

Environmental Audit Committee

Oral evidence: Mapping the path to net zero, HC 276

Wednesday 22 November 2023

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Watch the meeting

Members present: Philip Dunne (Chair); Duncan Baker; Barry Gardiner; Clive Lewis; Caroline Lucas; Anna McMorrin; Dr Matthew Offord; Claudia Webbe.

Questions 471 - 486

Witness

[I](#): Chris Stark, Chief Executive, Climate Change Committee.



Examination of witness

Witness: Chris Stark.

Q471 **Chair:** Welcome to the Environmental Audit Committee, where we have a one-off session with the Chief Executive of the Climate Change Committee, Chris Stark, who is a regular visitor to this Committee. Welcome, Chris. Thank you for coming in to see us. This will be quite a short session, half an hour.

We originally asked to see you on the back of the exchange of correspondence that we had with the Secretary of State following the Prime Minister's speech in September. You put out an update of your assessment of your progress report a month later. Could you give me your headline reaction to the impact of the measures proposed by the Prime Minister in his speech?

Chris Stark: Yes, I can. Every year we do an appraisal of progress for Parliament. We published that in June and since June there has been a lot of activity in policy terms, including the Prime Minister's speech. What we thought we would do in October is wrap that all together and have a look at where we stood.

Much has been said about the Prime Minister's speech, and I know that your correspondence with the Department covered the speech. In pure policy terms, there was more outside of the speech than there was in it. We have seen a deal at Port Talbot to electrify steelmaking. We have seen progress on agreeing a new cap for the emissions trading scheme in the UK. We have a new zero emission vehicle mandate. You will very notably have seen a failed offshore wind auction, swiftly followed by quite decisive action on the next of the auctions for renewables in a very positive way, and a host of other things, including some things that are rather less easy for us to assess: the commitment to a spatial energy infrastructure plan, which I know that the Chancellor has mentioned in his speech today and we have seen more details on today.

When you add that together, these are very positive announcements as a total. No doubt, however, the Prime Minister's speech included some announcements that made things harder if emissions is the thing that you care about. I will just pull out two of the things that most worried us. The movement in the phase-out date of sales of petrol and diesel cars from 2030 to 2035 is not as consequential as you might think because the zero emission vehicle mandate deals with the manufacturing side of the challenge of moving to electric vehicles quite effectively. However, it is quite a strong signal to the consumer that we are delaying progress on the transition to electric vehicles.

Most impactful of all I think were the announcements that the Prime Minister made on decarbonising buildings. He moved a set of dates around, announced the phase-out of sales of fossil fuel boilers, and decided not to ask landlords to make their properties more energy



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efficient for their tenants. These have more consequences. They are probably the most consequential of the announcements in the Prime Minister's speech overall.

What can I say about all this? When we bring it all together, it is effectively a score draw. Recent announcements probably tend towards it being slightly more positive as we face into the next year than negative, which I think is a good thing to be able to say. However, if you look at where we were in June, we were very concerned about progress towards the targets from 2030 onwards. We remain very concerned about those targets and the achievement of them. The thing I take most heart from in the Prime Minister's speech was his strong commitment to those future targets, including the 2030 pledge. That 2030 pledge is very imminent now and we will struggle to meet that pledge. The Prime Minister has assured us that we will meet it, but he did not give us the evidence with which we could join him in that assurance.

Q472 Chair: In our letter to the Prime Minister, we called for enough supporting data to be able to make some assessment of what the impact was. It is really your job. Do you get access to the underlying data? We just touched on the vehicle one that you mentioned. A mandate, by being retained, will require companies to sell 80% of their vehicles as zero emission by 2030, with very significant fines to effectively remove more than all the profit, to probably act as an actual cash cost to the company, way in excess of the profit, if they do not achieve those percentages. Are you able to assess what the difference is for the remaining 20% being moved over five years, and what the tonnage of emissions lost over that period is? Do you have that data?

