

# Department for Energy Strategy and Net Zero (DESNZ)

## Main Estimate 2023-24: Estimates memorandum

### 1 Overview

#### 1.1 Objectives

When the Department for Energy Strategy and Net Zero (DESNZ) was created the following priority outcomes were announced:-

1. Ensure security of energy supply this winter, next winter and in the longer-term – bringing down energy bills and reducing inflation.
2. Ensure the UK is on track to meet its legally binding Net Zero commitments and support economic growth by significantly speeding up delivery of network infrastructure and domestic energy production.
3. Improve the energy efficiency of UK homes, businesses and public sector buildings to meet the 15% demand reduction ambition.
4. Deliver current schemes to support energy consumers with their bills and develop options for long-term reform to improve how the electricity market works for families and businesses.
5. Seize the economic benefits of Net Zero, including the jobs and growth created through investment in new green industries.
6. Pass the Energy Bill to support the emerging CCUS and hydrogen sectors; to update the governance of the energy system; and to reduce the time taken to consent offshore wind.

Details of which spending programmes relate to which priorities is given at Section 3.1.

#### 1.2 Spending controls

DESNZ's spending is broken down into several different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

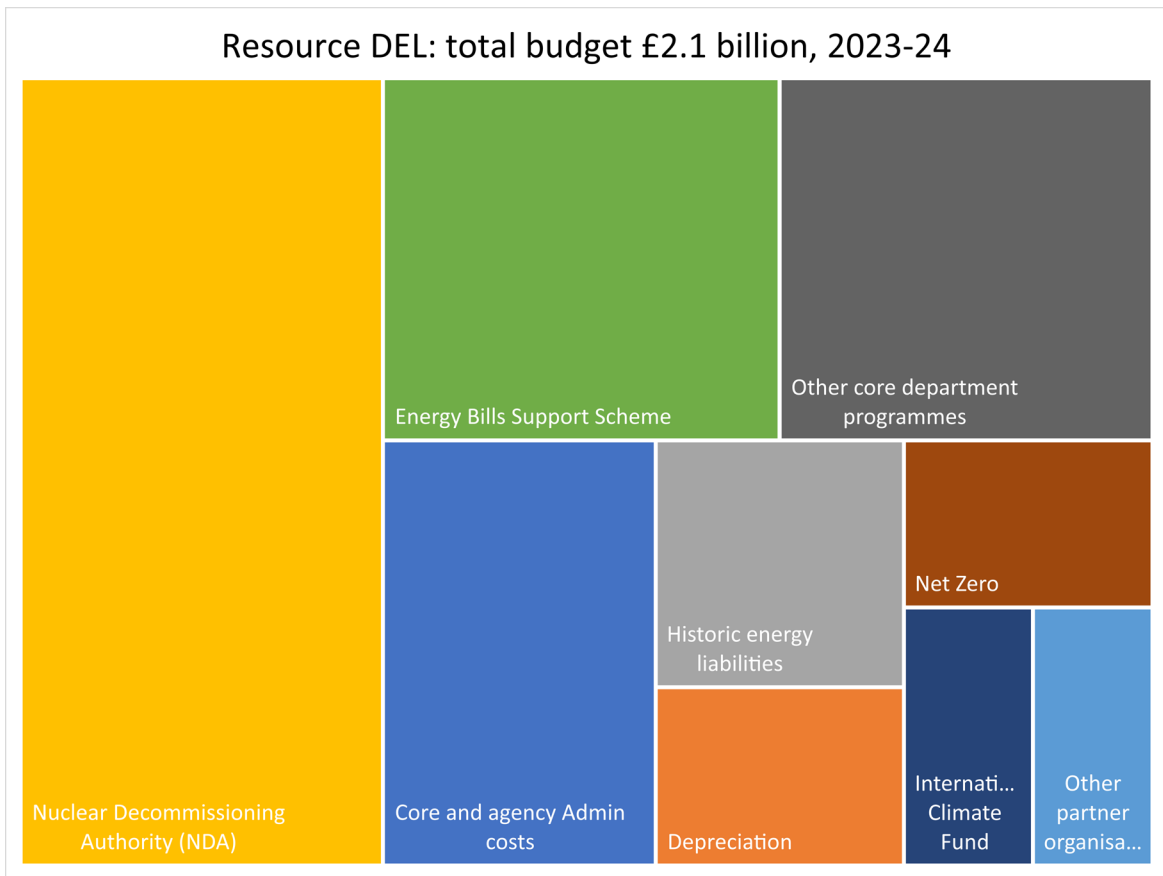
- Resource Departmental Expenditure Limit ("**Resource DEL**") - day to day running costs;
- Capital Departmental Expenditure Limit ("**Capital DEL**") - investment in infrastructure, Research and Development;
- Resource Annually Managed Expenditure ("**Resource AME**") - less predictable day to day spending: in DESNZ's case, mainly the Energy price support schemes, the Renewable Heat Incentive, and movements in the value of nuclear decommissioning and other provisions and movements in the fair value of liabilities incurred for Contracts for Difference (CFD) for the supply of low carbon electricity; and

- Capital Annually Managed Expenditure (“**Capital AME**”) - largely movements in surpluses in Coal Pension schemes.

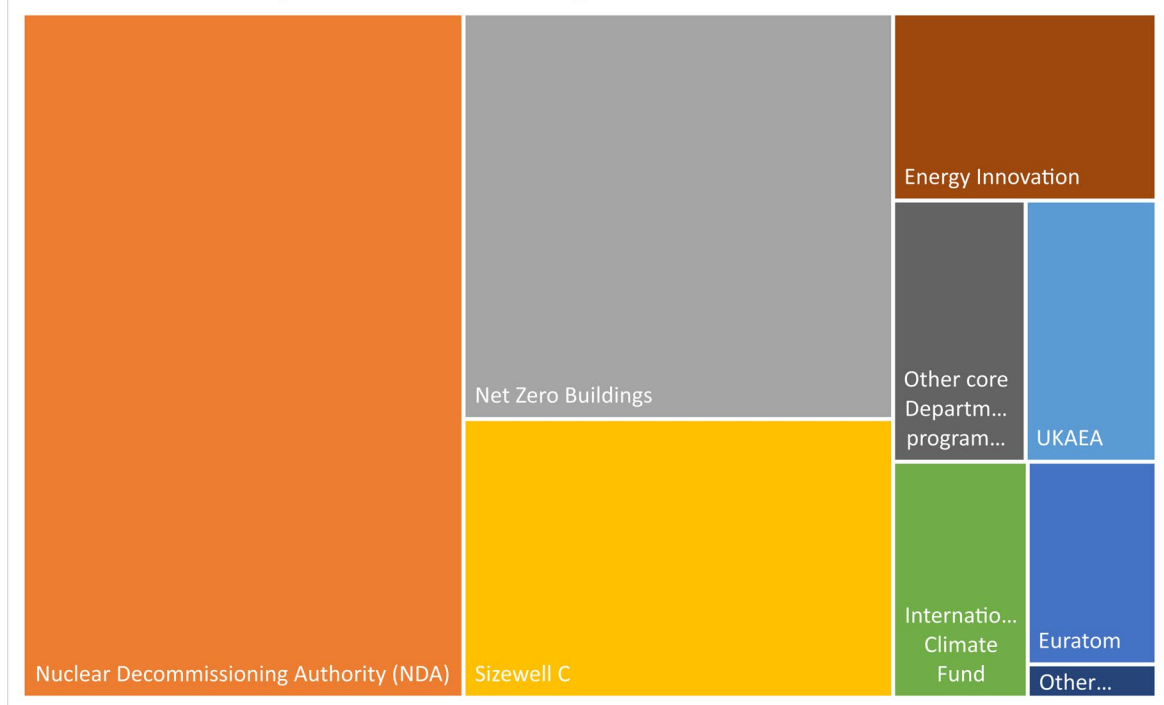
In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require DESNZ to pay out cash in-year.

