Department for
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Meg Hillier MP
Chair
The Public Accounts Committee
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23rd December 2020

Dear Chair,

Re: PAC report: *The sale of the Green Investment Bank* – Session 2017-19 (HC 468)

I am writing in response to the recommendation in the Committee's report entitled *The sale of the Green Investment Bank* to provide the department's assessment of the Green Investment Group's activities and performance in the UK following the sale of the Green Investment Bank (GIB) in 2017 to a consortium led by Australian financial services company, Macquarie Group Limited.[1]

Following the sale, the Green Investment Bank was merged with Macquarie's existing renewables investment business in the Macquarie Capital business group and began to operate under the GIG name. Since 2017, GIG has expanded its reach and invested in multiple projects in Europe, Asia, North America and Australia and – through its partnership with the HMG as fund manager on UK Climate Investments (UKCI) projects – in Africa too. As part of the sale agreements, a 'special share' to protect the green objective was created in GIB plc, which is held by an independent body, the Green Purposes Company Limited ("GPC").

A separate company, the UK Green Infrastructure Platform (UKGIP), was created to hold the Government's interest in a small portfolio of assets, formerly held by GIB, not sold to Macquarie. The UKGIP assets were 90% HMG owned with Macquarie holding the remaining 10%. The assets were managed by GIG.

Your Committee asked that the Department provide an explanation of GIG's activities and performance in the UK, that we consider the impacts of the sale on the UK's climate change goals and consider the effectiveness of the special share arrangements. BEIS have addressed each of these points in turn.

[1] Consortium led by Macquarie Group Limited (Macquarie), together with Macquarie European Infrastructure 5 (MEIF 5) and the Universities Superannuation Scheme (USS)

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Upon acquiring the Green Investment Bank, Macquarie made a range of commitments to the Secretary of State which were considered in your report and summarised on page 13 as:

1. a commitment to GIB's green objectives and the Green Principles (protected by the special share and the GPC);
2. to continue to invest in sectors including energy efficiency, biomass, energy from waste, onshore wind, offshore wind, solar, tidal and energy storage;
3. target GIG to invest, or arrange new investment of over £3 billion in the three years after the sale;
4. to maintain GIG's independence, brand, and Edinburgh office; and
5. to continue to support the Department's UK Climate Investments (UKCI) pilot, a joint venture between GIG and the Department to invest in renewable and energy efficiency projects in developing nations.[2]

We have detailed the Department's view against each of these points in detail in Annex A below.

Whilst pledges made to uphold GIB's green investment principles and report on GIG's green impact on an annual basis have been met for the past three years, the Department agrees with GPC's view that GIG could broaden their approach to the target green investments and would welcome, in particular, more of a focus on new innovative emerging solutions in green investments outside the core and well-established renewable sectors such as on and offshore wind. It would also welcome, where possible, greater clarity of reporting in the public domain.

In summary, the Department is broadly satisfied GIG has met the undertakings that were provided to the Secretary of State in April 2017.

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Sarah Munby

Permanent Secretary for Business, Energy and Industrial Strategy

[2] PAC, The Sale of the Green Investment Bank, March 2018, p. 13

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Annex A: The Department's Response to the PAC Report.

In the report we were asked to, by 31st December 2020:

"Write a detailed explanation of GIG's activities and performance in the UK, including: against the intentions Macquarie made to the Secretary of State in April 2017; its impact on the UK's climate change goals; and the effectiveness of the special share arrangements".[3]

i. GIG Activities in the UK against the intentions made to the BEIS SOS

1. Commitment to GIB's Green Objective(s) and the Green Principles

We note that there is a single Green Objective defined within the Articles of Association of UK GIB Limited, and that the GIG has a set of seven Green Investment Principles. The special share pertains only to protection of the Green Objective.

GIG state that over the past three years, their mission and purpose has remained firmly in line with that held under public ownership; with a mission to accelerate the global energy transition and a purpose of making new green and profitable energy investments.[4] Whilst there is some evidence to support the latter (they are making new green energy investments worldwide), such investments are generally working in line with the growing market trend towards investment in the green economy, and therefore 'with the flow' rather than necessarily acting a catalysing force to *accelerate* this transition. It is within a context of increased market appetite for green investments in the years following the sale and amplified political commitments to a transition to a "Net Zero" economy by 2050 by respective governments, that any appraisal of their efforts should be, therefore, considered. As part of the sale, an independent company - Green Purpose Company (GPC) - was established to manage the government's special share arrangement and to ensure GIG maintains GIB's green objective. The Green Objective remains embedded in the Articles of Association for UK GIB Limited, which remains the top holding company for all GIG investment in the UK and Europe and is unchanged since GIB became part of Macquarie Group.