Chris Stark: We don't have that data but we can make a broad assessment of it. When it comes to doing the progress report next year we will make a rather more detailed assessment of it. There are a few things to say. Until the Prime Minister's speech, the date that we would end the sale of pure petrol and diesel cars was 2030. The Boris Johnson Government had, though, intended to sell hybrid vehicles out to 2035. It is worth knowing that when we made an assessment of that earlier decision, we found that there would not be much by way of emissions over that five-year period because we expected the underlying economics of pure electric cars to be so significant that it would be much cheaper to drive an electric car for the consumer or the driver than a hybrid. I think that still holds.

That said, I noted today that the OBR had made an assessment of the impact of the Prime Minister's speech and it had a much shallower deployment trajectory now to 2035 for sales of electric cars, which is probably where I am as well. The signalling impact of the Prime Minister loosening that date is that if you are a consumer thinking about the next purchase of a car, what you heard was that you have an extra five years to drive a petrol or diesel car. I tend to think that it will be significant. It is hard to measure.



The other thing that I wanted to say on this is that I have picked up from car manufacturers a certain amount of anger about what happened after the Prime Minister's speech because in a sense what happened was that he did not change the mandate on those manufacturers but he did say to the consumer, "You don't have to buy their cars". The two messages are mixed, and although I think that the economics and the commercial case for electric cars is very strong, signals matter.

Q473 Barry Gardiner: Some might say that you had provided the ammunition for the Prime Minister's gun because in explaining all these policies that had been scrapped, which none of us knew were policies, subsequently we have been told that these were proposals that, although the Government had not adopted them, did appear somewhere in Climate Change Committee reports. Has that changed your thinking about what you can or should in future put in your reports? I am sure that you did not expect those suggestions to be used in the way that they were, but how has that changed your thinking about how you write the report?

Chris Stark: Well, I want to be very clear on this. We are an organisation that makes recommendations to Government when we are clear that something should be done. We are often criticised for the number of those recommendations. There are about 200 of them that you can look at on our website at the moment, some of them very detailed, some of them very broad. We are also an organisation that prides itself on exploring ways in which we can decarbonise the economy, exploring the options for that. We conduct research on those proposals. We commission research and we include that. We publish all that research on our website.

You can probably find, with one exception, which is the seven bins proposal, those proposals that the Prime Minister mentioned in some shape or form in a document on our website. That is not the same as us recommending those proposals. I very proudly look at those things because I think that it is important for an institution like the CCC to conduct that research and to open up those ideas. We will continue to look at those things, but we have not recommended. Let's be generous. Most of the things that the Prime Minister mentioned in his speech—notably car sharing, meat taxes, and the requirement for seven bins—are not things that we have recommended.

We have looked at the role of taxation in aviation, as you would expect. It is an undertaxed sector. It is an area where the polluter does not pay and we have talked about the need to use tax to expose the consumer to the real impact of those flights. Even there, the language that the Prime Minister used is not language that you will see in any recommendation from the CCC.

Q474 Barry Gardiner: Do you feel that the Government should be more proactive than was evident in that speech about assisting the public to make more sustainable choices without risking public support for net zero? You are saying that you lay it out there and say, "All these things



are potentially available". What role should the Government have in influencing demand side?

Chris Stark: The demand-side questions are among some of the most interesting questions overall when it comes to decarbonising. It is worth saying that we have typically been more keen on trying to trim off the demand for high-carbon goods, services and activities than this Government have been. That is a legitimate political choice. The main thing to say on that is if you are not willing to go down the route of trying to change patterns of demand, you therefore have to say what you will do instead. It is in the nature of the Climate Change Act that that is what Ministers must do. Most of those issues, therefore, tend to be on the supply side rather than on the demand side.

When it comes to the issue of the choices for this, there are two broad things to say. We definitely see a role for the provision of better information to the consumer about some of these impacts. It is often through that route that we see consumers making different choices. The other way in which we see consumer choices and decisions being impacted is through much broader measures like the price of things. These are all extremely important ways in which we can decarbonise. If we make polluting things more expensive, the consumer tends to move towards the clean thing. Where we expose the consumer to greater information about the choices before them, it tends to be the case that they will pick the green option.

