



# Energy Security and Net Zero Committee

Oral evidence: [A flexible grid for the future](#), HC 113

Wednesday 24 April 2024

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Members present: Angus Brendan MacNeil (Chair); Vicky Ford; Barry Gardiner; Mark Pawsey; Derek Thomas.

Questions 525 - 585

## Witnesses

**I:** Justin Tomlinson MP, Minister of State for Energy Security and Net Zero, Department for Energy Security and Net Zero; Dan Osgood, Director of Energy Markets and Analysis, Department for Energy Security and Net Zero; Emily Bourne, Director of Energy Systems and Networks, Department for Energy Security and Net Zero.

Written evidence from witnesses:

- [Department for Energy Security and Net Zero](#)



## Examination of witnesses

Witnesses: Justin Tomlinson, Dan Osgood and Emily Bourne.

Q525 **Chair:** Welcome to the Energy Security and Net Zero Committee's second session this morning. This one is on the flexible grid for the future, and we have the Minister with us. Can I say at the outset that we might be from different political colours, Minister, but you are new to the role and you have decided to come after two weeks? I would like to quite openly say, on a non-political, personal point, that many a time I have dealt with new Ministers who have used the opportunity that they are new to dodge sessions. You have shown great fortitude, honesty, sincerity, fairness and many other adjectives that I would like to put forward by coming here this morning. I am impressed and the Committee is impressed. The conduct of this will be no different during the hearing, but at the outset I just want to say fair play to you for coming along.

**Justin Tomlinson:** When I received the call to return as a Minister, my team had had a look at when the next oral questions session was, and they said, "Do not panic. It is 21 May". When I accepted the role and spoke to my private secretary I said, "It is lucky I have over a month to prepare", and they said, "No, Minister. It is Tuesday. We are on our way to come and see you now". I had 24 hours for the oral questions, so this week and a bit is a luxury.

Q526 **Chair:** We have done the nice bits; let us get into it. Minister, there is general agreement that continued uncertainty on the question of locational pricing is damaging. When will we get that certainty?

**Justin Tomlinson:** You are looking around the changes coming forward with REMA. I have already had quite a lot of engagement with stakeholders, and it is absolutely clear that certainty unlocks investment and will help us meet our ambitious targets, so there is absolutely no disagreement here.

At the same time, I was pleasantly surprised; I did a trade event with BEAMA last week and I did a panel event yesterday with, in effect, the supply chain. There is a recognition that there are very big questions that need to be asked, and that it is better that we get this right than that we rush and get it wrong.

Q527 **Chair:** Can we rush and get it right?

**Justin Tomlinson:** In an ideal world you do it as quickly as you can, but we have been doing it in a staged process. The first round of consultation, in effect, was a blank piece of paper asking all of the questions. There were some clear steers. That is where we have removed some of the options, based on the feedback from stakeholders, around nodal pricing and offering different pricing for different forms of technology.



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We now have a tighter second set of consultation that will allow us to finalise. There are some things that are being set out now in an intermediate way, but I believe 2025-26 will be when we are in a position to give firm certainty across the board.

**Q528 Chair:** We have just had the chair-designate of NESO talking about how zonal pricing gives the benefit, as he put it, to his customers and our voters of cheaper electricity. The second REMA consultation acknowledges those benefits the pricing could deliver consumers to the cost of running the electricity system. These are recognised by Ofgem and the Electricity System Operator. What is holding you back from committing to the reform? As you correctly said, indecision costs.

**Justin Tomlinson:** First of all, I had the pleasure of meeting with Paul last week. I am absolutely thrilled we have somebody with such a wealth of experience in this area, so that, as he goes forward, he can hit the ground running. It is like all things; you just have to be absolutely sure, because there is potential around the flexibility and delivering savings for consumers. We are very pragmatic. We have ambitious targets to hit, such as our net zero commitments. We are ahead of schedule but we have to work with the public and businesses and make sure that we are not unduly impacting consumers.

There is the potential, if all of this works—and the emphasis is on “if”—that this could deliver cheaper bills, but we have to be careful of unintended consequences. That is why it is right, for this second round of consultation, to make sure there are not things that are being missed before we rush ahead, because this is going to unlock billions and billions of pounds worth of investment. You cannot undo that. It is right that we do this in that staged process, because we want to be able to be certain we can deliver cheaper bills for consumers.

**Q529 Chair:** Are there vested interests who would rather this not happen and who do not want this change, because they are going to lose free money?

**Justin Tomlinson:** Again, it is always about the balance in terms of making sure that you have sufficient capacity within the system and that you are not pricing out innovation and new technology and locking us into yesterday’s answers. It is also making sure that you can deliver enough certainty so that people will unlock the investment that we need.

Again, at the event I was at yesterday, there were people responsible for the huge amounts of money that we need to unlock, and they are greatly encouraged by the direction that we are going. This is not a thing that is unique to the United Kingdom; this is a global issue. I am flying off to Berlin in the early hours tonight, as we discuss this topic in detail across the world, and as we all navigate challenges around supply chain and how you incentivise and unlock the investment for the next generation of upgrades, but making sure that you take consumers, the public and businesses with you along the way.