### 1.3 Main areas of spending

The graphic below shows the main components of DESNZ’s proposed budget for the new financial year, included in the latest Main Estimate, and the proportions of funds spent on its main activities.



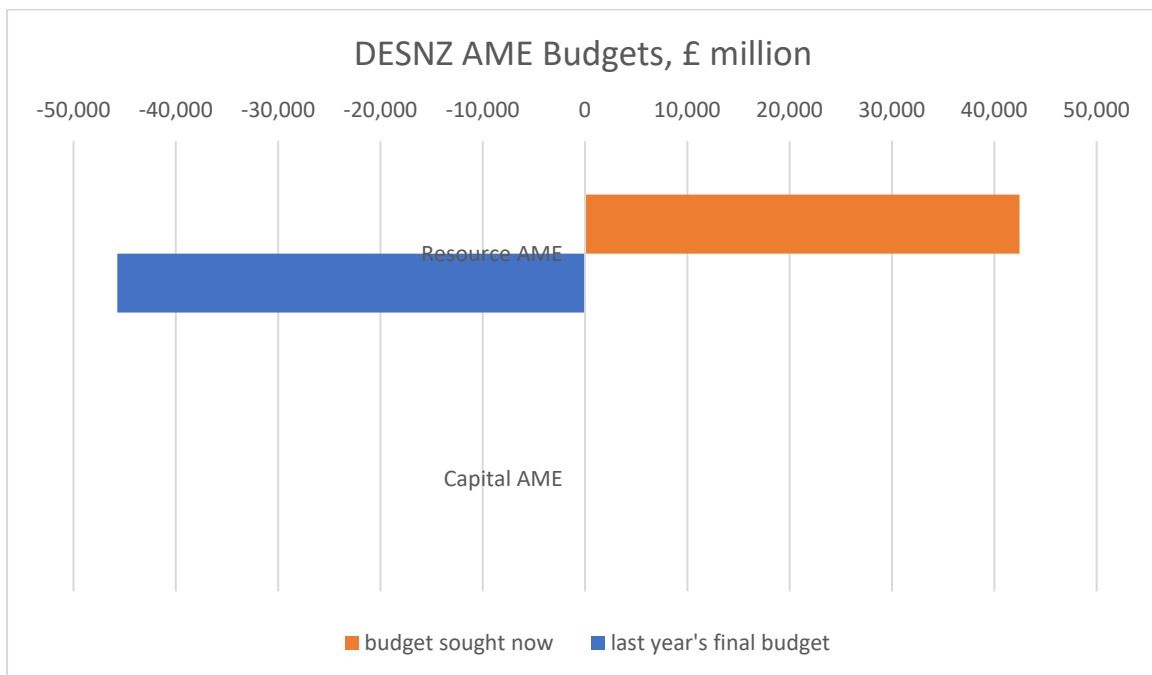
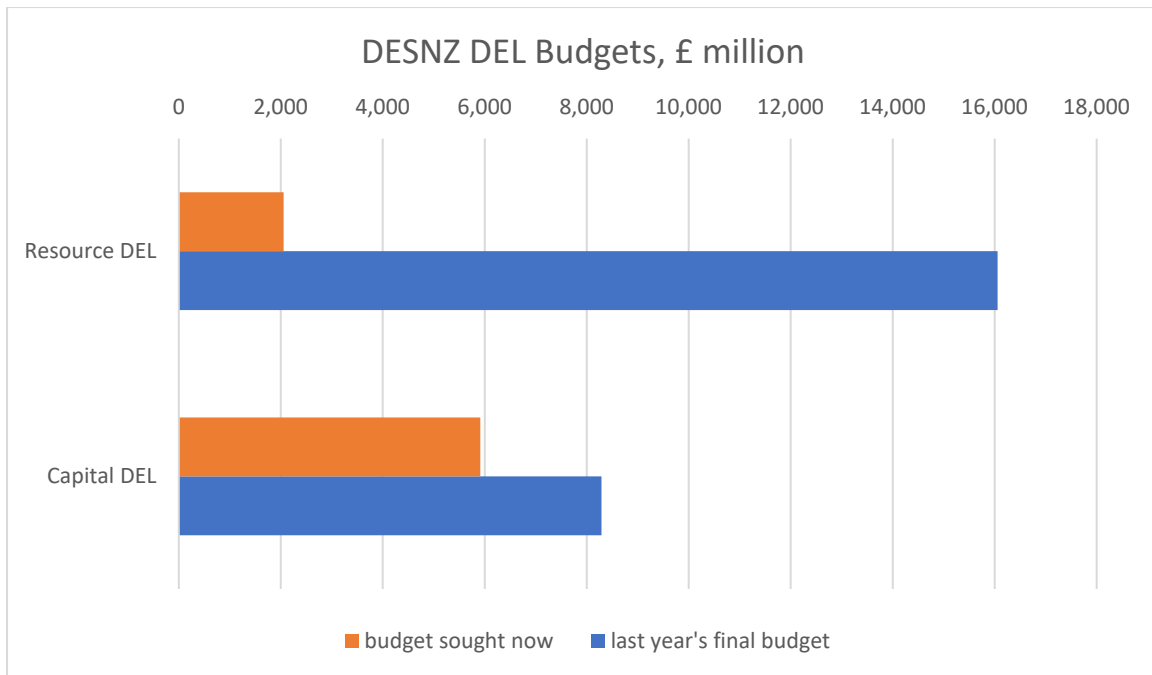
### Capital DEL: total budget £5.9 billion, 2023-24



### 1.4 Comparison of spending totals sought

The table and graphics below show how the totals sought for DESNZ compare with last year:

| Spending total<br>Amounts sought this year<br>(Main Estimate 2023-24) |            | Compared to final budget last year<br>(Supplementary Estimate 2022-23) |         |
|---|------------|--|---------|
|   |            | £m   | %       |
| Resource DEL  | £2,056.9m  | -£13,999.1m  | -87.2%  |
| Capital DEL   | £5,913.6m  | -£2,374.0m   | -28.6%  |
| Resource AME  | £42,461.7m | +£88,181.9m  | +192.9% |
| Capital AME   | £(24.3)m   | -£49.5m  | -196.3% |



## 1.5 Key drivers of spending changes since last year

The main causes of the changes in Resource DEL are:

- A reduction of £ (12,538.9) million for the Energy Bills Support Scheme compared to 2022-23;
- £1,708.0 million in 2022-23 only for the Energy Special Administration Regime (SAR); and
- £83.7m increase in Nuclear Decommissioning Authority (NDA) budget compared to 2022-23.

The main causes of the changes in Capital DEL are:

- £3,877.0 million in 2022-23 only for the Energy Special Administration Regime (SAR); and
- £199.0 million funding in 2023-24 only for Euratom;

- £99.1 million increase in NDA capital budgets at the time of this Main Estimate compared to 2022-23; and
- An increase of £791.0 million in Net Zero compared to 2022-23.

The main causes of the changes in Resource AME are:

- £113.6 billion increase in Nuclear Decommissioning Authority provisions compared to 2022-23, where the large decrease was driven by changes to the discount rate;
- £ (30.1) billion decrease to cash AME in 2023-24 compared to 2022-23 in respect of Energy prices support;
- £ (18.8) billion decrease to provisions in 2023-24 compared to 2022-23 in respect of Energy prices support;
- £ (4.8) billion increase in Coal Authority provisions compared to 2022-23, where the large decrease was driven by changes to the discount rate; and
- £ (1.7) billion credit arising from the Energy SAR in 2022-23 only.

The main causes of the changes in Capital AME are:

- £44.6 million reduction in 2023-24 compared to 2022-23 for Euratom.

## 1.6 New policies and programmes; ambit changes

On 9th January, the Chancellor announced the Energy Bills Discount Scheme<sup>1</sup>, to replace the Energy Bills Relief Scheme. Funding has been provided for this scheme through Resource AME in this Main Estimate.

