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PERSPECTIVES

Navigating the Renewable Energy Landscape: Post-Brexit and Government Transition in the UK

Our perspectives feature the viewpoints of our subject matter experts on current topics and emerging trends.

INTRODUCTION

Following the United Kingdom's exit from the European Union (Brexit), the landscape for renewable energy targets has shifted. The Ukraine-Russia War, the Russia-EU gas dispute, and the ongoing turbulence in the Middle East have significantly impacted global energy dynamics, meaning the transition to renewables is a priority.

Ambitious UK targets initially set for renewable energy supply appear increasingly idealistic, raising questions about their achievability. Yet the UK government is still aiming for clean power[1] by 2030. To realise these, the UK must significantly ramp up its production capabilities.

This piece aims to provide an observational analysis of the current state of renewable energy in the UK and Europe, and how Scotland has emerged as a global leader in renewable energy strategy.

LABOUR PARTY'S CLEAN POWER 2030 ACTION PLAN

In December 2024, the Labour Party provided its targets for clean energy via its Clean Power 2030 Action Plan. It commissioned[2] the National Energy System Operator (NESO) to provide independent, expert advice on delivering clean power by 2030 and its analysis showed the pipeline of projects needed, stating:[3]

> *Our advice on pathways to clean power for Great Britain by 2030 concludes that clean power by 2030 would support the wider push towards net zero by 2050. It will involve an investment programme averaging over £40 billion annually, which, with the right policy mix, can be delivered without increasing costs for consumers, without compromising security ofsupply and while bringing local economic and job opportunities.*

Using NESO's advice, Labour's ambitions for the next five years are "high":[4]

> *We have high ambition. That means 43-50 GW of offshore wind, 27-29 GW of onshore wind, and 45-47 GW of solar power, significantly reducing our fossil-fuel dependency. These will be complemented by flexible capacity, including 23-27 GW of battery capacity, 4-6 GW of long-duration energy storage, and development of flexibility technologies including gas carbon capture utilisation & storage, hydrogen, and substantial opportunity for consumer-led flexibility…*

The proposed approach includes:

- Leveraging the UK's industrial expertise,
- Tracking and supporting delivery of the system as a whole,
- Taking a data-driven approach, and
- Creating an industry forum for system-level supply chain and workforce planning.

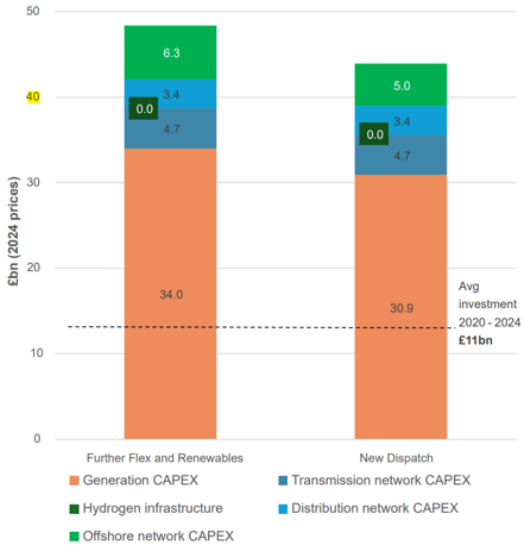
It echoed[5] that an estimated £40 billion per year will be required and recognised that "*most new transmission network and offshore wind projects will need all permissions for construction by 2026*."[6] There is also the formation of a "*Clean Power 2030 Unit*", although what it is and how it is comprised is not particularly clear.[7]

£40 BILLION ANNUALLY

The figure required (as per Labour's stated ambition) for investment in Clean Energy is over £40 billion annually and a significant increase on previous levels (~£11 billion). NESO noted:[8]