Q530 **Chair:** You are lumping the public and the businesses together. I am sure that the public from Surrey to Sutherland within what I would call the current United Kingdom are quite welcoming of the cheaper energy. What you will be hearing coming towards you, probably at megaphone levels, are those who can see the free constraint money going. That is where the problem is and that is where the uncertainty will be. It is almost like an episode of “Yes Minister”: “Very brave. Very courageous, Minister”. That is enough to make any Minister go, “Stop”. Surely the point of the data will become clear to you as Minister, and the decision will have to be made.

**Justin Tomlinson:** That is why we have done this staged process. Where there was clear consensus—for example, around nodal pricing, around not offering different prices and different technologies—we have been able to be decisive on that. We then have a much tighter second set of consultation that will then shape going forward.

I spent four years as a Minister in DWP. Everything on paper was always great at the beginning, but that is why you have to consult, because there are people with real-life experiences from different areas. Yesterday, there were about 80 stakeholders; all of them had a very different angle that they wished to focus on, and rightly so. That is the whole point of this staged consultation—that we can take those on board—because these are such large sums of investment that you can only do it once.

Q531 **Chair:** There is an election coming up, by the end of the year, most likely. October or November is the gossip passed around here, but who knows? Will decisions be made by then?

**Justin Tomlinson:** There are various different strands, but I would say, aside from the obvious point that we would hope to still be in position post-election—

**Chair:** We know what you would hope.

**Justin Tomlinson:** There is my on-message part, but the reality is that we are looking to build consensus on this area because this should not be a political issue. We all want to be able to meet and exceed our net zero ambitions ahead of schedule, taking consumers along with us. To do that, we have to have efficient systems that remove duplication, that recognise where power can be generated, where it needs to be used, and that make sure there is sufficient capacity and security.

Q532 **Chair:** That is not necessarily before the election.

**Justin Tomlinson:** We will do as much as we can do, but none of us knows when the election could be called.

Q533 **Chair:** Let us say he calls it at end of the year. How much will be done by the end of the year?



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**Justin Tomlinson:** I will defer to my colleagues on where we are in the process.

**Dan Osgood:** The second consultation on the REMA programme is out at the moment. It closes on 7 May. What we said in that consultation is that we are looking to take the final decisions, for the reasons that the Minister set out, in mid-2025. That is the timetable that we are working to at the moment, but we will look at all the views that come in through the consultation and review where that leaves us in terms of the level of consensus and the issues that still need further work.

Q534 **Mark Pawsey:** This inquiry is about how we develop the grid for the future. It is fair to say, Minister, that at the moment we are in a bit of a mess, are we not? We have 675 GW of projects that are able to be connected to the grid. That is twice the capacity that we need to decarbonise the power system by 2035, but we know from previous experience that a whole load of those are never going to get connected. We have this challenge, which the Government have brought forward as a connections action plan. Please tell us how we are going to deliver it.

**Justin Tomlinson:** You are absolutely right. The very first thing that was brought to my attention upon entering into the Department is the unacceptably long queue. In theory, if all of that was delivered tomorrow, we would exceed what we need to do, even with our ambitious targets in this area.

That said, a lot of those schemes are speculative, so even when they get to the front of the queue they are not actually ready to proceed. Based on that, we have started to change the rules that qualify whether you should be in a queue. We made some changes in March this year. It is probably too soon to see much of a difference, but we are monitoring that closely, and there will be further changes in January. In simple terms, in effect you have to be shovel-ready to be able to enter into that queue. That is the immediate part.

As part of our wider work—I am sure we will get on to this around the spatial strategy—where we will be looking to provide a clear, co-ordinated steer to where we want to see both power generated and where the network will then develop, it could be that, where we have identified the target areas, those applications are then sped up through the process.

We have already seen some significant improvements. Some of the solar schemes have now been delivered 10 years ahead of when they were initially thought they were going to. We recognise this is a key area. There is progress being made. There are more things entering the queue all the time. That is a good thing, but it is a challenge that we have to meet head on. That is why we are going to change those rules around the milestones and improve the capacity.

Q535 **Mark Pawsey:** Minister, you said that the developer needs to demonstrate that its scheme is shovel-ready. Who is going to determine



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that? Is that ESO? Is that NESO? Who is actually going to make that decision?

**Emily Bourne:** What the ESO is doing at the moment is inserting into the connection agreements that existing developers in the queue have a series of milestones that are basically project delivery milestones that they will need to hit.

Q536 **Mark Pawsey:** I want to understand who has the power and the authority here.

**Justin Tomlinson:** As it stands now, it is the ESO.

Q537 **Mark Pawsey:** How robust is that process going to be against judicial review, for the sake of argument, if somebody believes that they are taken out of the queue inappropriately?

**Justin Tomlinson:** They will not have been in the queue, because, as of January, they will only be able to enter the queue—

Q538 **Mark Pawsey:** What about those that are already there, Minister? We have 675 GW there now.

**Justin Tomlinson:** To start with, for those that will be entering into the system, we will be only offering a specific connection date when they are ready to progress. We are looking at those milestones for those within the queue at the moment.

Q539 **Mark Pawsey:** That is where the problem lies. The problem is the existing queue. It is not changing the rules for those who are about to come on after you change the rules; it is those who are already there.