It now forms part of GIG's investment mandate. Their Green Investment Policy includes the seven Green Investment Principles which have remained substantively unchanged since 2013.[5] All investments made globally under the GIG brand need to comply with the Green Investment Principles and need to contribute to at least one of five green purposes. This is similar to the criteria imposed under public ownership; with the significant difference that

[3] PAC, The Sale of the Green Investment Bank, March 2018
[4] As stated on GIG's website and in annual reports.
[5] These were recently updated and published alongside GIG's 2020 Annual Report.

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GIG, under private hands, is not bound by the state aid rules which apply to Government owned organisations.

GIG operates a Green Governance Framework to ensure compliance with, and to measure impact against, the green purposes. According to GPC, this governance framework remains one of the most comprehensive available in the market. GIG continues to report on the green impact of investments in their annual progress report, although this reporting has tended to be more qualitative than quantitative in respect of green purposes 3, 4 and 5, and the quantitative data provided would benefit from greater transparency to demonstrate double counting risks have been minimised. As stated in GPC's 2020 letter [they]

"are concerned that for green purposes 3, 4 and 5, GIG's assessments are largely qualitative, and we would encourage the development of robust methodologies and metrics for these, drawing on best practice and standards that are already in use elsewhere." [6]

The department supports this recommendation.

To date, according to the GPC, Macquarie has delivered on the commitment to maintain GIB's green objective and the Green Principles after the sale and confirms no request to change the green purposes has been received from GIG.

GIG have also looked to take a wider, influencing role, towards green initiatives and has separately written to the Committee to set these out in detail. GIG is a member of the Green Bank Network (GBN). The GBN is a group of institutions, similar to GIG, from around the world, which share expertise and best practice. As of November 2020, there are 9 members from Europe, North America, Asia, and Oceania.

Edward Northam, GIG's UK and European head, was an active member of the UK Government's Green Finance Taskforce, bringing the experience of an investor in real assets to the Taskforce's landmark report *Accelerating Green Finance*, published in March 2018. Since joining GIG, he has continued to build on this work as a member of the Advisory Group to the Green Finance Institute, announced in June 2018 by the UK Chancellor of the Exchequer as part of his vision for the future of the UK's world-leading financial services sector.

Macquarie has also demonstrated commitment to progressing activity in green finance: in June 2018, it became the first financial institution globally to issue a green loan under the Green Loan Principles published by the Asia Pacific Loan Market Association and Macquarie Asset Management business has recently announced its commitment to net zero by 2040. Macquarie supports the work of the Taskforce on Climate-related Financial Disclosures (TCFD). The TCFD provides high-level guidance to assist companies to assess and disclose the risks and opportunities presented by climate change. Macquarie has

[6] Green Purposes Company, Annual letter 2020, p. 2

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undertaken to adopt the TCFD recommendations and to conduct scenario analysis since the 2019 financial year to assess resilience to climate-related risks, and BEIS welcomes this step. As a department, we are going to consult in early 2021 on making TCFD mandatory for UK-registered companies, as part of HMG's commitment to make TCFD fully mandatory across the economy by 2025.

2. *Commitment to continue to invest in sectors including energy efficiency, biomass, energy from waste, onshore wind, offshore wind, solar, tidal and energy storage.*

While under Government ownership, state aid requirements restricted the GIB's ability to invest in certain technologies including onshore wind, solar, tidal or energy storage. Since privatisation, GIG have aimed to target investments in green infrastructure projects across:

a) Established technologies including offshore and onshore wind, solar, hydro, inter-connectors, and waste and bioenergy.
b) Emerging technologies including tidal, biofuels, energy efficiency, storage, low-carbon transport, smart grids and district heating.
c) All stages of the project lifecycle: development, construction and operations.
d) The entire capital structure, from equity to debt[7].