[1] (defined as being that clean sources produce at least as much power as Great Britain consumes in total, and clean sources produce at least 95% of Great Britain's generation and net zero by 2050).
[2] NESO was formally commissioned by the Secretary of State and the Department for Energy Security and Net Zero (DESNZ) to provide independent advice on the pathway towards the 2030 ambition.
[3] Clean Power 2030; Annex 4: Costs and benefit analysis, page 2 (https://www.neso.energy/document/346806/download)
[4] "Clean Power 2030 Action Plan" (December 2024): (https://assets.publishing.service.gov.uk/media/677bc80399c93b7286a396d6/clean-power-2030-action-plan-main-report.pdf)
[5] "Clean Power 2030 Action Plan", page 37.
[6] "Clean Power 2030 Action Plan", page 52.
[7] There are 18 references to it within the Clean Power 2030 Action Plan, mentioning its roles and ambitions.
[8] NESO's "Clean Power 2030 Advice on achieving clean power for Great Britain by 2030", page 72 (https://www.neso.energy/document/346651/download).

Average annual investment of over £40 billion to 2030 represents a material increase on investment levels in recent years, with average annual investment around £30-35 billion higher over 2025-2030 than over 2020-2024. This is an increase in investment of over 1% of GDP for the entire economy.



Average annual investment system costs in clean power pathways 2025-2030. Clean Power 2030 Advice on achieving clean power for Great Britain by 2030, page 73; figure 19: (https://www.neso.energy/document/346651/download)

The proportion of the £40 billion from redirection of previous spend, investment, subsidies, taxes, revenue, or other sources is not provided.

Achieving clean energy by 2030 means that the UK is required, according to NESO, to:[9]

1. *Reform electricity markets while ensuring a stable and attractive investment environment, to secure over £40 billion of investment annually to 2030.*[10]
2. *Contract as much offshore wind capacity in the coming one to two years as in the last six combined.*[11]

CURRENT CHALLENGES AND STRATEGIC DIRECTIONS FOR THE UK'S RENEWABLE ENERGY SECTOR

Achieving the UK's renewable energy goals will require overcoming challenges inherent in the above reform and additional expenditure including:

- **Investment Uncertainty:** With a focus on reducing spending and bureaucracy, the financial backing required for renewable projects may be in jeopardy. Investors often seek stable policy environments, and any perceived instability could deter investment in critical renewable projects.

- **Regulatory Hurdles:** The push for reduced bureaucracy could lead to gaps in regulatory frameworks that are essential for ensuring safety and environmental standards in renewable energy projects. Striking a balance between efficiency and compliance will be crucial.

- **Technological Adaptation:** The rapid pace of technological advancements necessitates continual adaptation. The industry must remain agile, leveraging innovations to optimise existing projects while also planning for future developments.

- **Public Perception and Support:** Engaging the public and fostering support for renewable energy initiatives remains a significant hurdle. The absence of environmental focus in the new government's agenda could lead to decreased public interest and support for sustainability efforts.

[9] As per the "*Key Messages*" in the NESO Energy report, page 4.
[10] Clean Power 2030 Advice on achieving clean power for Great Britain by 2030, page 4.
[11] Clean Power 2030 Advice on achieving clean power for Great Britain by 2030, Page 4.

RENEWABLES: A MULTI-FACETED APPROACH

The UK must explore a diverse array of renewable solutions, including not only offshore wind but also solar and waste-to-energy initiatives to meet such ambitious targets. According to the European Commission, in 2023, renewable energy sources made up 45.3% of gross electricity consumption in the EU[12], highlighting the importance of diversification. So, to build a sustainable future, the UK must adopt a multi-faceted approach to renewables. This involves not only increasing the total capacity of renewable energy but also optimising existing infrastructure and integrating innovative technologies. Key areas of focus should include:

- **Offshore Wind:** As one of the most promising sectors, offshore wind has the potential to significantly contribute to the UK's energy mix. However, the costs associated with these projects necessitate careful financial planning and investment strategies to ensure viability and sustainability.

- **Solar Power:** Solar energy has seen rapid growth in various European countries, including Spain. In the EU, solar power accounted for 20.5% of renewable electricity in 2023. The UK can learn from these models to enhance its solar infrastructure and maximise energy production, particularly in urban areas where space is limited.