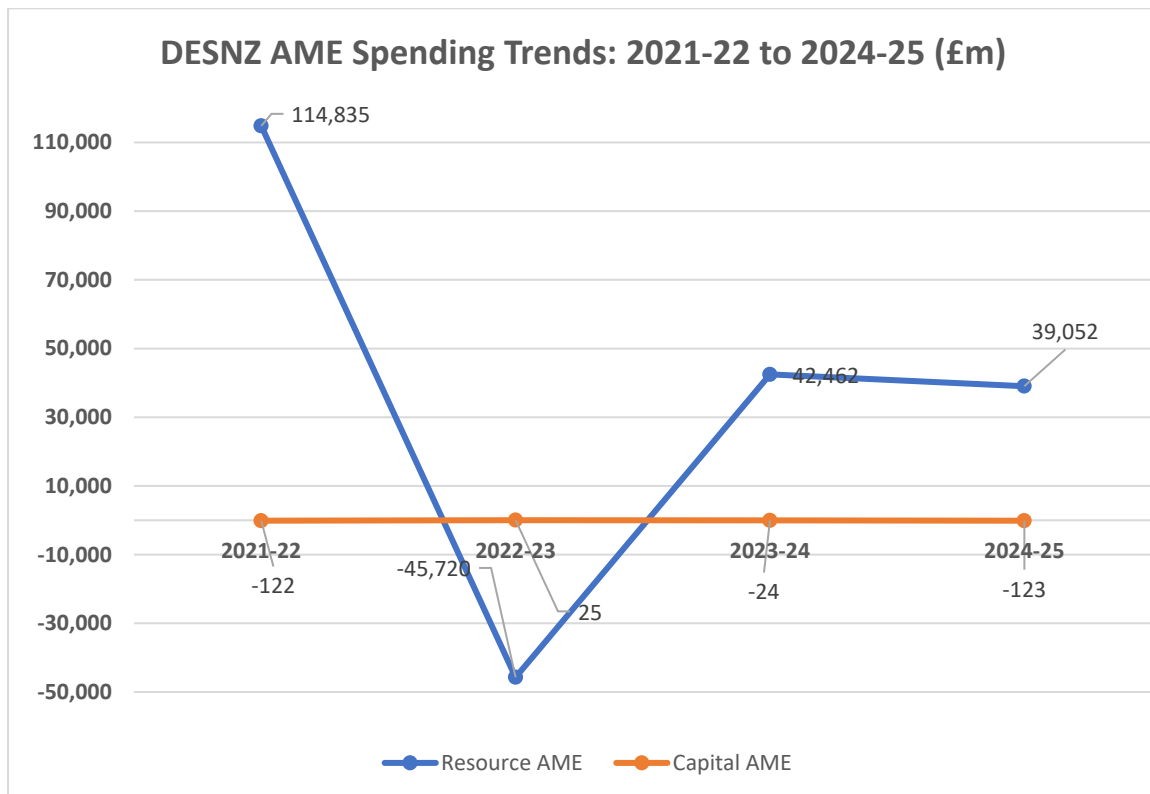
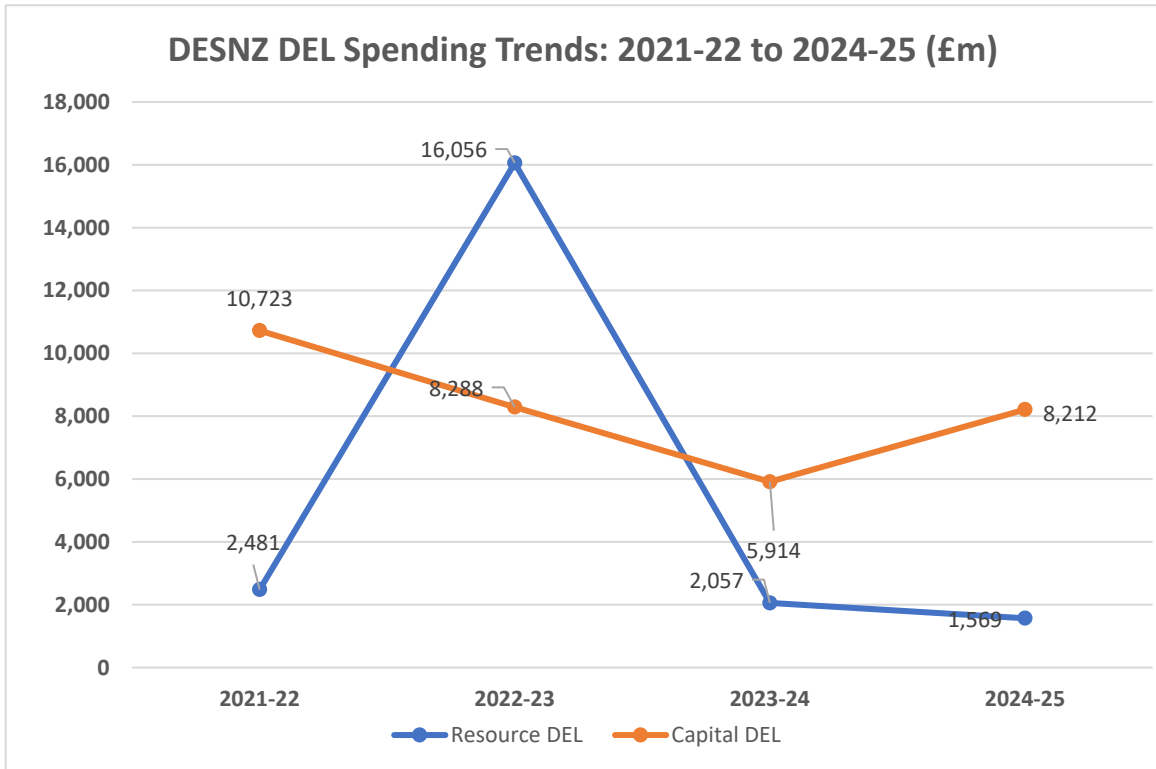
The ambit includes those areas of expenditure and income that have transferred from the former Department for Business, Energy and Industrial Strategy.

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<sup>1</sup> <https://www.gov.uk/guidance/energy-bills-discount-scheme>

## 1.7 Spending trends

The charts below show overall spending trends for the last two years, plans presented in Estimates for 2023-24 and for plans for the remainder of the spending review period.



## DEL Budgets

- Resource DEL was significantly increased in 2022-23 due to additional funding for Energy Bills support of £12,870.3 million, as well as £331.4 million in 2023-24.
- Capital DEL included in 2021-22 additional funding for the Nuclear Liabilities Fund of £5.6 billion and an additional £3.9 billion in 2022-23 for the Energy Special Administration Regime (SAR).

## AME Budgets

- Resource AME is subject to significant fluctuation from year to year due to non-cash costs arising from movements in the fair value of Contracts for Difference and the impact of changes to discount rates on provisions. Changes to discount rates can have a particularly significant impact on the large, long-term provision for nuclear decommissioning held by the NDA, as can be seen by the substantial variation in 2021-22; and
- Capital AME has remained largely stable as receipts of coal pension surpluses have remained unchanged over the period.

## 1.8 Administration costs

Administration costs are set to increase by £15.4m in 2023-24 compared to last year's final budget. This is primarily due to a £34.1 million increase in Depreciation budgets compared to 2022-23, driven by the upcoming move of the Department from 1 Victoria Street to 3-8 Whitehall Place and 55 Whitehall.

| Spending total<br>Amounts sought this year<br>(Main Estimate 2023-24) |          | Compared to final budget last year<br>(Supplementary Estimate 2022-23) |       |
|---|----------|--|-------|
|   |          | £m   | %     |
| Administration costs  | £383.6 m | +£15.4 m   | +4.2% |

Increases to the Administration budget since the SR21 settlement are for UK Government Investments (£0.8 million). In addition, funding for Net Zero Systems Tool of £0.2 million has been provided from the Shared Outcomes Fund.