There is another level to this, which is the extent to which the Government lead public information campaigns or public engagement campaigns. I think that the jury is out on whether that is the right thing to do or not. I definitely feel that there are occasions when Government-backed campaigns can be very successful. We have recent experience of that on the continent, for example, in the last two years with the energy crisis. Government campaigns to reduce the use of energy in times of crisis were very effective. We did not have that happening in the UK; it is something we did not see rolled out. I tend to think that it is rather less successful to put a Minister on the telly to tell people to stop eating meat. That is probably not the way to do it. In fact, there are better ways to approach that challenge. If we pick the meat example, that tends to be through public health information, talking about healthier diets.

Q475 **Barry Gardiner:** Talking about price signals, is perhaps a response to what the Chair was asking about the 80% requirement on companies going to mean that those companies, in order to meet that requirement, will be forced to reduce their price to the consumer to meet their target and not incur those penalties? In a sense, might that not be a good thing?

Chris Stark: It might well be a good thing. Maybe now is the time for me to say this. I did not hear the Prime Minister deliver the speech that he made in Downing Street; I read it instead and I watched it later. I would say it is a very good speech. It includes lots of things in it that we have



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said along the years as well, including the need to explore different ways to tackle this problem. Many of the things that he cancelled or moved or changed were dates. Those dates, I freely admit, came from work that we have done in the CCC around the date that you would need to phase out the sale of a particular asset because it burns fossil fuels. That is one way in which you tackle the problem.

Another way is to get the price right so that people, consumers, businesses, move to the clean stuff rather than the dirty stuff. That is not something that we have explored as much in government policymaking over the last 10 years. If you look to the US, that is exactly what they are trying to do with some of the tax credits that they have introduced recently through the Inflation Reduction Act. Maybe this is the time to explore some of those things.

I will make one more point on this. I would say that the most important policy of all for achieving net zero, particularly over the next 10 years, would be to make electricity cheaper than fossil fuels. If you could do that in a broad way, you would supercharge the move to heat pumps, for example, or to electric cars or to the use of electricity in industry in a way that you would struggle, frankly, with line by line, incentive by incentive. I am very much up for that question of a change in price.

Q476 Clive Lewis: Hello, Chris. One of the things that you did in 2020 was that you introduced something called the balanced pathway, which was how you made recommendations to Government but then also gave them advice on what these would cost and how they should fund them. Are you going to be doing that in the foreseeable future?

Chris Stark: Yes. Very briefly, every five years we do an assessment of the path ahead for the country. We are required to do that by the Climate Change Act. Then, on that path, what we tend to do is to put the next target, so the next of the carbon budgets that are set every five years. Carbon Budget 6 was set in 2020. It was a very consequential carbon budget. It was in the mid-2030s, a very important date for progress overall, and it was the first of the UK's legal carbon budgets to be set since the long-term goal was set to net zero.

We tipped a lot of effort into looking at the pathway to net zero in 2020. We had five separate pathways that made it to net zero, a very integrated thing in each of those pathways. One of them got there early. The one that we named the balanced pathway contains within it the views of my Committee on what we regard as a balanced set of choices for the country in decarbonising. It was on that pathway that we put not just the Sixth Carbon Budget but also the 2030 pledge that the Government then took to COP26 as their offer to the UN climate process. That pathway is a very important one.

We are about to look again at those pathways, at the pathway to the next carbon budget, Carbon Budget 7. We have decided that we will try to publish that as early as we can in the next Parliament, not knowing, of



course, when the general election will be. We are aiming for February 2025. Our plan is again to produce a balanced pathway in 2025. We will also look at a pathway for more ambition, which will have within it some of the contingency options that the country can use if we are not on that pathway overall. The balanced pathway—whether it is called the balanced pathway I do not know, but the broad set of choices that my Committee regards as sensible and moderate—will very much be in future CCC thinking.

Q477 Clive Lewis: You have talked about information, giving consumers the information to be able to make the right choices. You have talked about prices, that if we can get the price down then people can afford things, so market mechanisms. Given that in the UK households with the top 10% of income are producing three times as much carbon as those with the lowest 10% of income, surely it is the case that there are people in this country who cannot give up any carbon. They are literally not consuming enough as it is, whereas there are those with wealth who are consuming too much. There has to be an element of redistribution in your recommendations, surely.