- **Waste-to-Energy:** Converting waste into energy presents a dual benefit: it reduces landfill waste while providing a renewable energy source. Sweden, for instance, has leveraged this method to achieve its impressive renewable energy share.

- **Hydrogen Technology:** The emergence of green hydrogen as a clean energy solution can play a crucial role in decarbonising various sectors. Investment in hydrogen infrastructure and technology should be a priority to unlock its potential as a versatile energy carrier.

EXAMINING TARGETS AND FUTURE DIRECTIONS

Success in achieving UK objectives would not only support European efforts but also encourage collaborative approaches across borders. The UK can learn from successful international models and its ability to meet its targets could serve as a bellwether for the continent. Collaboration in key areas would help achieve mutual benefits, namely:

- **Integrated Policy Framework:** Establishing a comprehensive policy framework that aligns short-term economic goals with long-term sustainability objectives is essential. This should include clear communication on the importance of renewables for energy security and economic resilience.

- **Public-Private Partnerships:** Encouraging collaboration between government entities and private investors can create a robust framework for funding and implementing renewable energy projects. Such partnerships can pool resources and expertise to drive innovation.

- **Regional Learning:** The UK should actively engage with countries that have successfully implemented renewable energy strategies.

- **Diversification of Energy Sources:** A multi-source energy strategy that encompasses offshore wind, solar, waste-to-energy, and hydrogen technology will build resilience into the energy mix. Each sector has unique challenges and opportunities, and a balanced approach will be critical to long-term success.

CASE STUDY: GAINING INSIGHTS FROM SCOTLAND

Scotland's success in renewable energy production offers valuable insights that can inform national strategies. As a leader in the sector, it has harnessed its abundant natural resources to drive significant advancements.

[12] 2023: record-breaking increase in renewable electricity

On 26 January 2024, the Scottish Government confirmed that Scotland generated the equivalent of 113% of the country's electricity consumption from renewable energy sources, making it the highest percentage figure ever recorded for renewable energy production in Scotland. The country is particularly renowned for its onshore and offshore wind energy, which contributed to 78% of its renewable output.

Scotland is also home to the world's largest floating wind farm, Kincardine Offshore Wind Farm, and has pioneered innovations in tidal and wave energy. These efforts align with Scotland's ambitious goal to reach net-zero emissions by 2045, setting an achievable example for sustainable energy transitions worldwide.

CONCLUSION: THE PATH FORWARD FOR THE UK'S RENEWABLE ENERGY SECTOR

The UK stands at a critical juncture in its renewable energy journey, and the need for a cohesive and strategic approach is paramount. The transition to a sustainable energy future will require not only robust policy frameworks but also a commitment to collaboration among all stakeholders. By harnessing lessons learned from successful initiatives both domestically and internationally, the UK can reinforce its commitment to renewable energy while navigating the complexities of a changing political and economic landscape.

The current government's focus on reducing bureaucracy and spending seemingly acknowledges the speed with which it must achieve its targets and the importance of environmental sustainability. A renewed emphasis on engaging the public and fostering support for renewable initiatives will be essential. The road ahead will be fraught with challenges, but prioritising a diverse energy mix and leveraging innovative technologies will mean the UK could ultimately position itself as a leader in the renewable energy sector.

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Mark Mills joined J.S. Held in April of 2023 as part of J.S. Held's acquisition of Aquila Forensics. As a Senior Managing Director in the Construction Advisory practice, Mark brings more than 20 years of experience in the construction industry working for sub-contractors (civils), main contractors, professional quantity surveyor (PQS) firms, and multi-disciplinary consultancies. He has been involved with many complex disputes including infrastructure developments (predominantly road and rail), marine developments, hospitals, large defense projects, major international airports, residential schemes, several hotels, luxury private residences, stadiums, and a film production studio. He has provided expert opinion and technical advice to a wide range of clients in litigation, mediation, arbitration, and negotiation matters. A member of the Royal Institution of Chartered Surveyors (MRICS), Mark specializes in managing and resolving construction disputes. He is also a member of the Chartered Institute of Arbitrators (MCIArb) and a member of the Society of Construction Law.

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