In the first year following the sale, the GPC commissioned a report on GIB/GIG investments (up until 2018) which concluded that GIG did not invest in as broad a range of technologies as compared to other green institutions[8]. It found that GIG invested more in offshore wind than other GBN members and had focused almost all investment activity in the waste sector into a single technology. 33% of all GIG investments in this timeframe were in energy-from-waste (EfW) facilities. The equivalent number for other GBN members was 2%.[9]

Perhaps unsurprisingly, investments made as GIG have been made where there has been a readily accessible market of suitably developed opportunities, with relatively mature technologies, a favourable risk/return balance and the right scale of investment, namely: renewable energy generation and energy-from-waste.[10]

The report did state, however, that GIG have been leaders in finance in the green space compared to other institutions and noted that GIB was established to support relatively mature emerging investible technologies rather than new or experimental technology. It must also be noted that the report (which was published in June 2019) analysed investments from 2016 – 2018 (it therefore combines investments made as GIB with those made during the first full financial year as GIG, does not cover 2019/20, and as such), though highlighting important comparisons, is necessarily limited in its scope.

[7] GIG Progress Report 2018
[8] Global Green Investments: Report for Green Purposes Company, April 2019.
[9] Ibid.
[10] GIG's investments in energy efficiency area have been limited to LED streetlighting and either precede GIG's transfer to private ownership or form part of UKCI projects, for which GIG acts as a fund manager.

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Since the sale, combining the projects included in all three progress reports, GIG have invested in 23 green projects or initiatives in the UK and Europe (see: Annex B).[11] These have primarily been in established technologies including solar, energy from waste, onshore and offshore wind. To date, Macquarie and GIG have supported a total capacity of UK offshore wind over 5.7 GW, across 14 projects, including a majority (40 per cent) stake in the 714MW East Anglia One.[12]

While GIG is not filling the finance gap for nascent technologies, it might be argued that GIG does help to fill the "development capital" gap by continuing to fund projects that may otherwise have struggled for capital.

In the early years, it is apparent GIG looked to capitalise on the fact that GIB successfully addressed temporary liquidity barriers in the offshore wind, waste and bioenergy sectors where it had deployed substantial capital while under Government ownership, by investing predominately in these areas.

The GPC – who enjoy a constructive relationship with GIG - have challenged GIG on the whether they are at the leading edge of green investments. In their 2019 annual letter, GPC encouraged GIG to continue to broaden their approach to provide financing structures for new innovative technologies building on their global expertise. The department supports this recommendation. Research into similar institutions and green investments more generally shows that there may be potential for GIG to expand its portfolio to include projects which address greenhouse gas emissions and resource efficiency in more diverse ways, and to deliver a positive impact for the natural environment, biodiversity and environmental sustainability. In its most recent letter (2020), GPC noted "while investments over the year were restricted to a limited range of established technologies, there is welcome evidence that GIG is broadening its approach, bringing in expertise in new technologies together with innovation in project design and financing structures".[13] The department views this as a positive step forward.

It should also be noted that GIG have widened to have a more international focus under Macquarie ownership, extending beyond the geographical jurisdiction the Green Purpose Company has been mandated to monitor. As a result, some of their most impactful investments lie outside the scope of GPC's coverage (UK and Europe). BEIS supports the suggestion, made by GPC in this year's annual report, that GIG is well positioned to "drive forward the development of green finance products in areas such as nature-based solutions, the reversal of bio-diversity decline, and the wider provision of eco-system services", contending that GIG has the potential to bring these (still frontier) areas into the mainstream in keeping with GIG's mission to 'accelerate the green transition', and in line with global efforts to tackle the climate and environmental crises.

[11] GIG Annual Progress Reports, 2018, 2019, 2020.
[12] GIG website
[13] Green Purposes Company, Annual Letter 2020

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3. *Commitment to target GIB to invest, or arrange new investment, over £3 billion in the three years after the sale*

In their December 2020 letter to Minister Kwarteng, GIG state they have committed £6.9 billion globally to date, including £4.7bn of new capital in UK and Europe with £2.9bn in the period 2019-2020 alone, according to their 2020 Progress Report.[14]

GPC - who review the investment record information quarterly using a specialist consultancy to help us assess GIG's performance each year - confirm that GIG have exceeded its commitment for £3bn of new investments, either directly or by arranging capital from other investors, in the UK or Europe, confirming the figure of £4.7bn in the period from September 2017 to March 2020.