Chris Stark: One of the things that we will look at in the Seventh Carbon Budget is this question of how you distribute the costs so that we are not asking those who cannot afford it to make investments that clearly they are not going to make. Otherwise you would be asking the impossible, apart from anything else.

Clive Lewis: It would be very unpopular.

Chris Stark: It would be very unpopular. It also would not be a very good strategy for achieving decarbonisation. If you cannot afford your gas bill today, you are unlikely to be going out shopping for a heat pump. There is clearly a role for policy here. That is a fully acknowledged thing. You will see in our work for the Sixth Carbon Budget that we did some work looking at just that.

The way in which we have typically looked at the redistribution challenge so far in our work has been to look across the sectors and to ask ourselves the question: where are the investment challenges in those sectors and how much of a saving did we receive in those sectors by investing in the net zero assets that we require? That is one distributional challenge. However, it does not get into the question of income distribution, which is the point of your question.

In the next carbon budget our goal is to try to explore some of those income distribution questions in a much more detailed way. It is quite exciting to get into that. To do so, what we will have to do is to get into some very difficult and controversial areas of policy. To look at how you might redistribute, you will have to ask questions about what broad policy packages would be needed, and that draws in really interesting questions about where, for example, fiscal policy will need to be applied in areas like the transport sector to recover lost revenues. Might some of those



revenues be used to pay for the costs in other sectors? How, for example, could you do that across the income distribution as well? There is a third element to the distribution challenge, which is the regional distribution of this. Again, I think that we can do something there, too.

That is very much my ambition because if you look at this in aggregate at the whole economy scale, what you see is that net zero increasingly moves to being something that does not carry a long-term cost. It would carry big investment challenge but with big savings to the economy. That is a very appealing distributional challenge because you are not just distributing costs in that scenario, you are also distributing the benefits. It is the benefit distribution more than anything right now that strikes me as being the greatest inequality. If you are rich enough to afford a heat pump and drive your Tesla, you can escape many of the charges that others in society cannot. That is, for me, the biggest of the policy challenges that we face on net zero.

Q478 Claudia Webbe: Welcome, Chris. Interestingly, the Prime Minister has criticised the apparent lack of scrutiny of carbon budget proposals before the report to Parliament. We should note that the Climate Change Committee, your Committee, provides advice to Government on the carbon budgets. Would you welcome greater engagement with Parliament on the advice to Government that you give in relation to the carbon budgets?

Chris Stark: A solid yes to that question. We could probably stop there, but I will go a bit further. We have always invited that scrutiny, and I think that what the Prime Minister said in his speech is worthy of looking at a little more closely. He said that he would like to see more parliamentary time the next time a carbon budget is set. I have also said that. Going back to what I said on Twitter at the time when we put the Sixth Carbon Budget work out, it was my desire that there should be more parliamentary time given to the assessment of our proposals and, indeed, that there should be some sort of vote on it. That did not happen for the Sixth Carbon Budget, nor did it happen for the change to the 2050 target to net zero. That was a matter of some regret for me. I think that it is good to have on the record how the Commons feels about these issues in that moment, and the Lords for that matter.

What the Prime Minister also said, though, was interesting. What he seemed to be indicating is that the Government should also have their plans ready to go so that the Government's plans can be scrutinised. I would welcome that as well but, of course, that is not the process that is set out in the Climate Change Act. For me, that is something to be welcomed. It would be great to know what the Government might do in response to the advice that we give. Next week we will launch the Seventh Carbon Budget analysis programme leading up to that publication date in February 2025. We intend that to be as open and engaging a process as we can—and we always work with Government when we do this analysis—but we are not the Government.



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There is an interesting further stage to this, which seemed to be what the Prime Minister was hinting at, which is that perhaps once we have published our analysis the Government might then put an implementation strategy out for Parliament to look at, too, before it votes on the target that we have recommended. I think that would have to be welcomed. That bit of the process, implementation and policymaking, happens after the targets are set in law under the procedure in the Climate Change Act. If Government want to front-load that by setting out how they would go about the job of implementing it, that would be welcome.