**Justin Tomlinson:** Yes, but you review them earlier, and if they are not ready to proceed, they cannot proceed, so you can then move on to the next step.

Q540 **Mark Pawsey:** They can come out of the queue.

**Justin Tomlinson:** They will not progress in the queue because they are not ready to progress. At the moment, we get there and everybody is lined up to then support the delivery of that, and then we discover it cannot proceed. By bringing that forward it is just left there, and then new applicants would not even be able to join the queue.

Q541 **Mark Pawsey:** We all agree that that is the right thing to do, but the question is that some people are going to be disadvantaged by that. How open and transparent is that process to ensure that you do not have people claiming that the system has been prejudiced against them, because maybe somebody in the Department did not like one particular project compared to another?

**Justin Tomlinson:** That feeds into the wider work, which I know we will come on to, around the strategic planning network, where we across Government will co-ordinate where we would like to see future



generation, future grid and capacity build, to then prioritise the areas of greatest need.

**Q542 Vicky Ford:** I want to talk about community benefits and being a material planning consideration. Let us imagine that you have a village, beautiful countryside, and a lovely walk that goes north and a lovely walk that goes south, but to the north there is a potential big solar farm and it is going to completely change the view that people have loved for generations, and to the south there is another solar farm. One of those developers has said, "While we put the panels out we are also going to give everyone in the village a panel on their roof", and the other developer has not offered that to the community.

Clearly the community would like to have the one that gives them clean, green, affordable electricity as well, but, as I understand it, that community benefit is not part of the planning consideration. Why will the Government not let this community benefit be a material planning consideration, so the planners can really say, "We should go for that one and not the other"?

**Justin Tomlinson:** It is a really important point. In June, we are publishing more details around this area. I speak from experience as a constituency MP that has seen benefits from a voluntary community benefit scheme—a village where there was a proposal for quite a significant solar panel installation adjacent to the village. They engaged proactively with the parish council. The parish council said, "Our relatively remote village would like superfast fibre broadband. A £70,000 BT upgrade is required, and the road that runs through our village has a disproportionate amount of potholes and we would quite like some road resurfacing". They sorted both those things out themselves through planning, and it is now contributing to the nation's renewable generation.

I am quite excited about the potential of community benefits, but at the same time, I am a little nervous of whether we are going to not quite get it right. You have articulated the importance of getting it right. It should be genuinely community-led. It should not be presumed community benefits. It should be those who are impacted having a genuine say and having full flexibility in what that community benefit should be.

In some cases, with some of the larger schemes, that may be direct cash payments in one form or another—whether discounts on bills or cash payments—or it could be a cumulative community project, whether that is leisure, environmental or structural infrastructure. I am very relaxed, but it has to be tangible, because if community benefits are going to work, the public has to have a tangible benefit. Otherwise, you are just spending money, which is ultimately customers' money, for no reason at all.

**Q543 Vicky Ford:** We have been told time and time again, by local authorities, planning experts, etc., that if community benefits are going to work, they need to be able to look at them in the planning decision. They need to



have the ability to look at them as a material consideration. That currently is not happening. I know you have this passion. Please will you take this away and look at it?

**Justin Tomlinson:** I do have this passion. I welcome that challenge, because it is not part of it at the moment, but it should be. Community benefits are not always just the money; that is an important part, but it is around that ability to have the final decision when choosing between different money projects. It is an eminently sensible point.

These are the sorts of things that have to remain under constant review, because I have seen many incentives put in across Governments of all political persuasions that do not always land as they should do. Ultimately, this is a bill picked up by customers. It is about speeding up the process. It is about recognising the direct and indirect impact on communities. We have to get it right; that is a very good suggestion.

Q544 **Vicky Ford:** As you know, there is a massive issue in the east of England with the new grid connection going through. Transmission owners are telling us that the long-term socioeconomic benefits are going to be fantastic, but the people affected on the ground do not necessarily just want this cash payout that the Government announced in the autumn. Having the ability to negotiate properly and to have it considered in the planning would be really important. I am just going to leave it on that question. The Minister has agreed to look at that. That is a major win.

Moving on to onshore wind, I declare an interest because I was one of the Tory rebels that said we needed to be able to have onshore wind in the Levelling-up and Regeneration Bill if the community wants it. We were not that rebellious, because the Government listened very closely and delivered. The chief executive of ScottishPower came and told this Committee that onshore wind in England is "godforsaken". Will the Government lift the additional planning restrictions on onshore wind developments in the footnotes of the national planning policy framework? I agree that it is a very specific question.

**Justin Tomlinson:** I did not sign any of the letters against onshore wind.

**Vicky Ford:** I am pro onshore wind.

**Justin Tomlinson:** Yes, I am in the same position as you. Maybe I am a bit geeky in terms of engineering beauty. Increased onshore wind generation is an important part of our 2030 target, so I understand the challenge that you are putting forward. There are no plans at the moment to make further changes. We did make changes, so onshore wind can proceed where there is community consent. As with all things, everything is kept under review, because we have targets and we have to meet those targets. We are held to account in the UK and internationally on the targets we set forward. I hear what you are saying, but, as it stands, there are no plans to make changes to that.