GPC report in their annual letters how GIG deliver against the commitment in each financial year (until March each year) in the UK and the rest of Europe. In the 2020 letter, GPC noted an increased level of GIG investment during the financial year - amounting to £2.3bn of which £2.034bn was in UK and £268m in the rest of Europe. The increased level of investment in the UK and Europe is welcomed, and it is pleasing to note that GIG will exceed its first three years commitment for £3bn of new investment, either directly or by arranging capital, in the UK alone. Within these criteria, the department confirms that GIG arranged or invested just over £3bn between April 2018 and April 2020, delivering the commitment made to Secretary of State.

Whilst compiling this review, however, the department found it somewhat problematic to reconcile figures quoted by GIG and those reviewed by GPC, which hampered our ability to accurately corroborate the data provided. This has previously been identified as an issue by the GPC (such as their request for GIG to publish a definition for the £3bn in their 2018 letter) and the Department would urge GIG to continue to be as transparent as possible regarding public reporting, for example, by separating activity funded by HMG through UKCI from other GIG activity.

4. *Commitment to maintain GIB's independence, brand, and Edinburgh office*

Macquarie maintain that the GIG business is led globally from London and Edinburgh with senior management based in the UK. After the sale, Macquarie retained the Edinburgh office, but moved GIG's London office from Millbank Tower to inside Macquarie's office in Ropemaker Street. As anticipated, GIB personnel have been subsumed into the Macquarie team's structures since the sale.

Despite commitments to retains GIB executives[15], The GIG Board now has only one former GIB senior executive, Edward Northam, who is responsible for operations in the UK and

[14] Green Investment Group, Progress Report 2020.

Europe. Macquarie senior executives lead GIG operations. The GIG is a Macquarie subsidiary and follows the group governance framework and policies. The GIG is a distinct operating division, with its own website, branding, board.

We note that the commitments made to the Department at the time of sale did not include a requirement to maintain GIB's independence as characterised by the NAO and PAC reports. As a result, we have not considered if GIG acts independently within Macquarie as to do so would require access to the governance processes of the overall organisation.

5. *Commitment to continue to support the Department's UK Climate Investments (UKCI) pilot*

UK Climate Investments (UKCI), established in 2015 with an initial commitment of £200 million funding from the UK Government, has continued its activity as a "joint venture" between GIG and Department for Business, Energy and Industrial Strategy (BEIS). The funding for UKCI originates solely from BEIS and as such the Department does not consider UKCI investments as contributing towards GIG commitments. We have summarised all UKCI investment commitments to date below, GIG should continue to ensure clarity when reporting on UKCI investments as part of their reporting on GIG activity as this aids transparency.

A fixed schedule of weekly meetings allows discussion on the latest deal updates, financial issues and governance matters between the Macquarie deal team and BEIS programme team. BEIS and Macquarie UKCI Board and Investment Committee representatives have continued to engage in constructive challenge.

Macquarie have been responsive to recommendations from UKCI Annual Reviews. This includes making clear progress on originating an energy efficiency project, working with BEIS to agree *Value for Money* indicators, and providing timely results and data returns.

Since completion of the GIB sale, UKCI have committed capital to six green energy transformational projects or platforms supporting green finance innovations and mobilising additional capital. During this time, BEIS has substantially increased the volume, frequency and complexity of its information requests to support and promote the successes of UKCI to support key UK bilateral initiatives in India and South Africa. UKCI has worked closely with DFID (now FCDO) teams and engaged in relevant initiatives at post, working with key stakeholders and to aid officials in post to promote UKCI with partner governments and market participants. Examples of UKCI's successes are joining the Government of India led International Solar Alliance (ISA) chaired by Indian Energy Minister Raj Kumar Singh and participation in the UK India Financial Partnership, which will report to the Chancellor and his Indian counterpart. In South Africa, UKCI is designing a robust communications plan to

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[15] Macquarie press release: Macquarie-led consortium to acquire the Green Investment Bank, on Macquarie's website, April 2017.

inform the 5th phase of the Renewable Energy Independent Power Procurement Programme (REIPPP).

