advisor

POLICY ANALYSIS

Labour's vision for the energy sector – articulated through the Clean Power Mission – is now well understood: more pace and ambition on decarbonisation targets, greater state involvement in delivery, and more public funding.

Today's manifesto launch didn't change this. Labour's commitment to 2030 power decarbonisation, the establishment of Great British Energy and a National Wealth Fund, as well as their support for and specific targets on individual technologies are well known.

The gap has always been in understanding how these ambitions will be implemented – the timeframes, specific next steps and arguably the prioritisation of different technologies and policy agendas.

This is not set out in today's manifesto, and nor was it expected to be. Twenty points ahead in the opinion polls and set to win a significant majority, it is not in Labour's interests to provide at this point further detail on implementation which will be subject to media and political scrutiny. Their overriding objective is to mitigate risks during the campaign.

However, beyond the election delivering this agenda in government is certainly not risk-free. The promise to lower consumer bills through GB Energy has built up significant expectations amongst the electorate which will be challenging to achieve by the next election. The proposed publicly owned energy company is still perceived by many voters to be playing a role in the retail market.

Ministers – and civil servants – are likely to face significant bandwidth pressures: how to deliver GB Energy as quickly and effectively as possible to enable it to have an impact, while also delivering on the other issues in their inbox which are arguably more critical to the energy industry.

In the very short-term decisions will need to be taken on how to maximise future CfD auctions to keep on track with renewables targets, and on progressing new technologies like carbon capture. Beyond this, it is the reforms to grid connections, planning and skills policy which will enable industry to deliver projects more quickly.

The risk the sector faces is a single-minded focus on GB Energy slows down progress on the things that industry value most. The opportunity will be to communicate to new Ministers how the two are linked, and progress in other areas can support GB Energy, the 2030 power decarbonisation target and ultimately, lower bills for consumers. Otherwise, the risk is of Ministers and industry heading in different directions.

To discuss WA's manifesto analysis and what it means for your organisation, please email **Angus Hill**, Senior Director, Energy at angushill@wacomms.co.uk.

HEADLINE POLICY ANNOUNCEMENTS

Overall approach to the market

- Recommitting to Clean Power by 2030 with a zero-carbon electricity system.
- Setting up GB Energy, to be legislated for through a new Energy Independence Bill.
- Partnering with business through Labour's National Wealth Fund, to invest in the industries of the future.
- Working with industry to upgrade the UK's national transmission infrastructure and rewire Britain.
- Reforming planning by creating new national policy statements to make major projects faster and cheaper.
- Creating a new Clean Power Alliance, bringing together a coalition of countries at the cutting edge of climate action.

Specific technologies

- Introducing more ambitious targets for key technologies including doubling onshore wind, tripling solar power, and quadrupling offshore wind by 2030.
- Backing new technologies including carbon capture and green hydrogen, including supporting them financially through the National Wealth Fund.
- Ensuring the long-term security of the nuclear sector, extending the lifetime of existing plants and backing Hinkley Point C, Sizewell C and SMRs.
- Maintaining a 'Strategic Reserve' of gas power stations to protect security of supply (the specific implications of this not yet being clear).
- No new oil and gas licenses, but existing licenses being honoured.

Consumers and the retail market

- Investing an extra £6.6 billion over the next Parliament through a Warm Homes Plan to upgrade five million homes to cut bills for families.
- Ensuring a "much tougher system" of energy market regulation, with a strengthened regulator.

WA ADVISORY BOARD ANALYSIS

This is laying out a giant implementation task. One risk is that the focus on GB Energy distracts from the much bigger task of mobilising private sector investment and fixing bottlenecks in regulation and planning. And are the public resources even anything like enough?

Sir Philip Rutnam, Chair of the Advisory Board,
WA Communications

In spite of the retreat on the earlier commitment to invest £28 billion a year on their 'green recovery plan' this is the policy area where Labour is most ambitious. The objective of becoming carbon neutral by 2030 is one shared by Starmer, Reeves and Miliband even if none of them are wholly clear how they will meet it. The publicly owned energy company is also cited as a driver of economic growth, though its precise role and remit is still being worked on.

There's much focus on Miliband driving this agenda, but Starmer and Reeves are keen too. The tensions will arise in government if some of the policies are blamed for undermining economic growth.

Steve Richards, Senior Adviser, WA Communications

Labour's consumer focus is apparent as it makes clear they will ensure a tougher regulatory environment, hoping this appeals to voters who are struggling with high energy bills in a cost of living crisis. The key question many will have is whether the creation of GB Energy will actually lower bills and boost energy security.

Jennifer Gerber, Senior Political Advisor,
WA Communications and former Labour
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