Q545 **Vicky Ford:** We changed the law in the Levelling-up and Regeneration





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Bill last year but we have been told there are still significant barriers. The previous BEIS Committee looked at this as well. If we are to make what we promised in the Levelling-up and Regeneration Bill go ahead, with community consent, then it does need to have other changes. Could you please take that away and look at it, particularly these footnotes in the national planning policy framework, and the inclusion of onshore wind within the development consent for nationally significant infrastructure projects?

**Justin Tomlinson:** Yes, we will take that away and look at it. One of the benefits of the changes that were brought forward is around the pre-application work to try to speed up the process to make it more straightforward, again, striking that balance around certainty and the community benefits.

Q546 **Vicky Ford:** We have also been told that there is need for much greater clarity on the issue of using agricultural land for solar farms and battery storage. What are your views? Do you realise why we need greater clarity?

**Justin Tomlinson:** Yes. At the end of the day, there is a presumption in planning that best agricultural land should not be the presumed option. We re-strengthened that in the planning documents in January. As it stands, even if all of those applications came forward, it would still be less than we use for golf courses across this country.

We need to look at it on a case-by-case basis; we do not want a complete ban, because you may have part of a scheme and there would be no logic to leaving part of the scheme undone because it would no longer remain in use for agriculture. It allows a balance for farmers with changing economics, but at the end of the day, we also recognise the importance of food security. That is why we have made it clear in planning that it should not be the presumption that that should be the desirable place to do those schemes.

Q547 **Vicky Ford:** Witnesses have particularly said that one of the things that is causing inconsistency and confusion is a written ministerial statement on the issue back in 2015.

**Justin Tomlinson:** That is why we reiterated the rules in January in the planning guidance, because we recognised that that was not always being followed as the intention of the policy. It was reiterated in January. It is too soon to see whether that has been sufficient but it is under constant review. I know from orals that this was probably the topic that was most raised, so it is under constant review, but we did re-emphasise the intention of the policy in the strengthened January statement.

Q548 **Vicky Ford:** We are still being told that there is confusion, even with the January statement.

**Justin Tomlinson:** Part of it is a consequence of the lack of grid connection capacity, which again emphasises why the spatial strategy is



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so important. If you are wanting to invest in a major solar scheme, you will only get a return on your investment if you can hook up to the grid, and consequently sometimes that is driven by where there is grid capacity rather than necessarily the overall land use. That is why we have to tackle that part, and then we can actually provide the zones where we want to see the connections and the power generated. That will indirectly then ease some of the pressure on this best agricultural land.

**Q549 Vicky Ford:** Do you think there needs to be a public information campaign on the benefits of solar and wind?

**Justin Tomlinson:** We have to work with consumers, public and business across all of our work as we aim to go to net zero. I made that very clear in some of my responses. I have always been green-minded. If Mark Garnier had been here today, I would have paid tribute to Mr Morris, who was my geography teacher from his constituency, who instilled this into me at a young age.

You can only go as far as you can have the partnerships with business and the public; you have to do that partly through not adding unnecessary burdens to their bills, because that is a cost that will impact their views, but also sharing the information of why we are doing what we are doing. Do we need to go as far as a public information campaign? There is already a lot of information in this area, but we have to work with the public and businesses, not against them.

**Vicky Ford:** There is a lot of frustration about not putting solar panels in places where you could put them, like new buildings, the tops of car parks, etc. But let's move on.

**Chair:** Mr Morris seems to have been a wise man.

**Justin Tomlinson:** He was.

**Q550 Chair:** We are generally agreed on that. On this talk about the best agricultural land for solar panels, does it apply to golf courses at all? You did not mention golf courses. People seem very concerned about agricultural land when it comes to solar panels, but I do not hear the same shout when it comes to golf courses. Is there a particular sudden interest in agricultural land when it is for solar panels, do you think?

**Justin Tomlinson:** I am not an expert on the planning decisions behind golf courses. I am sorry.

**Chair:** Well swerved, Minister. You are two weeks into the job.

**Justin Tomlinson:** I note your comment.

**Q551 Chair:** That was brilliantly done. Will you accept the National Infrastructure Commission's recommendation to make it a legal requirement to review the national policy statements for energy every five years to ensure they are kept up to date?

**Justin Tomlinson:** Yes.



**Emily Bourne:** We have committed to commissioning an external review of the current NPS review process. We accept that they need to be considered and reviewed more frequently than they have been.

**Justin Tomlinson:** I will tell you why that is important—because this is not a static landscape. As a Government we spent £4.2 billion on innovation around low-carbon technology. What we are looking to plan today could be very different in five years' time because there could be new things unlocked, whether that be hydrogen, significant advances in existing technology or brand-new technologies we have not even dreamed of yet, and therefore you cannot just shut the door for a long period of time.

Everything has to be kept under constant review, because there could be a game-changer that unlocks cheaper, more efficient sources of low-carbon technology. We first need to be able to facilitate that. That is the Government's role: we have to facilitate and encourage innovation in this area, because that is the fastest way that we will meet our ambitious targets. We are very receptive, wherever it is helpful, to be more flexible on our reviews to allow us to change quicker.

Q552 **Chair:** Should there not be a legal requirement to make sure the reviews happen? You know how it goes otherwise.