UKCI has made equity investments of value between £5-30 million in solar projects in India and renewable energy projects in Sub-Saharan Africa, including £14 million (R253 million) agreement to support the development of 254 MW of clean energy projects across South Africa and £31 million (INR 275 Crores) investment in one of India's leading providers of renewable energy to commercial and industrial customers to build a network of solar farms. Recognising the opportunity to take a leading role in supporting the global transition to a green economy, the UK Government extended UKCI's investment period to November 2021 to allow UKCI to realise an increasingly attractive pipeline of transformational opportunities.

To date, £140.5m out of the £200 million has been committed (this figure is up to 2019 Annual Report).[16] Notable achievements in 2018/19 include UKCI's first investments in Africa.

Macquarie's financial management of UKCI has been robust in terms of processes and governance arrangements. Since the 2019 Annual Review, BEIS and Macquarie have refined and improved the monthly financial forecast report. This has further improved the managing of cashflows and ensured speed and budget alignment. This is in addition to Cash Management and Financial Forecast meetings which take place between Macquarie and BEIS on a near quarterly basis.

UKCI Commitments

Investment	Sector	Country	Amount	Date
Maharashtra, solar generation assets	Solar farm	India	£5m	10/2017
Solar YieldCo	Solar	India	£32.5m	6/2018
Revego	All sectors / renewables	South Africa	£28m	1/2019
CleanMax	Distributed Solar and wind	India	£31m	4/2019
H1 Holdings	2 onshore windfarms, 1 hydro	South Africa	£14m	8/2019
Affordable Green Housing	Development of green houses	Kenya	£30m	1/2020

Source: International Climate Finance Team, BEIS (who programme manager UKCI as a JV with GIG)

[16] Work on this year's Annual Report is ongoing and due to be published in February/March 2021. The department would be happy to provide PAC with updated figures, should you require, in due course.

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ii. The Sale's impact on the UK's climate change goals

The Green Investment Bank (GIB) was part of a broader UK ambition to create a low-carbon, climate-resilient and environmentally sustainable ('green') economy. GIB succeeded in helping to reduce various barriers to investment across the green economy, attracting private sector capital that otherwise may not have been invested.

The institution played a vital role in addressing market failures which constrained the flow of finance and was a key component of the transition to a green economy, complementing other green policies to help accelerate additional investment.

Since GIB's sale, there has been significant progress on UK climate change ambitions and progress made towards reaching those goals.[17] The Clean Growth Strategy, published in October 2017, set out ambitious policies and proposals to reduce emissions across the economy and promote clean growth. The Strategy sets out our plans to build on the successful decarbonisation of the power sector, while looking further across the whole of the economy and the country. It includes ambitious proposals on housing, business, transport, the natural environment and green finance; an area in which GIG has undoubtedly had an impact.

These efforts were further intensified in 2019, when the UK became the first major economy to target Net-Zero greenhouse gas emissions by 2050, increasing the ambition of our legally binding Climate Change Act; and we have seen UK emissions fall rapidly, down by around 28% in the period 2008-2018. Low carbon innovation is at the heart of our approach, with over £2.5 billion of government investment from 2015 to 2021 set out in the strategy.

Whilst this forms part of the largest increase in public spending on UK science, research and innovation in almost 40 years, as a department we are cognisant that Net zero will require significant private sector investment in low carbon solutions. A lack of appropriate finance might threaten to limit the scale and pace of our transition A fully decarbonised electricity sector will be the core of a net-zero economy, and we are over halfway there to meeting this objective, thanks in part to private investment, such as that provided by GIG and others, which has helped to bring down the cost of renewables.

The government was clear that it wanted GIB (GIG as now is) to continue to perform its important role of accelerating more private capital into green sectors and further accelerate the transition to a green economy following the sale. Alongside the work with clients, GIG do also contribute a wider leadership role in the energy transition – holding conferences and encouraging other green investment forums, which contribute to wider public sector involvement in the financing of green projects, and in turn, contribute to achieving progress towards UK Climate Change Goals.

[17] Given the sale of the GIB predates the net zero commitment, it would not be possible to provide a quantitative appraisal of its impact towards this goal.

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GIG is now a leading investor globally in projects that are driving carbon emission reductions. The reduction of greenhouse gas emissions is one of the 5 Green Purposes the group uses to determine investments.

