

October 2024

TUC

Changing the world
of work for good

Great British Energy Bill

Evidence to Public Bill Committee

Section 1

Summary

1. The Great British Energy Bill lays the ground to set up and, over the long term, grow a publicly-owned industrial champion company in the energy sector, akin to Orsted in Denmark or Vattenfall in Sweden.
2. The TUC is very supportive of the Bill. The company as legislated for in the Bill will have potential to contribute towards the UK's energy independence and climate goals, create good jobs directly and through its supply chains, support pathways for the oil and gas workforce, and deliver long-term revenue streams for the public. Securing these positive outcomes from Great British Energy will depend on the specific and strategic direction given to Great British Energy by the Secretary of State.
3. We are also proposing two specific amendments – see paragraphs 16 and 28 below.

Section 2

About the TUC

4. The Trades Union Congress (TUC) exists to make the working world a better place for everyone. We bring together more than 5.5 million working people who make up our 48 member unions. We support unions to grow and thrive, and we stand up for everyone who works for a living.
5. We welcome the opportunity to comment on the Great British Energy Bill. The TUC includes unions that represent energy workers – as well as those in other industrial sectors, which will benefit from Great British Energy's strategic role in industrial strategy, and unions that represent workers in or at risk of fuel poverty due to the UK's volatile energy prices.
6. In developing policy on this issue, the TUC has built up deep expertise on how publicly-owned energy companies operate in other countries, the value they bring to their economies and societies, and the potential of a UK national clean power champion to replicate these gains for the UK public.

Section 3

The Great British Energy Act and trade union priorities

Remit, objects, and long-term growth

7. The Prime Minister and the Secretary of State have highlighted that state ownership of UK energy assets is already widespread – but by the governments of France, Denmark, Sweden and Norway rather than the UK. If it is right for the Danish, French, Swedish and Norwegian public to own our offshore wind and nuclear energy, then the British public deserve a stake as well.
8. The UK is weaker, because it does not currently have a national energy champion. The Secretary of State has made clear that there should be a British equivalent of state-owned energy generation companies such as Ørsted, Vattenfall, Statkraft and EDF.
9. Over the long term, Great British Energy should aim to play a similar role to established industrial champion public energy companies in other European countries – such as Orsted in Denmark, EDF in France, Vattenfall in Sweden and Statkraft in Norway. Backed by public investment, these companies not only participate in building energy infrastructure but also deliver good jobs, revenues for the state, and the capacity to act as a lever of national industrial strategies.
10. In order to be competitive with public energy companies from other countries and wield comparable influence as an instrument of industrial strategy, Great British Energy should be able to borrow finance without being included in the debt rule used by government to control its borrowing. This is how the UK already treated debts of publicly-owned banks (e.g. Natwest and RBS) in recent years. This is the standard practice across European economies, where the Maastricht definition of government debt does not include debts of publicly-owned companies engaged principally in market production.¹
11. The founding statement, published in July, reads: *“Great British Energy will own, manage and operate clean power projects. It will be a company that will generate energy in its own right.”*
12. Great British Energy should be able to invest in, build and operate a wide variety of clean power technologies. The *Objects (3)* outlined in the Bill are appropriately broad to enable Great British Energy to participate in a variety of clean power technologies.

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<https://www.bundesbank.de/resource/blob/732992/1b6ec3e991c00a5229c2a8ad6a807dd6/mL/2018-04-maastricht-data.pdf>

13. The powers proposed in the Great British Energy Bill to issue *financial assistance (4)*, *set strategic priorities (5)*, and *give directions (6)* to Great British Energy are essential to enable the company's initial set-up and long-term growth while providing an appropriate level of oversight from the Secretary of State.
14. The obligation on the Secretary of State to consult respective Scottish, Welsh and Northern Ireland authorities on Great British Energy's strategic priorities in their respective competences is appropriate to the goals of Great British Energy.