**Justin Tomlinson:** Yes, that is a fair challenge. I shall take that away.

Q553 **Chair:** I am happy with that. Given the urgent need to speed up network consenting in Scotland, when will the Government amend the Electricity Act 1989, as recommended by the Electricity Networks Commissioner, or even devolve the power to the most relevant Government on the issue?

**Justin Tomlinson:** 1989 is a bit before me.

**Emily Bourne:** We have agreed that we will work with the Scottish Government to consult on a set of proposals looking at Scottish consenting for energy in Scotland during the course of this year. At the moment, we are discussing with Scottish Government colleagues about that consultation.

Q554 **Chair:** At least you are open to working with them and getting things moving.

**Justin Tomlinson:** During my time at DWP, I always worked very closely with my Scottish colleagues. I do not see that being any different in this role.

**Chair:** There is probably a lot of space for devolving the thing, but let us not get into that one this morning on this Committee.

Q555 **Mark Pawsey:** Minister, can I just go back to solar? There are a couple of things. One is that we have seen a whole host of applications come in at 49.9 MW, because that gets just underneath the nationally significant infrastructure threshold. Do you think that needs looking at?



**Justin Tomlinson:** I am not renewables—that is Minister Bowie—but in terms of adding to the pressure on applications on the grid, maybe there is a case, but it will be Minister Bowie who needs to look at that.

Q556 **Mark Pawsey:** Do you think we are doing enough to use rooftops before we go to agricultural land?

**Justin Tomlinson:** Last year saw 17,000 rooftop installations. We are seeing progress, particularly around new builds. Again, it is the balance around the actual added-on cost to housing with pressures for people to get on to the housing ladder, but there is certainly microgeneration that is at the home. That has an important part to play. The economies of scale for us to hit our ambitious targets will rely on the larger installations, but rooftop installations are absolutely a part of the mix.

Q557 **Mark Pawsey:** In my part of the country, the midlands, we have loads of new warehouses being developed. There is no mandate and there is no national requirement for solar on those buildings. Why not?

**Justin Tomlinson:** This is a big area where there are potential growth opportunities if we can resolve the issues.

Q558 **Mark Pawsey:** The constituents would say, “We have all these warehouses. Why do they not all have solar on them?”

**Justin Tomlinson:** There is often a conflict between what a landlord wishes to do with the building and what a tenant wishes to do with the building.

Q559 **Mark Pawsey:** Surely it is within the gift of Government to solve that, Minister?

**Justin Tomlinson:** It was a question that I raised myself as a mere Back Bencher, having taken my daughter to Jungle Kingdom, and he said to me, “My biggest cost is my energy cost. I have a gigantic roof. I want to put solar panels in there but the landlord does not”.

In some cases, in the most simple terms, you will get a financial return on solar installation if you live in your house or remain in your building for sufficiently long. Sometimes landlords may not be intending to hold on to the building as long as perhaps the tenant presumes they will be. Again, this is where technology may solve the problem, in the sense that you cannot really pick them up and move them with you.

Q560 **Mark Pawsey:** It is the right thing to do, Minister.

**Justin Tomlinson:** I agree, and the Government have to have a look at this, but, again, it is getting that balance of providing it without not recognising the constraints of if a landlord is not planning to hold on to that building. If we can make it easier for this to be the case, your constituents are right: there are huge swathes of warehouse roofs and other public buildings where there is potential to increase the capacity



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with very little opposition. It is part of our mix. It is a very live issue. I am agreeing with you, but we have to do this carefully.

**Q561 Mark Pawsey:** I want to ask you about two challenges in reinforcing the grid in the way that we want to. I want to talk to you about supply chain, the raw materials, and the suggestion that we do not have enough copper to provide the cables. The second thing I want to talk to you about is another area I know you will be familiar with, which is skills shortages.

**Justin Tomlinson:** I will do it in reverse order. I am going to pass on the materials question to my better-briefed colleagues on that side. The supply chain is probably the most important stakeholder for me. I have made it very clear with my forward planning of my diary that I want the maximum amount of time to talk to people on the frontline and the supply chain, whether that is one individual and their van, or whether it is the micro and small businesses.

The very first visit I did as a Minister was to the BEAMA trade event to talk to those people, because they are at the forefront of knowing the challenges and the opportunities, and often the blindingly obvious solutions that perhaps have escaped us policy people. I am a former business owner myself, so I get the importance of this, and I want them to help shape that.

The big challenge is around skills. We have a fantastic new Minister, Luke Hall. He gets this. I welcome the fact the Government have invested billions in expanding the T-level programme apprenticeships. However, the challenge back to the supply chain is that, although I will be a very supportive friend of theirs, they need to step up and engage with the educational facilities to provide the mentoring and the inspiration for people to choose those occupations.

Very quickly, I will put this in the simplest form. I used to do the annual apprenticeship awards at my local college. There was another gentleman who used to join me, and I said to him in the breakout room, "It is very good of you to do this. I do this because it is my role. Why do you do this?" He said, "I run a plumbing business. I do it every year, and I come in four times a year to provide a bit of mentoring". I said, "This is fantastic". He said, "It isn't fantastic. I have to recruit two people a year. There are 100 students here. I go in four times a year. I spot the best two and I offer them a job before they graduate, and I get the best. My competition can fight over the other 98".

