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Secretary of State for Business, Energy and Industrial Strategy
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Lord Bridges of Headley
Economic Affairs Committee
Committee Office
House of Lords
London SWIA 0PW

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Dear George,

Thank you for your letter congratulating me on my appointment, and for your Economic Affairs Committee's recent report on energy security investment and the transition to net zero. My officials are currently finalising a detailed response to your report's conclusions and recommendations. Your Committee kindly agreed to us sending this response by 28th September, to allow us to incorporate material on the energy announcements recently made by the Prime Minister.

The Prime Minister has announced an independent review of the government's approach to meeting its net zero 2050 target, led by Chris Skidmore MP. This is to ensure we deliver our legal commitment to reach net zero by 2050 in a way that is pro-business and pro-growth, given the change in the economic landscape. Since publishing the Net Zero Strategy last October, economic conditions have changed significantly, due primarily to the Russian invasion of Ukraine. Energy prices and inflation have risen sharply, the former to record levels. Reporting by the end of this year, it will ensure delivering the net zero target is not placing undue burdens on businesses or consumers.

The Government also announced in the British Energy Security Strategy that it will establish Great British Nuclear (GBN) to enable nuclear projects in the UK and help deliver its ambitions of two Final Investment Decisions in the next Parliament and up to 24GW of nuclear by 2050. The Government believes that 24GW of nuclear is a stretching but realistic ambition which could significantly contribute to the UK's energy security and help achieve net zero by 2050, provided there is clear value for money.

That means we could see our nuclear sector progressing with around 8 reactors by the end of the decade, the equivalent of one a year. That could assume multiple projects made up of a number of large and small modular reactors. It does not mean that all projects would necessarily be complete by 2030 but that they would be progressing at varying stages of development.

The Government's intended pathway of final investment decisions is not a cap on ambition, but a challenge to the industry to come forward and compete for projects to progress this decade. GBN will be tasked with helping projects through every stage of the development process and developing a resilient pipeline of new builds.

I very much look forward to working with you and your Committee on its broad remit.

Yours ever,

Jacob