## 1.9 Funding: Spending Review and Budgets

The levels of DEL funding for DESNZ for 2023-24 are based on plans published for BEIS in Spending Review 2021. Since that time, the Government has made a number of changes to 2023-24 spending plans. Details of funding changes are set out in the Table at Annex B.

Notable amongst these changes is additional funding for the Energy Bill Support Scheme.

## 1.10 Funding: other spending announcements

Spending announcements made during the year not listed at Annex B largely relate to the allocation of money within existing planned limits, rather than additional money.

These include:

- Allocation of Research and Development funding
- Allocation of International Climate Finance funding;
- Grant funding for projects developing novel technology and processes that reduce the cost of deploying CCUS (Carbon Capture, Usage and Storage).



## 2. Spending detail

As shown in the table in Section 3.1, departmental expenditure can contribute across a number of different strategic objectives, in particular spend assigned to the 'Capability' subhead. However, due to Parliamentary rules, budgets must be assigned to only one specific Estimate subhead even though spending often contributes to other lines.

### 2.1 Explanations of changes in spending

#### Resource DEL

The table below shows how DESNZ's spending plans for Resource DEL compare with last year.

| Subheads | Description  | Resource DEL  |   |                       |               | see note number |
|----------|--|---|---|-----------------------|---------------|-----------------|
|          |  | £ million   |   | %                     |               |                 |
|          |  | <i>This year (2023-24 Main Estimates budget sought)</i> | <i>Last year (2022-23 Supp Estimates budget approved)</i> | change from last year |               |                 |
| A        | Delivering affordable energy for households and businesses | 508.6   | 12,011.7  | <b>-12,503.0</b>      | <b>-96.1%</b> | 1               |
| B, H     | Ensuring that our energy system is reliable and secure     | 58.3  | 1,736.5   | <b>-1,678.2</b>       | <b>-96.6%</b> | 2               |
| C, I     | Taking action on climate change and decarbonisation        | 198.0   | 105.3   | <b>92.7</b>           | <b>88.0%</b>  | 3               |
| D, J     | Managing our energy legacy safely and responsibly          | 239.5   | 243.5   | <b>-4.0</b>           | <b>-1.6%</b>  |                 |
| E, K     | Science and Research                                       | 18.0  | 13.7  | <b>4.3</b>            | <b>31.0%</b>  |                 |
| F        | Deliver an ambitious industrial strategy                   | 7.6   | 7.8   | <b>-0.2</b>           | <b>-2.9%</b>  |                 |
| G        | Capability   | 368.3   | 362.5   | <b>5.8</b>            | <b>1.6%</b>   |                 |
| L, M     | Nuclear Decommissioning Authority                          | 658.7   | 574.9   | <b>83.7</b>           | <b>14.6%</b>  | 4               |
|          | <b>Total voted and non voted</b>                           | 2,056.9   | 16,055.9  | <b>-13,999.1</b>      | <b>-87.2%</b> |                 |

Differences of more than 10% which are more than £10 million are explained below. Numbers relate to the relevant row in the table above. Further detail of spending within these totals is given in the Table at Annex A.

#### 1. Delivering affordable energy for households and businesses

Resource DEL spending under this subhead is, overall, forecast to decrease by £12,503.0 million, or 96.1%, compared to 2022-23.

This is driven largely by the £12,538.9 million reduction in the budget for the Energy Bills Support Scheme compared to 2022-23 (reflecting the ending of the main scheme on 31<sup>st</sup> March 2023), partially offset by a number of small increases in funding for Net Zero, including increased funding for Ofgem.

## 2. Ensuring that our energy system is reliable and secure

Resource DEL spending under these subheads is, overall, forecast to decrease by £ (1,678.2) million, or 96.6%, compared to 2022-23.

This is driven largely by an decrease of £ (1,708.2) million reflecting funding for the Energy Special Administration Regime (SAR) in 2022-23 not repeated in 2023-24, partially offset by additional funding for New Nuclear (£12.0 million), Sizewell C costs (£10.2 million) and Oil and Gas (£6.4 million).

## 3. Taking action on climate change and decarbonisation

Resource DEL spending under this subhead is, overall, forecast to increase by £92.7 million, or 88.0%, compared to 2022-23. This is largely due to the £44.0 million increase for International Climate Finance (ICF) in line with the profile of funding allocated through the SR21 and the transfer of £31.7 million from the Foreign, Commonwealth and Development Office; together with increased funding for Energy Innovation (£29.3 million), Carbon Capture and Storage (£7.5 million) and Renewable Energy (£7.4 million).

## 4. Nuclear Decommissioning Authority

Net Resource DEL spending under these subheads, is, overall, forecast to increase by £83.7 million, or 14.6%, compared to 2022-23. This reflects that in 2022-23 additional income of £57.0 million was surrendered together with a switch from Resource to Capital of £39.0 million in the 2022-23 Supplementary Estimate.

In addition, the split of expenditure between Resource and Capital DEL for the NDA is reviewed each year for the Supplementary Estimate in line with expenditure profiles for the year for nuclear decommissioning costs. Overall net DEL expenditure for the NDA for 2022-23 is increased by £182.8m compared to 2022-23.

## Capital DEL

The table below shows how spending plans for Capital DEL compare with last year.

| Subheads | Description  | Capital DEL   |   |                       |               | % | see note number |
|----------|--|---|---|-----------------------|---------------|---|-----------------|
|          |  | £ million   |   | change from last year |               |   |                 |
|          |  | <i>This year (2023-24 Main Estimates budget sought)</i> | <i>Last year (2022-23 Supp Estimates budget approved)</i> |                       |               |   |                 |
| A        | Delivering affordable energy for households and businesses | 1,288.0   | 498.2   | <b>789.8</b>          | <b>158.5%</b> | 5 |                 |
| B, H     | Ensuring that our energy system is reliable and secure     | 1,064.5   | 4,761.8   | <b>-3,697.3</b>       | <b>-77.6%</b> | 6 |                 |
| C, I     | Taking action on climate change and decarbonisation        | 753.0   | 533.5   | <b>219.5</b>          | <b>41.4%</b>  | 7 |                 |
| D, J     | Managing our energy legacy safely and responsibly          | 30.7  | 46.3  | <b>-15.7</b>          | <b>-33.8%</b> | 8 |                 |
| E, K     | Science and Research                                       | 459.6   | 233.0   | <b>226.6</b>          | <b>97.3%</b>  | 9 |                 |
| G        | Capability   | 17.8  | 13.9  | <b>3.9</b>            | <b>28.1%</b>  |   |                 |
| L, M     | Nuclear Decommissioning Authority                          | 2,300.1   | 2,201.0   | <b>99.1</b>           | <b>4.5%</b>   |   |                 |
|          | <b>Total voted and non voted</b>                           | <b>5,913.6</b>  | <b>8,287.7</b>  | <b>-2,374.0</b>       | <b>-28.6%</b> |   |                 |

Differences of more than 10% which are more than £10 million are explained below.

### 5. Delivering affordable energy for households and businesses

Capital spending under these subheads is, overall, forecast to increase by £789.8 million, or 158.5%, compared to 2022-23, in line with SR21 allocations for Net Zero Buildings and Heat, and reflecting the surrender in 2022-23 Budgets of £ (377.3) million underspends and recovered Local Authority Funding and the reallocation of £ (132.0) million in 2022-23 to Sizewell C. Additional Net Zero funding for New Nuclear, Energy Innovation and Heat is shown against *Ensuring that our energy system is reliable and secure* and *Taking action on climate change and decarbonisation* subheads.

### 6. Ensuring that our energy system is reliable and secure

Capital DEL spending under these subheads is, overall, forecast to decrease by £ (3,697.3) million, or 77.6%, compared to 2022-23. This is driven by a reduction of £ (3,877.0) million reflecting the additional funding from the Reserve in 2022-23 for Energy SAR; partially offset by a £129.2 million increase in funding for investment in Sizewell C and New Nuclear compared to 2022-23; and an increase of £50.0 million for Offshore Transmission Network Review ( OTNR).