We have all made our career choices, whether that is us as politicians or people in this room more widely, because somebody will have inspired us to take a particular path. The supply chain—who, like most supply chains in most industries are crying out for skilled people—have to work with these T-level providers, the apprenticeship providers, to provide that opportunity to get them. The money from the Government is flowing, but



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we need to open the doors, both educationally and with those first steps on the career ladder.

**Q562 Mark Pawsey:** It is not just engineers; it is planners and other people. I just want to pick up something that came from our previous session with Dr Golby, when, in a discussion on skills, he said he needs 1,000 to 1,500 people. He was not sure whether he was going to get them. Are you happy that NESO will get the staff it needs in the same way as the sector as a whole will get the people it needs?

**Justin Tomlinson:** There are two elements here that we have to be co-ordinated on to make sure. First of all, as our non-renewable sectors decline, we have to make sure we transfer those skilled staff on to the new green jobs.

Secondly, in other areas, as you rightly highlighted, it is not just the engineers; it is the planning system. That is why it was either in the autumn or the spring Budget where we brought forward the ability to do the full costs of planning applications, to try to increase resources within planning departments to give them the physical resources in terms of staff to be able to process decisions quicker. We are absolutely all on the same page.

**Q563 Mark Pawsey:** I do not know whether the funding of NESO is your responsibility or not, but 1,000 to 1,500 skilled people is a pretty big resource. Is NESO adequately funded to do the work we are going to expect it to be doing?

**Emily Bourne:** NESO will be funded through the price control regulated by Ofgem. Ofgem has worked with us throughout the project and they have been very supportive.

**Q564 Mark Pawsey:** Do we have a good sense of what it is going to cost us?

**Emily Bourne:** Yes, we do. We are expecting it to need to double its workforce, roughly, to be able to take on the additional roles that we are giving it.

**Q565 Mark Pawsey:** We wanted some reassurance that the money was there and ready to be spent.

**Emily Bourne:** The money will be there through the price control, provided Ofgem is happy that it is legitimate spend by the organisation. Ofgem has been working very closely with us on the set up.

**Justin Tomlinson:** Ofgem has made it crystal clear that it does not want to be the reason for unnecessary delays anywhere in the system, so this will be an important factor in making sure there is not.

**Emily Bourne:** On the supply chain, you asked about the availability of copper and whether that is a supply chain constraint.

**Q566 Mark Pawsey:** It was about materials more broadly.



**Emily Bourne:** The availability of copper is not currently being flagged specifically as an issue, but what is the case is that supply chain constraints are a significant challenge for transmission, not just for us but globally as well. We are taking a number of actions. Ofgem has accelerated a number of significant transmission projects through its accelerated strategic transmission investment decision, which is about £20 billion of projects that have been taken through expedited regulatory processes. That has allowed the transmission companies to go out to the supply chains in bulk and get supply chains lined up for all those projects.

Q567 **Mark Pawsey:** There is a clear line of sight.

**Emily Bourne:** There is a clear line of sight, exactly, because that visibility and scale is really important. We also have the Green Industries Growth Accelerator, which includes £390 million for supply chains for offshore wind and networks. We are currently shaping that grant scheme together with industry as to where the biggest constraints are in the supply chain and where we target it.

**Justin Tomlinson:** Can I just slightly build on a really important point you have made? A lot of my role is the international commitments. We set out what we are doing and we share best practice and encourage other countries across the world to meet the various targets that are set.

I want to push slightly harder on people being more open about the challenges, because sometimes it is just easy to talk about all the success stories and everybody pats themselves on the back. We all need to be open and transparent about where there are challenges to meet targets, because the earlier we can identify stress points and weaknesses, the quicker we can start working on the alternatives. This is something I take very seriously.

Q568 **Chair:** Just on materials, there is a good book I am currently delving through, a very readable book by Ed Conway of Sky TV, "Material World", which I see the Minister is nodding about. We would both concur it is worth reading.

**Justin Tomlinson:** I have not read it, but I have seen many of his explainers where he does the very clever videos to explain things. I will take that suggestion.

**Chair:** We are giving you a lot of work here.

Q569 **Derek Thomas:** I want to talk about smart meters. When I started in Parliament I joined the Science, Innovation and Technology Committee and I was there for two years, and we were really concerned then about the smart meter rollout. How is it going?

**Justin Tomlinson:** Jump in and correct me if I am wrong. We have hit the targets—were they 71% for the utility providers?—but more needs to be done. There were changes around the fact that every time you change utility provider you would have to start again, so there needed to be



better co-ordination around that. It is an important part, both in terms of empowering consumers over their own control of their costs and behaviour, and also in terms of our demand-side response that we have been testing over the last two winters, where we can then empower consumers to make savings that also benefit the wider grid.

This has to be kept under review. They can only offer you a four-hour window in a working day, which can be a challenge and a barrier to stop some people taking them forward. We need to make sure that those who are less sophisticated on using technology get the support they need to get the maximum benefit out of those things. There still are challenges that remain, but it is a very important area of work if we are going to increase the capacity around the demand-side response.