The Green Purposes are:

1) The reduction of greenhouse gas emissions;
2) The advancement of efficiency in the use of natural resources;
3) The protection or enhancement of the natural environment;
4) The protection or enhancement of biodiversity;
5) The promotion of environmental sustainability.

The requirement of the Green Purposes is such that an investment must deliver a net gain in at least one Green Purpose, and GIG has demonstrated this on each occasion. Investments made by the Green Investment Group have focused on Green Purpose 1 focusing on low carbon projects, which support HM Governments Net Zero goal.

GIG have in particular supported investment in renewable electricity generation, most notably on shore and offshore wind, utilising natural resources (GP2) to reduce greenhouse gas emissions (GP1). Whilst there may be the notion that Green Purposes 3, 4, and 5 require only protection and promotion, so could be interpreted as safeguarding principles rather than requiring action, a broader interpretation of the spirit of the Green Purposes – taken by GPC and shared by BEIS, would be an intention, whenever possible, to enhance biodiversity and the natural environment, and to actively promote environmental sustainability. To better reflect the spirit of all five purposes, BEIS would like to see GIG further diversify its portfolio with regards to its Green Purposes, whilst maintaining its support for decarbonising the economy.

GIG produce Green Impact assessments which estimate the reduction in GHG emissions. Green Impact Reports are calculated for all GIG projects by comparing the project's impact against an alternative outcome (scenario) if the project in question had not taken place. This alternative outcome is referred to as the 'baseline'. Green Impact is calculated using an equation (below) and can be applied to any of GHG savings (kilotonnes CO2e), energy demand reduction (MWh), tonnes additional materials recycled (t) or tonnes waste to landfill (t) avoided, with a beneficial Green Impact (saving, reduction, etc.) expressed as a positive number.[18]

Green Impact = (Baseline Impact) – (Project Impact)[19]

In their reporting, as of 31st March 2020, GIG claim to have contributed the following:

[18] GIG: Green Impact Reporting Criteria, Oct 2019.
[19] Green Impact, How we calculate our Numbers page on GIG website

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- **198,241 ktCO_2e greenhouse gas emissions avoidance:** Total estimated greenhouse gas emissions avoided over the lifetime of GIG's investments to date, which comprise new investments into projects within the reporting period, retained projects and exited projects.

- **Equivalent to removing 2.5 million cars from the road:** for 25 years, which is the typical lifespan of a green energy generation asset. Based on UK benchmarks.

- **568,243 GWh renewable energy generation:** Estimated renewable energy generation over the lifetime of GIG's investments to date, which comprise new investments into projects within the reporting period, retained projects and exited projects.
- **Equivalent to the energy consumption of 5.8 million homes:** for 25 years, which is the typical lifespan of a green energy generation asset. This is based on UK benchmarks.[20]

Reports tend to estimate potential lifetime benefit (regardless of how short term the investment is) and therefore have the potential to inflate the impact of the investment as the tenor is normally shorter than the lifetime of the project. In addition, as GIG note, there remains a risk of double-counting of the green impact of an investment should a new investor(s) claim the same project benefits after GIG has divested.

iii. Effectiveness of the special share arrangements

The special share, held by the Green Purposes Company (GPC), was put in place to ensure that GIB's green purposes were protected, with any changes being subject to the consent of the GPC. The department was clear at the time that the presence of the green objects within the Articles of the GIB was not an issue for bidders, including the eventual buyer Macquarie, and that there was a low risk of their removal, avoidance or amendment.

The GPC have expanded their role beyond their initial scope to simply protect the green purposes, such that they also monitor and ensure GIG's compliance with them. It is acknowledged, however, that GPC has no mandated checks and balances, other than to vote for or against any proposal to change the Green Objective, and are therefore, necessarily limited in the scope to which they can act. The trustees' powers do not extend to approval of investment decisions.

Since the sale, GIG has not applied to the GPC to change their green purposes, and the five trustees of the GPC that were appointed before the transaction have remained in place under a revolving chair arrangement.

[20] Green Impact, How we calculate our Numbers page on GIG website.

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The relationship between the GPC and GIG is generally viewed by the Trustees as open, transparent, and taken seriously by GIG, who field senior personnel at their formal quarterly meetings. Engagement is supported by an information sharing protocol agreed between the two parties.