### 7. Taking action on climate change and decarbonisation

Capital DEL spending under this subhead is, overall, forecast to increase by £219.5 million, or 41.1%, compared to 2022-23. This is largely due to an increase of £100.0 million for Renewable Energy, an increase in Energy Innovation funding of £73.5 million and an increase

of £33.4 million in line with the profile of funding for International Climate Finance (ICF) allocated in SR21 and transfers from the Foreign, Commonwealth and Development Office.

#### 8. Managing our energy legacy safely and responsibly

Capital DEL spending under these subheads is, overall, forecast to decrease by £ (15.7) million, or 33.8%, compared to 2022-23.

This is driven largely by:

- a decrease of £ (7.5) million for the Coal Authority; and
- decreases of £ (3.1) million for Nuclear Security, £ (3.0) million for Non-proliferation and £ (2.9) million for Global Threat Reduction, largely reflecting transfers from the Security and Intelligence Agencies that were received in 2022-23.

#### 9. Science and Research

Total capital spending under these subheads is forecast to increase by £226.6 million, or 97.3%, compared to 2022-23. This is due to the addition of £199.0 million this year for Euratom, together with an increase of £27.6 million for the UK Atomic Energy Authority.

## Resource AME

The table below shows how spending plans for Resource AME compare with last year.

| Subheads | Description  | Resource AME  |   |                       |               | note number |
|----------|--|---|---|-----------------------|---------------|-------------|
|          |  | £ million   |   | %                     |               |             |
|          |  | <i>This year (2023-24 Main Estimates budget sought)</i> | <i>Last year (2022-23 Supp Estimates budget approved)</i> | change from last year |               |             |
| N        | Delivering affordable energy for households and business | 5,663.0   | 54,611.0  | <b>-48,948.0</b>      | <b>-89.6%</b> | 10          |
| O, U, Y  | Managing our energy legacy safely and responsibly        | 1,537.9   | -3,289.8  | <b>4,827.7</b>        | <b>146.7%</b> | 11          |
| P, V     | Science and Research                                     | 977.2   | 1,182.7   | <b>-205.4</b>         | <b>-17.4%</b> | 12          |
| Q        | Capability   | -0.1  | -0.8  | <b>0.7</b>            | <b>83.8%</b>  |             |
| R        | Renewable Heat Incentive                                 | 1,203.0   | 1,063.5   | <b>139.5</b>          | <b>13.1%</b>  | 13          |
| S        | Deliver an ambitious industrial strategy                 | -25.7   | -21.1   | <b>-4.5</b>           | <b>-21.8%</b> |             |
| T        | Taking action on climate change and decarbonisation      | 25,000.0  | 6,208.2   | <b>18,791.8</b>       | <b>302.7%</b> | 14          |
| W        | Government as Shareholder                                | -80.0   | -80.0   | -                     | -             |             |
| X        | Nuclear Decommissioning Authority                        | 8,186.5   | -105,393.7  | <b>113,580.2</b>      | <b>107.8%</b> | 15          |
|          | Total voted and non voted                                | 42,461.7  | -45,720.7   | <b>88,181.9</b>       | <b>192.9%</b> |             |

Differences of more than 10% which are more than £10 million are explained below.

### 10. Delivering affordable energy for households and businesses

Resource AME spending on these subheads is forecast to be £48,948.0 million lower than in 2022-23, reflecting the reduced forecast for the Energy Price Guarantee (£19,740.0 million) and the replacement of the Energy Bills Relief Scheme with the Energy Bills Discount Scheme (£10,397.0 million), and a reduction in provisions for the energy support schemes (£20,500.0 million), together with an increase of £1,689.0 million for Energy SAR compared to 2022-23.

### 11. Managing our energy legacy safely and responsibly

Resource AME spending on these subheads is forecast to be £4,827.7 million higher than in 2022-23 due largely to the change in discount rates impacting the non-cash movements in provisions in 2022-23 for Coal Authority (£4,774.0 million), increases in Coal Health liabilities (£14.3 million) and British Energy liabilities (£44.6 million); partially offset by decreases in Concessionary Fuel (£4.7 million).

### 12. Science and Research

Resource AME spending on these subheads is forecast to be £ (205.4) million lower than in 2022-23. This is largely due to a decrease of £ (235.4) million in Euratom, partially offset by an increase of £30.0 million for UKAEA provisions.

### 13. Renewable Heat Incentive

Resource AME spending on this subhead is forecast to be £139.5 million higher than in 2022-23, reflecting the forecast for the scheme for 2023-24.

### 14. Taking action on climate change and decarbonisation

Resource AME spending on these subheads is forecast to be £18,791.8 million higher than in 2022-23. This is largely due to an increase in the forecast for the movement in fair value for Contracts for Difference for the Low Carbon Contracts Company. The forecast will be reviewed in time for the Supplementary Estimate.

### 15. Nuclear Decommissioning Authority

Resource AME spending on this subhead is forecast to be £113,580.2 million higher than in 2022-23. This is due to a larger increase in the NDA Nuclear Decommissioning provision forecast for 2022-23 compared to 2021-22, where a large decrease in the provision was driven by changes to the discount rate. This will be reviewed ahead of the Supplementary Estimate.

## Capital AME

The table below shows how spending plans for Capital AME compare with last year.

| Subheads | Description                                       | Capital AME   |   |                       |                | note number |
|----------|---|---|---|-----------------------|----------------|-------------|
|          |   | £ million   |   | %                     |                |             |
|          |   | <i>This year<br/>(2023-24 Main<br/>Estimates<br/>budget sought)</i> | <i>Last year<br/>(2022-23<br/>Supp<br/>Estimates<br/>budget<br/>approved)</i> | change from last year |                |             |
| O, U, Y  | Managing our energy legacy safely and responsibly | -128.3  | -123.4  | <b>-4.9</b>           | <b>4.0%</b>    |             |
| P, V     | Science and Research                              | 104.0   | 148.6   | <b>-44.6</b>          | <b>-30.0%</b>  | 16          |
|          | Total voted and non voted                         | -24.3   | 25.2  | <b>-49.5</b>          | <b>-196.3%</b> |             |

### 16. Science and Research

Capital AME spending on these subheads is forecast to be £ (44.6) million lower than in 2022-23. This is due to a reduction in the forecast for Euratom.

## 2.3 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets without express permission from HM Treasury. Revised policy ringfences following the Machinery of Government changes will be agreed with HM Treasury following the Main Estimate and reflected in the Supplementary Estimate Memorandum.

| Spending total<br>Amounts sought this year<br>(Main Estimate 2023-24)                    |           | Compared to final budget last year<br>(Supplementary Estimate 2022-23) |          |
|--|-----------|--|----------|
|  |           | £m   | %        |
| International Climate Finance (ICF) ODA (Official Development Assistance) (Resource DEL) | £76.9m    | +£44.0m  | +133.89% |
| International Climate Finance ODA (Capital DEL)  | £242.2m   | +£33.4m  | +16.0%   |
| Financial transactions   | -£39.3m   | -£3,886.9m   | -101.0%  |
| <i>Of which:</i>   |           |  |          |
| <i>ICF ODA</i>   | -         | -£10.5m  | -100.0%  |
| <i>Energy Efficiency Loans</i>   | -£41.8m   | -£1.2m   | -3.0%    |
| <i>Energy SAR</i>  | -         | -£3,877.0m   | -100.0%  |
| <i>Other</i>   | £2.5m     | -£1.8m   | 273.7%   |
| Nuclear Decommissioning Authority (Resource DEL)   | £658.7m   | +£83.7m  | +14.6%   |
| Nuclear Decommissioning Authority (Capital DEL)  | £2,300.1m | +£99.1m  | +4.5%    |
| Depreciation   | £102.1m   | +£19.3m  | +23.4%   |

## 2.4 Changes to contingent liabilities

The list of contingent liabilities shown in Part III: Note K includes those relating to DESNZ that were included in the 2022-23 BEIS Supplementary Estimate.