Q479 **Claudia Webbe:** Indeed, the Government, when they put the carbon budget to Parliament, only have to put in an assessment and the legislation itself. Obviously, the Climate Change Committee's advice is much more detailed and comprehensive than that. Is there more that the Government could do to explain their carbon budget proposals to Parliament and, indeed, to the public?

Chris Stark: There definitely is. The idea that there was no parliamentary scrutiny of the last carbon budget or the ones before it is not true. I can tell you that I spent hours in front of EAC and other Select Committees talking about the work that we had done for the Sixth Carbon Budget. Of course, there is a huge process of engagement in the analysis. Understandably, when we publish our analysis we like as much consensus behind the analysis and the numbers as can be found, but that is not a parliamentary process.

There are two things to say on this. First, it is the case that these are fundamentally important things that we are talking about. We are talking about wholesale change in some aspects of how the economy works in the UK. It is worthy of a lot of debate. Ministers should be willing to host that. It is the Ministers' decision, or the Government's decision at least, as to how much time they choose to spend on this in Parliament.

The other aspect of it, and this is the more challenging aspect of it, is that my institution is focused on Parliament and Government. We are deliberately not given the task of doing public engagement, but I do think that there is a job to do for Ministers and for Government to take it out to the country as well. One of the most important processes that happened around the time that the net zero target was set was a citizens assembly on net zero, which was commissioned by six of the Commons Select Committees. It was a very important tool of public engagement and understanding around some of the aspects of net zero, but that was as far as it went. Going beyond that into something that is reaching out more directly to the populace is clearly something that I would support. You would have a lot of analysis from us and others to support that.

Q480 **Chair:** Can I just be clear about the timetable that you are operating to for your updates and the next carbon budget? Carbon Budget 6 is the one that is most at risk from not being met. When will you next be reporting on progress against that?



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Chris Stark: We will do a number of things between now and the publication of Carbon Budget 7. Let me briefly spell out the things that we know at least we will publish.

We are planning to do a review of global progress after COP28 in January, which will include some assessment of what the UK delegation did at COP28. That is coming out at the start of the year. We will need to send the Government some tough advice, I think, about one important aspect of the way that the Climate Change Act works, which is the ability to use headroom achieved in previous carbon budgets and bring them forward into future carbon budgets and loosen the targets. We have always advised that that is a bad idea because it takes the country off the path it needs to be on to the long-term goals. I am sure that we will give that advice again, but that would probably be around February time.

Q481 **Chair:** Have they banked some headroom at the moment?

Chris Stark: They have from Carbon Budget 2. There was quite a strange process that led to a number that I have never been able to understand, a particular number of megatonnes that were saved from the Second Carbon Budget and moved effectively into the Third Carbon Budget. The Third Carbon Budget, in common with all the carbon budgets so far, has had a major economic crisis in the middle of it—this time it was the pandemic—so there will be lots of headroom there. We already think that the Fourth Carbon Budget will be met. Once you get into five, six and on to seven, if you start bringing into that extra headroom, then taking us substantially off the path would be a dangerous thing to do. We will do that probably in February.

We will then focus on the progress report to Parliament, which is due in June. We publish that in June every year. That is the next occasion for us to make a formal assessment of where we are. After that there is a bit of a dead period with the potential of a general election at some point over that time. We will pop out with the advice for the Seventh Carbon Budget at the start of 2025.

Q482 **Caroline Lucas:** In the updated assessment in October 2023, your Committee indicated that it had not been able to assess the likely effect of all the policy changes announced on 20 September. I wanted to ask if the Committee had access to any of the modelling and calculations that underpinned the Government's policy changes.

Chris Stark: No, we haven't had access to that, although we have asked. Maybe we will get there eventually, but we have not seen the numbers that underpin the Prime Minister's speech, for example.

Q483 **Caroline Lucas:** How have you been able to make the assessments that you have so far in the light of not having that base information?

Chris Stark: We have a number of areas where there is detail missing and where we have made a very specific request to Government that we need to see that detail.