The GPC publishes an annual letter, which is included in GIG's annual report and available on the GPC's website, and Trustees of the GPC are invited to appear at GIG's annual stakeholder conference. Those communication routes allow the GPC to report their findings and views in an open and public way.

As noted elsewhere in this letter, GIG has continued to make green investments and has met the undertakings that were provided to the Secretary of State in April 2017.

On the above basis, Government considers that the arrangements have broadly worked well and achieved their intended objective. We also note that, in the period post sale, the green agenda has also become more mainstream and as such, Macquarie has benefited from being in a position of high alignment, potentially improving the ability of the overall organisation to respond to the new Net Zero context, which overall, indicates that the purchase was a shrewd investment.

We understand that the GPC intends to write to the committee to provide their views and we would like to note their valuable support in preparing this document.

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Annex B:

Green activities summary from GIG Progress Reports

UK and European investments summary (I.e., those that count towards £3bn commitment)

	Investment	Sector	Country	Year
1.	Ferrybridge Multifuel 2, UK (originated by GIB before the sale)	Waste to energy	UK	9/2017
2.	Markbygden ETT, On-shore wind farms, Sweden (originated by Macquarie before the sale, since mid-2016)	Onshore wind	Europe	11/2017
3.	Covanta, Ireland (originated by Macquarie before the sale)	Waste to Energy	Europe	12/2017
4.	Westermost Rough, UK (GIB had share before the sale)	Offshore wind farm	UK	3/2018
5.	Project Överturingen, Sweden	Onshore wind	Europe	7/2018
6.	Earls Gate, Grangemouth, UK	Waste to energy	UK	12/2018
7.	Nara Solar	Solar	Spain, France, Netherlands	
8.	Rookery South	Waste to energy	UK	3/2019
9.	Glide	Solar	Southern Europe	
10.	BOM	Solar	Spain	
11.	Hornamossen Jönköping, Sweden	Onshore wind	Europe	6/2019
12.	Sole Renewables	Solar	Italy	
13.	East Anglia ONE	Offshore wind	UK	8/2019
14.	Kisielice, acquisition of a 42 MW onshore wind project, Poland	Onshore wind	Europe	8/2019
15.	Tysvær, Norway	Onshore wind	Europe	8/2019
16.	Tesco's UK solar programme	Solar	UK	10/2019
17.	Zajączkowo, Polish wind farm acquired	Onshore wind	Europe	11/2019
18.	Solarpack	Solar	Spain	
19.	Lumani Energy	Solar	France	
20.	Purchase of Buheii to supply power to Eramet from Buheii and Tysvær	Onshore wind	Europe	1/2020
21.	Newhurst Energy-from-Waste Facility	Waste to Energy	UK	2/2020
22.	Offshore Wind Power Limited	Offshore Wind	UK	
23.	Alpha Solar	Solar	Poland	

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Annex C:

£ 3bn Commitments evidence from GPC

Year	Statement	Source
1/4/2019 - 31/3/2020	There was a significant uplift in investments over the reporting period, with 12 investments totalling **£2,302bn** of which £2,034b was in UK and £268m in the rest of Europe.	GPC letter in GIG Progress report, October 2020
1/4/2018 - 31/3/2019	Using this methodology GIG has invested in UK and Europe, during its first full financial year ([1 April 18] to 31 March 2019), **just under £1bn** (over 50 per cent in the UK, nearly 25 per cent in the rest of Europe and the balance in the rest of the world, including UK Climate Investments). It is clear that the £3bn commitment equates more with the former disclosure of investment + co-investments (by GIB) and includes both direct and arranged investment by GIG.	GPC letter in GIG Progress report, October 2019
17/08/2017 – 31/3/2018	GIG has invested **just under £450m** over the period. Projects announced: • Ferrybridge Multifuel 2, UK – 9/17 (GIB) • Markbygden ETT, On-shore wind farms, Sweden – 11/17 (Macquarie) • Covanta, Ireland, Waste to Energy – 12/17 (Macquarie) • Westermost Rough, UK – 3/18 (GIB)	GPC letter 2018
Total	“GIG will exceed its first three years commitment for £3bn of new investment, either directly or by arranging capital from other investors, in the UK or Europe.”	GPC letter in GIG Progress report, October 2020