### 3. Priorities and performance

#### 3.1 How spending relates to objectives

The table below shows how expenditure against each subhead contributes to Departmental priority outcome.

| Outcome><br>Estimates subheads | 1: Ensure security of energy supply this winter, next winter and in the longer-term – bringing down energy bills and reducing inflation | 2: Ensure the UK is on track to meet its legally binding Net Zero commitments and support economic growth by significantly speeding up delivery of network infrastructure and domestic energy production | 3: Improve the energy efficiency of UK homes, businesses and public buildings to meet the 15% demand reduction ambition | 4: Deliver current schemes to support energy consumers with their bills and develop options for long-term reform to improve how the electricity market works for families and businesses | 5: Seize the economic benefits of Net Zero, including the jobs and growth created through investment in new green industries | 6: Pass the Energy Bill to support the emerging CCUS and hydrogen sectors; to update the governance of the energy system; and to reduce the time taken to consent offshore wind |
|--------------------------------|---|--|---|--|--|---|
| A, N                           |   | X  | X   | X  |  |   |
| B, H                           | X   |  |   |  |  |   |
| C, I, T                        | X   | X  |   |  |  | X   |
| D, J, O, U, Y                  | X   | X  |   |  |  |   |
| E, K, P, V                     |   | X  |   |  |  |   |
| F, S                           |   |  |   |  | X  |   |
| G, Q                           | X   | X  | X   | X  | X  | X   |
| L, M, X                        |   | X  |   |  |  |   |
| R                              |   | X  | X   |  | X  |   |
| W                              |   | X  |   |  | X  |   |

#### 3.2 Measures of performance against each priority

The Department for Energy Security and Net Zero’s Outcome Delivery Plan will in due course set out the Secretary of State’s high-level objectives, and measures of performance, for the Department.

#### 3.3 Major projects

The Department is responsible for 14 major projects, four are nuclear energy or decommissioning projects, and most of the remaining portfolio relates to energy networks and systems:

- Carbon Capture, Utilisation & Storage (CCUS)



- Energy Bill Support Scheme (EBSS)
- Geological Disposal Facility Programme (GDF)
- Green Homes Grant: Local Authority Delivery (LAD)
- Green Homes Vouchers Programme
- Heat Networks Investment Project
- Home Upgrade Grant (HUG) Phase 1
- Public Sector Decarbonisation Scheme (PSDS)
- Replacement Analytical Project (Sellafield)
- Sellafield Product and Residue Store Retreatment Plant
- SIXEP Continuity Plant (Sellafield)
- Sizewell C
- Smart Metering Implementation Programme
- Social Housing Decarbonisation Fund

The Infrastructure and Projects Authority [reports](#) on delivery of major projects annually. Data for DSESNZ can be found [here](#).

## 4. Other information

### 4.1 Breakdown of Administration Budget

| <b>Spending total</b><br><b>Amounts sought this year</b><br><b>(Main Estimate 2023-24)</b> | <b>Compared to final budget last year</b><br><b>(Supplementary Estimate 2022-23)</b> |                  |             |
|--|--|------------------|-------------|
|  | <b>£ million</b>   | <b>£ million</b> | <b>%</b>    |
| Wages and salaries / Purchase of goods and services/other                                  | 269.7  | -17.9            | -6.6        |
| Depreciation   | 66.0   | +29.7            | +45.0       |
| OGD income for Committee on Climate Change   | -2.0   | -                | -           |
| <b>Total core department administration</b>  | <b>333.6</b>   | <b>+11.8</b>     | <b>+3.5</b> |
| Civil Nuclear Police Authority   | 4.4  | +3.1             | +69.8       |
| Committee on Climate Change  | 5.1  | +0.1             | +1.0        |
| Coal Authority   | 5.9  | +0.7             | +11.2       |
| Oil and Gas Authority  | 0.7  | +0.7             | +100.0      |
| Nuclear Decommissioning Authority  | 33.7   | -1.0             | -2.8        |
| <b>Total Partner Organisations administration</b>  | <b>50.0</b>  | <b>+3.6</b>      | <b>+7.2</b> |
| <b>Total Administration Budget</b>   | <b>383.6</b>   | <b>+15.4</b>     | <b>+4.0</b> |

## 4.2 Additional tables for Nuclear Decommissioning Authority

| NDA DEL Budgets          | £ million          |                  |                  |                  |
|--------------------------|--------------------|------------------|------------------|------------------|
|                          | 2021-22<br>outturn | 2022-23<br>plans | 2023-24<br>plans | 2024-25<br>plans |
| Resource DEL expenditure | 1,427.9            | 1,643.9          | 1,668.0          | 1,795.6          |
| Resource DEL income      | -693.9             | -1,068.9         | -1,009.3         | -1,298.9         |
| <b>Net Resource DEL</b>  | <b>734.1</b>       | <b>574.9</b>     | <b>658.7</b>     | <b>496.7</b>     |
| <i>of which Admin</i>    | <i>35.5</i>        | <i>34.7</i>      | <i>33.7</i>      | <i>31.7</i>      |
| Capital DEL expenditure  | 2,023.1            | 2,201.0          | 2,300.1          | 2,433.0          |
| Capital DEL income       | -                  | -                | -                | -                |
| <b>Net Capital DEL</b>   | <b>2,023.1</b>     | <b>2,201.0</b>   | <b>2,300.1</b>   | <b>2,433.0</b>   |
| <b>Total Net DEL</b>     | <b>2,757.1</b>     | <b>2,775.9</b>   | <b>2,958.8</b>   | <b>2,929.7</b>   |

| NDA AME Budgets                       | £ million          |                   |                  |                  |
|---------------------------------------|--------------------|-------------------|------------------|------------------|
|                                       | 2021-22<br>outturn | 2022-23<br>plans  | 2023-24<br>plans | 2024-25<br>plans |
| Depreciation/Impairments              | 145.7              | 206.3             | 186.5            | 31.3             |
| Movement in Provisions/other non-cash | 100,459.3          | -105,600.0        | 8,000.0          | 12,804.0         |
| <b>Total AME</b>                      | <b>100,605.1</b>   | <b>-105,393.7</b> | <b>8,186.5</b>   | <b>12,835.3</b>  |

## 5. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by David Thomas as Chief Financial Officer, on behalf of Jeremy Pocklington, Head of Department and Accounting Officer of the Department for Energy Security and Net Zero, who is responsible for this Estimate.

David Thomas

Chief Financial Officer

Department for Energy Security and Net Zero

16 May 2023

Table A (i) Departmental Expenditure Limits (DELs)