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On the spatial energy plan that was promised by the Prime Minister, today it looks like the Chancellor has committed to that and published something, so we should have some detail to report on there. We have not had that to date.

A very significant area is the emissions trading scheme. The UK has its own emissions trading scheme now. The Government have not published an assessment of the impact of the new cap that they are planning for the ETS. Although it looks like a cap that is aligned with net zero, they have not said how much emissions reduction they expect from the emissions trading scheme.

Those are two areas where I would really like to push the Government. It looks like one of those has been met.

More generally, though, and to answer your question, we can make some assumptions to make a qualified assessment. That is what we did. We took what we could find and made an assessment of broadly what we thought those impacts would be in the CCC's own models and published that. However, we did not have the full information to assess how the Government see it, and that is the important thing. The Prime Minister did say that he had confidence that we would meet the future targets. I am genuinely delighted that he talked about the 2030 target, the NDC as it is known, because that is a percentage figure. It is not expressed in the same way as a carbon budget. It is a tough target, that. He committed to it twice on the day. We have looked especially at that 2030 target. I would like to know how the Government see it. I would like to know how they see over the course of the next seven or eight years that we will hit that 2030 pledge, but we do not have that assessment from the Government yet.

Q484 Caroline Lucas: Maybe you cannot answer my next question for that very reason. In your view, how reliable are the Government's assumptions that they can meet it? I guess that without the data you cannot make that judgment.

Chris Stark: I do not want to sit before you and just bash the Government. I think that it is important to say this. The Government have over the years been very good at publishing assumptions about how they see emissions reduction happening, more so than any other country in the world, I think. Those assumptions are vetted. We have a deep discussion with the analysts about many of those things. We have a memorandum of understanding with the officials and analysts across government and we share our analysis with them, too. That gives me a lot of confidence that the analysts involved in this know what they are doing. It is for that reason, actually, that I am disappointed that we have not seen those updated numbers to what we call the carbon budget delivery plan. We said on the day when we made that assessment in October that it would be better for the Government to publish an update of their numbers when they made these major announcements because it leaves us guessing.



Caroline Lucas: The Committee feels your pain because we asked for an updated carbon budget delivery plan as a result of the announcements and we were told by the Secretary of State very clearly that it is not appropriate for her to do that each time they change the goalposts.

Q485 **Anna McMorrin:** I know that the Committee on Climate Change did warn about the dangers of setting the strike price too low in the recent auction for offshore wind that resulted in no bids. I know that you earlier mentioned that you welcomed that the next round is to be raised by 66% for fixed offshore wind and, I think, 53% for floating offshore wind projects. With a de facto ban on onshore wind, could you give a bit of analysis of how you see that being sufficient to secure the additional renewables that we need to meet the targets that we do need to meet?

Chris Stark: I can do my best. We were very worried after the fifth auction round failed. It did not fail for all technologies but it did for offshore wind. The reason that we worry particularly about offshore wind is that that is the future volume production of electricity for the country. I do not just mean renewable production, I mean in total. It is the source of most of the electricity that the country will need as we get into the 2030s and 2040s. The Government have fully recognised that. It is one of the best stories in the UK, the progress that we have made on offshore wind. Broadly, my Committee's advice on the future trajectory for offshore wind is what the Government have followed. During times of energy security and crisis we have seen them up their ambitions for offshore wind, so a failed auction is a bit of a worry.

We went into the June progress report without knowing the outcome of that auction and we expressed our concern that the ceiling price for the strike price had not been moved. The reason that we expressed that concern is because we had seen that supply chain pressures had genuinely pushed costs up. It may be worth saying at this stage that that was the fifth auction round. We also had projects in the fourth auction round, the one prior to that, that are also exposed to those cost inflation problems. It is possible that AR4 will even have some failed projects, too.

There is a lot riding on AR6, which is next year. The first thing to say is that it might be that this year was a good year to miss. If you have seen substantial cost inflation for one year only, then having an auction next year with the same projects in it is probably quite a good outcome as long as those projects come through. Let's hope that is the case and that, indeed, is the way that I think the Government have described it.