**Q570 Derek Thomas:** The question is particularly around demand flexibility, and obviously that locks out people that have not benefited from the smart meter rollout. I can imagine there are two groups: one group where they had engaged but the process has actually been an absolute nightmare so they now just do not bother, so they do not have a smart meter; and the other group that just have not yet been offered it. I remember quite clearly that our commitment was 20 million homes by 2020. What percentage of domestic homes have smart meters?

**Justin Tomlinson:** It is 61%, so 34.8 million smart and advanced meters in Great Britain homes and small businesses. That is 61% of all meters. It is 61%, not the 71% that I said earlier. I correct that.

**Q571 Derek Thomas:** Where do we actually want to get to, in order for demand flexibility to be fair and actually work?

**Emily Bourne:** The ideal would be to get universal smart meter rollout to allow demand flexibility to be a fully mass market service, but for that to happen, there are other things that need to be in place as well. At the moment, it is still quite a nascent part of the energy mix, except perhaps more on the big industrial and commercial side.

For full domestic rollout, we have the market-wide half-hourly settlement programme that is being taken forward by Elexon. We also have our consultation that was published last week, which is looking at how you create the device interoperability and consumer protection and cyber-security that you need to allow this to become a really mass market thing.

There are a number of things happening in parallel, so we are looking more towards the end of the decade that you would see a broad rollout of demand-side reforms.<sup>1</sup>

**Q572 Derek Thomas:** The whole thing has matured, because I know that when we talked about it years ago, the big concern was about the privacy of homes and the myths around what a smart meter may or may not say

<sup>1</sup> Note from witness: 'demand-side reforms' should read 'demand-side response'.





about a household.

**Justin Tomlinson:** This is where Vicky Ford was spot on around the public information exercise. For the two winters where we have been able to use this demand flexibility service, in the first one 1.6 million households and businesses took part; last winter it was 2.5 million. They were all saving money. That is quite a powerful thing that then gets shared across. That then builds trust into the technology.

As I said, it can be as simple as, if an operator is only offering quite a long window for an installation—and only on a working day—then there are some people who are not able to accept a smart meter who want one. We have to iron those issues out. Those are what I would call the low-hanging fruit, but ultimately, as confidence builds and as people can see that as consumers they are making a tangible saving, that will drive the uptake.

Q573 **Derek Thomas:** I will not focus too much on smart meter rollout, but you are saying the communication and the confidence in it will help consumers take it up. Do you need to do more to force the industry to deliver the engineers to do the installing of the smart meters?

**Justin Tomlinson:** All of these things are kept under constant review. Targets will increase.<sup>2</sup> The fact that, last winter, 3.6 GW were saved on capacity is a significant part of what we otherwise would have had to then provide through alternative measures.

**Derek Thomas:** It is good to do, because it helps to address some of the capacity issues on the grid when we are generating energy.

**Justin Tomlinson:** Crucially, it is also delivering savings to consumers.

Q574 **Derek Thomas:** Yes, that is good. Is the Department developing an accessible design standard for smart products, particularly around demand flexibility, so that we can avoid a two-tier energy system?

**Emily Bourne:** Yes, that was part of the consultation that went out last week. There was a package. One was about energy smart appliances and looking at minimum standards for interoperability across energy-smart appliances. We also had a consultation on tariff data accessibility, which is looking at the scope of a tariff data standard for energy suppliers. Those are exactly the sorts of things that we are looking at and are

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<sup>2</sup> Note from witness:

- The current Smart Metering Targets Framework sets energy suppliers' minimum annual targets up to 31st December 2025. We have previously confirmed our expectation of a minimum smart meter installation coverage of 74% by the end of 2025, subject to annual tolerance levels for suppliers.
- We will be considering and consulting on measures to ensure the momentum of the rollout continues and grows from 1 January 2026 so remaining households and small businesses.



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consulting on. It is a very technical piece of work, so we are really keen to do it in conjunction with industry and other stakeholders.

**Justin Tomlinson:** As a consumer myself, I am very receptive to those points.

Q575 **Derek Thomas:** Demand flexibility is a much better way of doing Economy 7. Is it available across the country when you do these pilots?

**Dan Osgood:** It is for suppliers to offer it to the consumers. Different suppliers have different approaches. You need to have the smart metering technology in place for consumers to be able to take that up. The other part of this move towards a more flexible energy system in future is that there is a really important role for suppliers in that. We are seeing more innovative, different forms of tariff offerings coming forward and being made available to consumers.

The Department is asking for evidence at the moment on the arrangements for the default tariffs in future. This is going back to your question around the consumers who do not have a smart meter, and making sure that there are arrangements in place to protect them as well in this more flexible system in future.

**Justin Tomlinson:** It is very much a priority for Ofgem to remove the barriers and to maximise the people and businesses who can benefit from this.

Q576 **Derek Thomas:** That is good. What I am hearing is that, although suppliers are regulated, they are ultimately responsible for delivering smart meters and then also ultimately responsible for delivering demand flexibility. What is your role in terms of really squeezing down and making sure that is genuinely delivering equal access across the country? Your answer has to be brief, because I am being told off.