| Subheads | Description  | Programme  | Resource                                       |   |                       |          | see note number | Capital  |   |                       |          | see note number |
|----------|--|--|--|---|-----------------------|----------|-----------------|--|---|-----------------------|----------|-----------------|
|          |  |  | This year<br>(Main Estimates<br>budget sought) | Last year<br>(Supp<br>Estimates<br>budget approved) | change from last year |          |                 | This year<br>(Main Estimates<br>budget sought) | Last year<br>(Supp<br>Estimates<br>budget approved) | change from last year |          |                 |
|          |  |  |  |   |                       |          |                 |  |   |                       |          |                 |
| A        | Delivering affordable energy for households and businesses                     | <i>Fuel poverty</i>  | 4.5  | 5.8   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Green Deal</i>  | 25.8   | 18.5  |                       |          |                 | 0.0  |   |                       |          |                 |
|          |  | <i>Energy Efficiency</i>   | 9.3  | 13.2  |                       |          | -39.6           | -38.4  |   |                       |          |                 |
|          |  | <i>Ofgem costs</i>   | 30.1   | 15.0  |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Smart meters</i>  | 11.7   | 10.3  |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Net Zero Industry</i>   | 15.3   | 9.3   |                       |          |                 | 58.0   |   |                       |          |                 |
|          |  | <i>Net Zero Buildings and Heat</i>                                       | 80.6   | 69.4  |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Energy Bills Support</i>  | 331.4  | 12,870.3  |                       |          |                 | 1,327.6  | 478.6   |                       |          |                 |
|          | sub total  |  | 508.6  | 13,011.7  | -12,503.0             | -96.1%   | 1               | 1,288.0  | 498.2   | 789.8                 | 158.5%   | 5               |
| B, H     | Ensuring that our energy system is reliable and secure                         | <i>Electricity market reform</i>   | 12.0   | 9.1   |                       |          |                 | 59.1   | 6.8   |                       |          |                 |
|          |  | <i>Energy SAR</i>  |  | 1,708.0   |                       |          |                 |  | 3,877.0   |                       |          |                 |
|          |  | <i>New nuclear</i>   | 26.6   | 14.6  |                       |          |                 | 92.2   | 875.0   |                       |          |                 |
|          |  | <i>Oil and gas</i>   | 11.2   | 4.8   |                       |          |                 | 1.1  | 3.0   |                       |          |                 |
|          |  | <i>Sizewell C</i>  | 10.2   |   |                       |          |                 | 912.0  |   |                       |          |                 |
|          |  | <i>Electricity Settlements Company</i>                                   | -1.7   | 0.0   |                       |          |                 |  |   |                       |          |                 |
|          |  | sub total  |  | 58.3  | 1,736.5               | -1,678.2 | -96.6%          | 2  | 1,064.5   | 4,761.8               | -3,697.3 | -77.6%          |
| C, I     | Taking action on climate change and decarbonisation                            | <i>Carbon capture and storage</i>  | 22.2   | 14.7  |                       |          |                 | 25.0   | 13.8  |                       |          |                 |
|          |  | <i>Energy innovation</i>   | 35.9   | 6.6   |                       |          |                 | 375.6  | 302.1   |                       |          |                 |
|          |  | <i>International Climate Finance</i>                                     | 76.9   | 32.9  |                       |          |                 | 242.2  | 208.8   |                       |          |                 |
|          |  | <i>Renewable energy</i>  | 12.8   | 5.4   |                       |          |                 | 100.0  |   |                       |          |                 |
|          |  | <i>Drive action on climate change</i>                                    | 1.3  | 0.1   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>International &amp; EU energy &amp; security</i>                      | 5.7  | 5.9   |                       |          |                 |  | 2.9   |                       |          |                 |
|          |  | <i>International climate change</i>                                      | 4.4  | 4.8   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>ETS &amp; Tax</i>   | 5.0  |   |                       |          |                 | 3.0  |   |                       |          |                 |
|          |  | <i>Heat</i>  | 14.3   | 16.3  |                       |          |                 |  | 0.0   |                       |          |                 |
|          |  | <i>National carbon markets</i>   | 0.6  | 0.5   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Committee on Climate Change BEIS funding</i>                          | 3.1  | 3.1   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Committee on Climate Change other government departments' funding</i> | 2.0  | 2.0   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Salix</i>   | 11.8   | 13.0  |                       |          |                 |  | 2.4   |                       |          |                 |
|          |  | <i>Low Carbon contracts company</i>                                      | 2.0  | 0.0   |                       |          |                 | 7.2  | 3.4   |                       |          |                 |
|          | sub total  |  | 198.0  | 105.3   | 92.7                  | 88.0%    | 3               | 753.0  | 533.5   | 219.5                 | 41.1%    | 7               |
| D, J     | Managing our energy legacy safely and responsibly                              | <i>British Energy liabilities</i>  | 98.0   | 123.0   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Civil nuclear liabilities</i>   | 0.1  | 3.1   |                       |          |                 |  | 0.2   |                       |          |                 |
|          |  | <i>Coal pensions</i>   | 0.2  | 0.2   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Concessionary fuel</i>  | 43.1   | 36.2  |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Global threat reduction programme</i>                                 | 8.9  | 7.2   |                       |          |                 |  | 2.9   |                       |          |                 |
|          |  | <i>Non-proliferation</i>   | 24.0   | 27.1  |                       |          |                 | 2.2  | 5.2   |                       |          |                 |
|          |  | <i>Nuclear security</i>  | 5.9  | 8.9   |                       |          |                 | 2.9  | 5.9   |                       |          |                 |
|          |  | <i>Coal Authority administration costs</i>                               | 5.9  | 5.3   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Coal Authority programme costs</i>                                    | 46.0   | 28.2  |                       |          |                 | 20.3   | 27.8  |                       |          |                 |
|          |  | <i>Oil and Gas Authority administration costs</i>                        | 0.7  | 0.0   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Oil and Gas Authority programme costs</i>                             | 1.7  | 2.0   |                       |          |                 | 0.1  | 0.2   |                       |          |                 |
|          |  | <i>Civil Nuclear Police Authority costs met by BEIS</i>                  | 5.1  | 2.5   |                       |          |                 | 5.2  | 4.1   |                       |          |                 |
|          | sub total  |  | 239.5  | 243.5   | -4.0                  | -1.6%    |                 | 30.7   | 46.3  | -15.7                 | -33.8%   | 8               |
| E, K     | Science and Research   | <i>UK Atomic Energy Authority</i>  | 14.7   | 13.6  |                       |          |                 | 260.6  | 233.0   |                       |          |                 |
|          |  | <i>Research Base</i>   |  | 0.1   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Euratom</i>   | 3.2  |   |                       |          |                 | 199.0  |   |                       |          |                 |
|          | sub total  |  | 18.0   | 13.7  | 4.3                   | 31.0%    |                 | 459.6  | 233.0   | 226.6                 | 97.3%    | 9               |
| F        | Deliver an ambitious industrial strategy                                       | <i>British Shipbuilders liabilities</i>                                  | 7.6  | 7.8   |                       |          |                 |  |   |                       |          |                 |
|          |  | sub total  |  | 7.6   | 7.8                   | -0.2     | -2.9%           |  | 0.0   | 0.0                   | 0.0      | #DIV/0!         |
| G        | Capability   | <i>Core department admin</i>   | 333.6  | 321.8   |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>Centrally held/unallocated</i>  | 16.0   | 20.7  |                       |          |                 |  | -2.1  |                       |          |                 |
|          |  | <i>Other programmes (including EU Exit Programme)</i>                    | 18.7   | 20.0  |                       |          |                 | 17.8   | 16.0  |                       |          |                 |
|          |  | sub total  |  | 368.3   | 362.5                 | 5.8      | 1.6%            |  | 17.8  | 13.9                  | 3.9      | 28.1%           |
| L, M     | Nuclear Decommissioning Authority and Site Licence Company expenditure /income | <i>NDA administration costs</i>  | 33.7   | 34.7  |                       |          |                 |  |   |                       |          |                 |
|          |  | <i>NDA gross programme</i>   | 271.2  | 294.2   |                       |          |                 | -60.9  | 29.0  |                       |          |                 |
|          |  | <i>NDA SLC programme</i>   | 1,363.0  | 1,315.0   |                       |          |                 | 2,361.0  | 2,172.0   |                       |          |                 |
|          |  | <i>NDA programme income</i>  | -1,009.3                                       | -1,068.9  |                       |          |                 |  |   |                       |          |                 |
|          |  | sub total  |  | 658.7   | 574.9                 | 83.7     | 14.6%           | 4  | 2,300.1   | 2,201.0               | 99.1     | 4.5%            |
|          | total voted and non voted  |  | 2,056.9  | 16,055.9  | -13,999.1             | -87.2%   |                 | 5,913.6  | 8,287.7   | -2,374.0              | -28.6%   |                 |