I am pleased with the prices that have been put through there because if, let's say, cost inflation was—and this is our numbers here, this is what we have picked up from industry and some other sources—a 25% to 40% increase in costs in the supply chain for offshore wind, that headroom in the ceiling price for the strike price would accommodate that. The reason I am particularly keen on it and happy about those prices at least is that by putting in a high price you let an auction do the job that it is there to



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do, which is to then invite bids and bring that price back down again. Remember that this is just a ceiling price.

That would be my expectation. We should get a price that is less than the ceiling price, at least I hope that is what happens. Even if it is the ceiling price, it is still cheaper than gas. If it clears at a lower price, then we get this double dividend of extra volume and cheaper prices for consumers and we get to meet these very rapid deployment targets that the Government have set and that industry says they are willing to deliver. However, there is more going on than just strike prices. The biggest challenges in that industry are not about the CfD and the strike price regime, it is to do with planning, with consenting, and with the availability of people and skills in that sector.

In particular with the planning regime, you mentioned onshore wind. That still looks to be a barrier. We will go away after this session to look at what has been published on the idea of a spatial energy plan and the planning rules that are due to change. Nick Winser's review of how to speed this thing up and make connections happen quicker to the national grid looks very important to me, probably more so even than the strike price.

Anna McMorris: I think that the Government said they were going to publish that this afternoon.

Chris Stark: As I left the office, annoyingly, I saw it had been published, so I will read it the minute I get back.

Q486 **Anna McMorris:** Okay. Thank you. I have a quick question, then, following that up, on the consequences of that delay. I know you suggested there that it might be better for some of those projects, but there are consequences of shifting things: everything delayed and there being less time, therefore, to meet those key targets, and the knock-on impact on the supply chain and ensuring that supply chain has benefits within our communities. I know that the Crown Estate is just issuing a tender on that. It was one of the ones that got through, I think, within the strike price. Can you comment on how you see that working in terms of contributing to the overall targets?

Chris Stark: There is the potential for a very exciting and positive story for British industry that comes through the offshore wind sector. We have seen some of those benefits in what we have seen so far with CfD. I have some numbers for you, and I am plucking these from the air rather than looking at anything in front of me. I think that the maximum deployment we have ever achieved in one year for offshore wind is 2 to 3 GW, 2.5 GW. We are in the realms of "Back to the Future" here, so "jigowatts" and gigawatts, but 2.5 GW is a lot. To hit the 2030 pledge you will have to get up to seven or eight, so that gives you a sense of how much more deployment must be done.



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It is a matter of great disappointment that we have not landed more industry on the back of those deployment numbers, but I understand why the industry finds it difficult to do that. Basically, it is because if you cannot guarantee that you will have a 10 to 15-year industry to support, orders to book, then you go to global markets and you import a lot of that. This is an enduring challenge for the offshore wind sector. We have the best wind resource in the world. We have an industry that knows how to put the stuff in the water. We know how to manage that energy system. We can increasingly look to an energy system based on offshore wind, yet we have not managed to land the industrial benefits, at least not all the industrial benefits. Some of those projects that will come through the next auction have very high British content, 50% to 60% British content. It could be even higher than that if we were able to say to them, "There is a pipeline here".

Can I make this one final point on this? This is one of the challenges of doing an annual auction. We know that by 2050 you will have to have somewhere between 60 and 100 GW of offshore wind. I don't know what the precise number is. I tend to think it is towards the higher end of that scale. It could even be well beyond 100 GW. Even if it is only 50, that is a huge industry that we haven't got yet. There is not enough in the system to give general confidence to that industry that we are definitely going to pursue that, and I think that is when the industrial benefits will come. The CfD is one way to do that, but there are a host of other ways in which we can do that, notably making it as easy as possible to get that grid connection and that infrastructure connected and the planning regime.

Anna McMorris: The Winser review. Thank you.

Chair: Thank you very much, Chris. That was a great session. Thank you for staying on a little bit. We all have a lot of reading to do after today.

Chris Stark: Thank you very much for having me.

Chair: We look forward to seeing you again. Thank you.