**Dan Osgood:** For suppliers and commercial organisations, what we are seeing is a lot of suppliers bringing forward different approaches, different tariff offerings, different consumers getting free electricity at particular times of the week, free EV charging and so on. We will see a lot more of that kind of innovation in future.

Q577 **Chair:** You just mentioned tariffs. You said 61% of homes have smart meters.

**Justin Tomlinson:** That was homes and businesses.

Q578 **Chair:** I am a bit old in the tooth around these corridors; I remember the old Energy and Climate Change Committee being assured by Ministers that by 2019, 100% of UK homes would have smart meters. The target was then changed, and that was noted by the National Audit Office, and now the target is 74.5% by 2025. It is another increase in the next year of 25% of the existing smart meters that have been put out in the last eight to 10 years. I do not think it really takes Nostradamus to figure out



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that target is not going to be met, is it?

**Emily Bourne:** Sorry. We will have to take that question away. It does not sit in our area.

**Justin Tomlinson:** It is not our area but we are happy to take that on.

Q579 **Barry Gardiner:** Minister, welcome. I do not mean to be patronising, but I thought you did very well for your first questions last week. It was good to see that you had really read your way into it.

**Justin Tomlinson:** Thank you. It certainly focuses your mind when you have 24 hours.

Q580 **Barry Gardiner:** Yes, exactly. I thought that was very commendable. My apologies for being late to the Committee today.

I wanted to talk to you about the strategic planning. You will recall that the Government actually announced it would commission the ESO to produce the strategic spatial energy plan in early 2024. Are we still in early 2024?

**Justin Tomlinson:** We are. I am confident we still will.

Q581 **Barry Gardiner:** When do we cease to be in early 2024?

**Justin Tomlinson:** It is after we have published this. We are very close. I did a major stakeholder event yesterday, and we had hoped we were ready for then. We are not quite ready. We are in the ink-drying part of the process. It is incredibly important, because the messages were clear from stakeholders around certainty, around de-risking and removing duplication inefficiency, because that will unlock investment and ultimately deliver cheaper bills for businesses and people.

In all my years as a Minister, whenever I do stakeholder engagement, you will have cohorts who agree and cohorts who strongly disagree, and they certainly let you know that they strongly disagree. That was probably the greatest consensus I have seen, in a room of very diverse asks, that this will be the blueprint towards providing that certainty for their potential future investment.

Q582 **Barry Gardiner:** The plan has to inform the centralised strategic network, which will be due in mid-2026—summer 2026. How are you going to ensure that the NESO achieves those deadlines?

**Justin Tomlinson:** We understand the absolute importance of this. If we are going to scale up the grid connections, the power generation, the capacity and unlock the investment that we need by 2030 and 2035, these things absolutely have to be in place. As challenging as it is, the fact there is significant consensus in this area makes it a lot more straightforward. There are far more complicated challenges we have to answer where you are not going to please everybody.

Q583 **Barry Gardiner:** We all agree with the importance of it. You have to



endorse the strategic plans and the electricity transmission design principles in the policy statements in order to guide those planning decisions. When do you propose that you will be doing that? Give us a deadline by which you want to have been able to sign that off.

**Justin Tomlinson:** Do we have a timetable?

**Emily Bourne:** We will be setting that out as part of the commission, which will be published very soon. That is exactly the sort of thing we are looking at. We have been working with ESO on the design of the commission so that they understand what timelines we are proposing.

**Justin Tomlinson:** Remember that we have the temporary arrangement—I have never known so many acronyms in a role—the TCSNP, which has put in these interim holding policies to make sure there was not a delay in unlocking investment and work. That has provided the short-term certainty for investment, but there is such a huge amount of consensus around this that I do not see this being something that is going to slip.

Q584 **Barry Gardiner:** In oral evidence to us, the Electricity Networks Commissioner cautioned—I think that is the right word—about the importance of quick decision-making about investment. Nick Winser said that “in delaying a decision, maybe legitimately to see what the market will do, they quite often do not fully understand the cost of that delay”, and that “it is worth trading a bit of space for innovation and optionality for cracking on, particularly if the thing you are talking about takes a very long time to build”. Can you assure Mr Winser and us on the Committee that you are not making the wrong trade-off?

**Justin Tomlinson:** I am personally very grateful for the huge amount of work he has done in reviewing the areas, because he has identified what is working well and he is definitely the expert in this area, but also those challenges. That is what has shaped us having those temporary interim policies and guidance in place, to make sure we are not unnecessarily delaying the huge amounts of investment that we need.

Q585 **Barry Gardiner:** You will make sure that your decisions factor in the costs of any delays, even if that limits your ability to keep all the options open.

**Justin Tomlinson:** That is understood. We have ambitious targets that must be met, because groups like yourselves will definitely hold us to account.

**Chair:** I just have a final point from an agricultural point of view. I keep a few sheep, and solar panels would be perfect shelter for sheep during the wind and on sunny days; sheep like to shelter from the sun as well, even in the Outer Hebrides. From my point of view, solar panels are very welcome on agricultural land.

Minister, again, we reiterate our thanks to you for coming and not



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dodging the date. I am sure your former geography teacher, Mr Morris, would be pleased with your general conduct here today. We found it useful. We hopefully brought up some things for you to think about as well. Thank you.