

GB Energy - Labour Confusion

John Proctor

GB Energy - Labour Confusion

One of the rare moments of humour when watching football is when both sets of fans unite in taunting some toiling referee with the chant “you don’t know what you’re doing!”. This is a sure-fire indicator that the ref has lost the plot. This comes to mind when I hear Labour politicians talking about their flagship GB Energy plan.

Throughout the 2024 election campaign, Labour avoided answering the most basic questions on GB Energy’s role and how this would deliver the promised £300 reduction in the average annual household energy bill.

We are now in the fifth month of the Labour Government and some of the mist is clearing. GB Energy will be a publicly owned investment vehicle aiming to deliver net zero generation by 2030. It will seek to promote industry and develop renewables in order to move away from the UK’s reliance on natural gas for generating electricity. However, there is still no clarity on how this will yield a reduction in energy bills.

The announcement that GB Energy’s headquarters will be in Aberdeen – the home of UK’s Oil & Gas industry – was welcome. However, recent news that Juergen Maier, the chairman of GB Energy, will have an office in Manchester, makes the earlier announcement sound hollow. Will the decision makers be in Aberdeen or is this just a “brass plate” operation?

Those familiar with the industry know that a mere investment vehicle with a £100 million investment fund cannot impact the market price for energy. This requires significant market reform or massive infrastructure investment which takes time to build. Ed Miliband has attempted to move the goalposts by claiming that the reduction in average energy bills is now a 2030 target. This is another example of post-election backsliding which Labour must not be allowed to get away with.

One of the objectives of GB Energy is to promote and support Great British Nuclear – the UK Government owned company which recently acquired a 76% share in the Sizewell C nuclear project – a parting gift from the last Tory government. How a project which will cost in excess of £45 billion for 3.2 GW and which will not come online until the mid-2030s can contribute to Labour’s cost reduction, net zero and energy security goals, is beyond comprehension.

The powerful nuclear lobby claim that nuclear power addresses the issue of supply “intermittency” associated with wind and solar. They neglect to mention that new nuclear projects have a woeful construction record in terms of massive schedule and cost overrun – with Hinkley C forecast to be 13 years late and at least £20bn over-budget (the equivalent of 200 Grangemouth “growth deals”). They also ignore the fact that we already have reliable, fast-response gas turbines which provide grid stability. Gas turbine plants will be with us for the foreseeable future as they continue to attract foreign industrialists who have been buying up the UK’s fleet of gas fired assets.

How did Labour get themselves into such a fankle on one of the most significant planks of their 2024 election platform? Perhaps Labour leaders genuinely did not understand what they were committing to – that there was a misalignment between the high-level strategic objectives and the reality of what it would take to realise the goals. A more cynical answer is that Labour were practicing meaningless gesture politics that could never deliver what they promised.

The Three Engineers

I am pleased to join Simon Forrest and Dick Winchester in our quest to bring an engineering perspective to the debate on Scotland's Energy future. As engineers, we appreciate cohesive strategy – where there is alignment of “top down” vision, strategic objectives and the actions to deliver them – based upon an understanding of the available resources and constraints.

We anticipate a series of constructive discussions on measures Scotland can take to affect control of our valuable energy asset including, but not limited to:

1. The rescue plan to secure the future of Grangemouth. This is a key test of the just transition strategy.
 2. Scotland's energy generation mix – including wind, solar, tidal, hydrogen-burning gas turbines, pumped hydro-storage, battery storage.
 3. The Scottish Government's Hydrogen Action Plan. This should be prioritised to take advantage of Scotland's bountiful renewable energy and water resources. This plan looks to support Scottish businesses in various aspects of the hydrogen supply chain including the manufacture of electrolyzers used in the production of green hydrogen, the development of tube-trailers used in transporting green hydrogen and the development of storable hydrogen-derived products such as ammonia and green methanol which will become increasingly in demand from the shipping and aviation sectors.
-

The Scottish Government's support of community energy projects. This should be bolstered through funding additional technical engagement officers to help the community teams prospect for the best sites, secure funding and commission renewables projects including medium sized solar schemes, district heating schemes, battery storage and EV charging systems. Surplus income from these schemes can be reinvested to support additional community benefits including the seeding of more green energy projects (a virtuous cycle).

The creation of a regulatory oversight group supporting the Scottish Government in the review of UK Government's performance on regulatory matters and market reform. The scope would include assessment and critique of GB Energy, Great British Nuclear, the recently formed National Energy System Operator (NESO) and Ofgem. This group, operating in a way akin to an official Committee, might strive to influence energy governance. For example, seeking to oblige Suppliers to procure electricity produced by licenced community energy groups – consistent with the recommendations of the "People for Power" scheme.

The place of new nuclear in Scotland's energy mix recognising the Scottish Government's moratorium on safety/environmental grounds.

On this final point, it seems that the Labour Party are keen to make the imposition of new nuclear plants on Scotland an issue for the Holyrood 2026 campaign. Given the cost and schedule implications of new nuclear and Scotland's surplus of renewable energy, I would offer this challenge to Messrs Murray and Sarwar (borrowing from another football chant): "Come and have a go if you think you're bold enough!"

John Proctor is the former general manager and director of operations and engineering at InterGen. He is now an active member of Energy Scotland and enjoys maintaining a watching brief on key developments in the energy industry.