Securing the long-term benefits of GB Energy for the UK

15. Under the proposed powers, in theory, the Secretary of State could in the future direct Great British Energy to dispose of its assets or make a decision of a full or partial privatisation.
16. Given the importance of Great British Energy for Scotland and Wales' economies and societies, decisions to privatise Great British Energy or to otherwise dispose of its assets, should be accountable to the Scottish and Welsh Governments. We thus propose adding a guardrail clause to the Bill after 1(5), along the lines of:
 - a. "1(6) The Welsh Government and the Scottish Government will both be allotted a golden share in GB Energy. Decisions to wholly or partially privatise Great British Energy, or to dispose of assets beyond 5% of GB Energy's assets, require approval from both the Welsh Government and the Scottish Government."
17. We also propose additional guardrail amendments to protect against such decisions being taken without due consultation (including consultation of the workforce), or without consideration of long-term outcomes for the public purse (i.e. bad value for money / Social Value / Public Interest Test).

Revenues and social benefits

18. The UK can learn from Norway's successful stewardship of the North Sea oil and gas basin – capturing revenues from oil and gas extraction both through taxation and through public ownership of assets.² Similar to Norway's approach in oil and gas, Denmark plans to take a 20% stake in future offshore wind farms.³
19. Great British Energy should maintain a public stake in projects it develops, to deliver revenues for the state or reinvestment.

² <https://resourcegovernance.org/articles/did-uk-miss-out-ps400-billion-worth-oil-revenue>

³ <https://www.reuters.com/business/energy/denmark-take-20-ownership-new-offshore-wind-farms-2023-05-30/>

20. The *Objects* (3) and powers (4-6) outlined in the Bill allow for this, but implementation will depend on strategic plans as set out by the Secretary of State.

Workforce and supply chain responsibilities

21. Great British Energy should proactively support the expansion of UK supply chains for clean power industries in the UK. Despite building a world-leading number of offshore wind installations, the UK has to date captured relatively little economic benefit in terms of supply chains and jobs. Where manufacturers and suppliers hesitate to make the investments necessary to grow the competitiveness of UK supply chains, Great British Energy can play a strategic role. This role is also particularly important to counterweigh the growing dominance of Chinese manufacturers in the global offshore wind supply chain.⁴
22. The *set strategic priorities* (5) powers enable the Secretary of State to appropriately guide Great British Energy in this aim.
23. Great British Energy should proactively deliver a Just Transition pathway for the North Sea oil and gas workforce. In the context of declining rates of oil and gas extraction in the future and a government commitment to stop issuing new oil and gas exploration licences, there is an urgent need for a well-planned, coordinated and funded transition plan led by the workforce, that leaves no oil and gas worker behind. Great British Energy can play a role in agreeing and delivering such a plan, for example, by coordinating workforce transfer and upskilling programmes, working with private sector partners.
24. The *set strategic priorities* (5) powers enable the Secretary of State to appropriately guide Great British Energy in this aim. The *financial assistance* (4) powers may be needed to fund work on Just Transition programmes outside of the company's main commercial operations.
25. Like its counterparts in Denmark, France and other countries, Great British Energy should set high standards on job quality in the energy sector, including trade union representation, industrial relations and pay and conditions. For this, it is essential to sign up to and promote national collective agreements (e.g. the National Agreement for the Engineering Construction Industry - NAECI) and ensure accountability and application of standards through the supply chain. An example of best practice on this is EDF's Hinkley Point C project.
26. The *set strategic priorities* (5) and *give directions* (6) powers enable the Secretary of State to appropriately guide Great British Energy in this aim.
27. While the powers **enable** the strategic role of Great British Energy in line with our assessment of what is needed, there is no obligation on the company to have regard for workforce outcomes. It would strengthen the legislation to add a requirement for the *Strategic plans* to formulate how Great British Energy

⁴ <https://www.reuters.com/business/energy/chinas-dominance-wind-turbine-manufacturing-2024-04-10/>

contributes to the UK's commitments to a Just Transition (with a reference to the Paris Agreement on climate change) and to the creation and maintaining of good jobs.

28. We propose adding a new clause in Strategic priorities and plans after 5(3) along the lines of

- a. 5(4): *"Each Statement of Strategic Priorities should set out how Great British Energy should have regard for a just transition and creating quality jobs"*