

Great British Energy Bill – Committee Submission

Introduction

1. The Association of British Insurers (ABI) welcomes the opportunity to brief into the Committee Stage debate and scrutiny the Great British Energy Bill placing Great British Energy (GB Energy) on a statutory footing.
2. GB Energy is a strong opportunity to help channel investment into energy networks and generation, supporting the UK's transition to Net Zero and promoting energy independence.
3. We are pleased that the government recognises the role of the insurance and long-term savings industry as key institutional investors to ensure GB Energy is a success.
4. Our sector recognises the importance of working in partnership with the public sector, government, regulators, and other stakeholders to ensure that major projects are aligned with the UK's net zero targets, deliver value for money, benefit local communities, and support supply chains across the UK.
5. To achieve this, GB Energy, and the National Wealth Fund, must explicitly include and target institutional investors in its plans and through any investment structures and financial instruments it puts in place.

Investment Delivery Forum

6. The [Investment Delivery Forum](#) (the Forum) was established by the ABI in July 2023 to channel major insurance and long-term savings firms' investment once changes to the insurance regulatory framework, Solvency UK, came into force.
7. The incoming changes in capital requirements flowing from Solvency UK will create investment capacity.
8. To ensure this investment can support the aims of GB Energy it will be crucial for the government to work with regulators, such as the Prudential Regulation Authority (PRA), to ensure that the broadening of the scope of investable assets for insurers through the 'Matching Adjustment' (MA) process works efficiently and ensures MA eligibility to enable greater annuity investment.
9. The UK insurance and long-term savings industry has pledged to invest £100 billion into productive assets and infrastructure, focusing particularly on renewable energy, energy networks and housing over the next decade.
10. In July, the Forum published its [Final Report](#) outlining key achievements and next steps to meet the UK's clean power and infrastructure ambitions by 2030, a new blended finance model deepening public-private partnerships, an action plan for investment and a green investment guide.
11. The Forum's 10 Point Action Plan for Investment identifies near-term, medium-to-long term opportunities in energy.
 - **Near term opportunities:**
 1. **Electric Vehicles:** Developing the Green Road Transition Fund (GRTF), a new funding model, in collaboration with the Green Finance institute (GFI) and government to address the EV charging infrastructure challenges.
 2. **Nuclear:** There is appetite among some Forum members to invest in large nuclear reactor projects, like Sizewell C, at competitive, long-term rates, subject to their



investment decision processes.

- **Medium to long-term opportunities:**
 3. **Floating offshore wind:** Working with the Scottish National Investment Bank (SNIB) to support the development of a globally competitive floating offshore wind supply chain in Scotland and across the UK.
 4. **Emerging technologies:** Playing an active role when the emerging low-carbon energy sectors start to mature, including Carbon Capture, Usage and Storage (CCUS) and hydrogen.
 5. **Retrofitting at scale:** Applying the Net Zero Neighbourhoods (NZN) model to support local authorities with the retrofitting of residential properties with 8 million additional buildings needing to switch to low carbon heating by 2035.

- **Our plan to build a better system:**
 6. **Regional engagement:** Replicating the Forum's engagement with the Greater Manchester Combined Authority (GMCA) exploring net zero investment leveraging and blended finance models with other strategically identified regions across the UK, including West Yorkshire, Liverpool, Wales and Scotland.
 7. **Investment tracking:** Using new Management Information to track and monitor investments into productive assets made across the industry.
 8. **Regulatory engagement:** Continue to work closely with regulators, such as the Prudential Regulation Authority (PRA), on 'sandbox' mechanisms so the treatment of novel assets may be improved incentivising insurers to invest.
 9. **Blended finance:** Sharing best practice through ongoing engagement across the Treasury and the insurance industry on blended finance models enables the industry to invest in UK infrastructure.
 10. **Building collaboration:** Continue to collaborate with project sponsors and investment fund managers, which has been key to the success of the Forum to accelerate investment in green infrastructure.

National Wealth Fund

12. The new National Wealth Fund (NWF) closely aligns with the work of the Investment Delivery Forum expanding the role of blended finance to boost investment in infrastructure. In this case, funds from the NWF could be used as the public elements of finance with private investment following – via the blended finance model detailed in the Forum's report.
13. The ABI has been closely engaging with government officials on the development of the NWF and GB Energy.
14. To ensure their success in unlocking investment, delivering economic growth, and creating new green high skilled jobs current barriers to investment must be addressed.
15. Current barriers include the need for:
 - A national transition plan;
 - Sector specific investment roadmaps, especially for the five priority sectors identified by government (green steel, green hydrogen, industrial decarbonisation, gigafactories, and ports);
 - Greater engagement between investors and local authorities to develop investable propositions.
16. To provide better value for taxpayers and to achieve the government's ambition to achieve net zero by 2050, we believe public investment should focus on placing investment structures and financial instruments to unlock private finance as opposed to making direct capital investments.