Table A (ii) AME budgets

| Subheads  | Description  | Programme                                  | Resource                                       |  |           | change from last year | see note number |
|-----------|--|--|--|--|-----------|-----------------------|-----------------|
|           |  |  | This year<br>(Main Estimates<br>budget sought) | Last year<br>(Supp<br>Estimates<br>budget<br>approved) |           |                       |                 |
|           |  |  | £ million                                      |  | %         |                       |                 |
| N         | Delivering affordable energy for households and businesses | <i>Energy Price Guarantee</i>              | 4,160  | 38,900   |           |                       |                 |
|           |  | <i>Energy Bill Relief Scheme</i>           | 550  | 11,900   |           |                       |                 |
|           |  | <i>Energy Bills Discount Scheme</i>        | 953  | 5,500  |           |                       |                 |
|           |  | <i>Energy SAR</i>                          |  | -1,689   |           |                       |                 |
|           |  | sub total                                  |  | 5,663.0  | 54,611.0  | -48,948.0             | -89.6%          |
| O, U, Y   | Managing our energy legacy safely and responsibly          | <i>British Energy liabilities</i>          | -68  | -113   |           |                       |                 |
|           |  | <i>Coal Health liabilities</i>             | 4  | -10  |           |                       |                 |
|           |  | <i>Coal Pensions</i>                       |  |  |           |                       |                 |
|           |  | <i>Concessionary fuel</i>                  | 66   | 71   |           |                       |                 |
|           |  | <i>Civil Nuclear Police Authority</i>      | 0  | 0  |           |                       |                 |
|           |  | <i>Coal Authority</i>                      | 1,535  | -3,239   |           |                       |                 |
|           |  | <i>Oil and Gas Authority</i>               | 0  | 1  |           |                       |                 |
| sub total |  | 1,537.9                                    | -3,289.8                                       | 4,827.7  | -146.7%   | 11                    |                 |
| P, V      | Science and Research                                       | <i>Euratom</i>                             | 925  | 1,160  |           |                       |                 |
|           |  | <i>UK Atomic Energy Authority</i>          | 52   | 22   |           |                       |                 |
|           |  | sub total                                  | 977.2  | 1,182.7  | -205.4    | -17.4%                | 12              |
| Q         | Capability   | <i>Other core department provisions</i>    | 0  | -1   |           |                       |                 |
| sub total |  |  | -0.1   | -0.8   | 0.7       | -83.8%                |                 |
| R         | Renewable Heat Incentive                                   | <i>Renewable Heat Incentive</i>            | 1,203  | 1,063  |           |                       |                 |
| sub total |  |  | 1,203.0  | 1,063.5  | 139.5     | 13.1%                 | 13              |
| S         | Deliver an ambitious industrial strategy                   | <i>British Shipbuilders liabilities</i>    | -26  | -21  |           |                       |                 |
| sub total |  |  | -25.7  | -21.1  | -4.6      | 21.8%                 |                 |
| T         | Taking action on climate change and decarbonisation        | <i>Clean Growth Fund</i>                   |  | 0  |           |                       |                 |
|           |  | <i>Renewables Decommissioning</i>          |  | 8  |           |                       |                 |
|           |  | <i>Low Carbon Contracts Company</i>        | 25,000   | 6,200  |           |                       |                 |
|           |  | sub total                                  | 25,000.0                                       | 6,208.2  | 18,791.8  | 302.7%                | 14              |
| W         | Government as Shareholder                                  | <i>Enrichment Holdings dividend income</i> | -80  | -80  |           |                       |                 |
| sub total |  |  | -80.0  | -80.0  | 0.0       | 0.0%                  |                 |
| X         | Nuclear Decommissioning Authority                          | <i>NDA movements in provision</i>          | 8,000  | -105,600   |           |                       |                 |
|           |  | <i>NDA depreciation</i>                    | 187  | 206  |           |                       |                 |
|           |  | sub total                                  | 8,186.5  | -105,393.7   | 113,580.2 | -107.8%               | 15              |
|           | total voted and non voted                                  |  | 42,461.7                                       | -45,720.2  | 88,181.9  | -192.9%               |                 |

**Table B: how DEL funding plans for 2023-24 have altered since Spending Review 2021**

|  | BEIS           |                  | £ million          |                  |
|--|----------------|------------------|--------------------|------------------|
|  | admin          | programme        | Resource DEL total | Capital DEL      |
| <b>Spending Review outcome - DESNZ post MoG settlement</b>   | 387.3          | 1,336.5          | 1,723.7            | 5,885.6          |
| <b>Additional, new, money awarded since SR2021:-</b>   |                |                  |                    |                  |
| <u>Reserve claims 2023-24</u>  |                |                  |                    |                  |
| Energy Bills support - Alternative Fuel Payment  |                | 302.1            | 302.1              |                  |
| UKGI shared services   | 0.8            |                  | 0.8                |                  |
| Shared Outcomes Fund – Net Zero Systems Tools  | 0.2            | 0.3              | 0.4                | 0.1              |
|  |                |                  | 0.0                |                  |
|  |                |                  | 0.0                |                  |
|  |                |                  | 0.0                |                  |
| <u>Budget Measures</u>   |                |                  | 0.0                |                  |
|  |                |                  | 0.0                |                  |
| <b>Estimating, forecasting and reprofiling changes:-</b>   |                |                  |                    |                  |
| IFRS16 reclassification  | 5.6            | -5.6             | 0.0                |                  |
| NDA Admin to programme   | -10.3          | 10.3             | 0.0                |                  |
| <b>Neutral funding changes between departments:-</b>   |                |                  |                    |                  |
| <u>Machinery of government changes:-</u>   |                |                  |                    |                  |
| Cyber Security from Ministry of Defence  |                | 0.3              | 0.3                |                  |
| <u>Other funding transfers:-</u>   |                |                  |                    |                  |
| Transfer to International Climate Finance: UK Pay  |                | -1.1             | -1.1               |                  |
| Transfer to International Climate Finance: International Pay   |                | -1.3             | -1.3               |                  |
| Transfer to International Climate Finance: International Travel  |                | -0.1             | -0.1               |                  |
| Transfer from Ministry of Defence - NDA (HEX programme)  |                | 5.0              | 5.0                |                  |
| Transfer to Department for Levelling Up, Housing and Communities - EIP Planning  |                | -1.9             | -1.9               |                  |
| Transfer to Department for Environment, Food and Rural Affairs - EIP Planning  |                | -3.0             | -3.0               |                  |
| Transfer to Department for Environment, Food and Rural Affairs - Decarbonisation readiness services - The Environment Agency |                | -0.1             | -0.1               |                  |
| Transfer from Foreign, Commonwealth and Development Office - CSSF  |                | 0.1              | 0.1                |                  |
| Transfer from Foreign, Commonwealth and Development Office - ICF: UK PACT  |                | 20.0             | 20.0               |                  |
| Transfer from Foreign, Commonwealth and Development Office - ICF: LEAF and REDD+   |                | 14.2             | 14.2               |                  |
| Transfer from SIA - Cyber - Civil Nuclear  |                | 0.1              | 0.1                |                  |
| Transfer from SIA - Cyber Security risk assessment programme   |                | 0.1              | 0.1                |                  |
| Transfer to Ofgem Heat Networks regulation   |                | -2.5             | -2.5               |                  |
| Transfer to Department for Science, Innovation and Technology - SMETER Validation project transfer to SIG                    |                |                  |                    | -0.2             |
| Transfer from Department for Science, Innovation and Technology - NDA - Harwell  |                |                  |                    | 1.5              |
| Transfer to Ofgem - Heat Networks regulation   |                |                  |                    | -1.5             |
| Transfer from Foreign, Commonwealth and Development Office - ICF: LEAF and REDD+   |                |                  |                    | 28.1             |
| <b>2023-2024 Main Estimates DEL totals as at May 2023</b>  | <b>383.590</b> | <b>1,673.304</b> | <b>2,056.894</b>   | <b>5,913.633</b> |