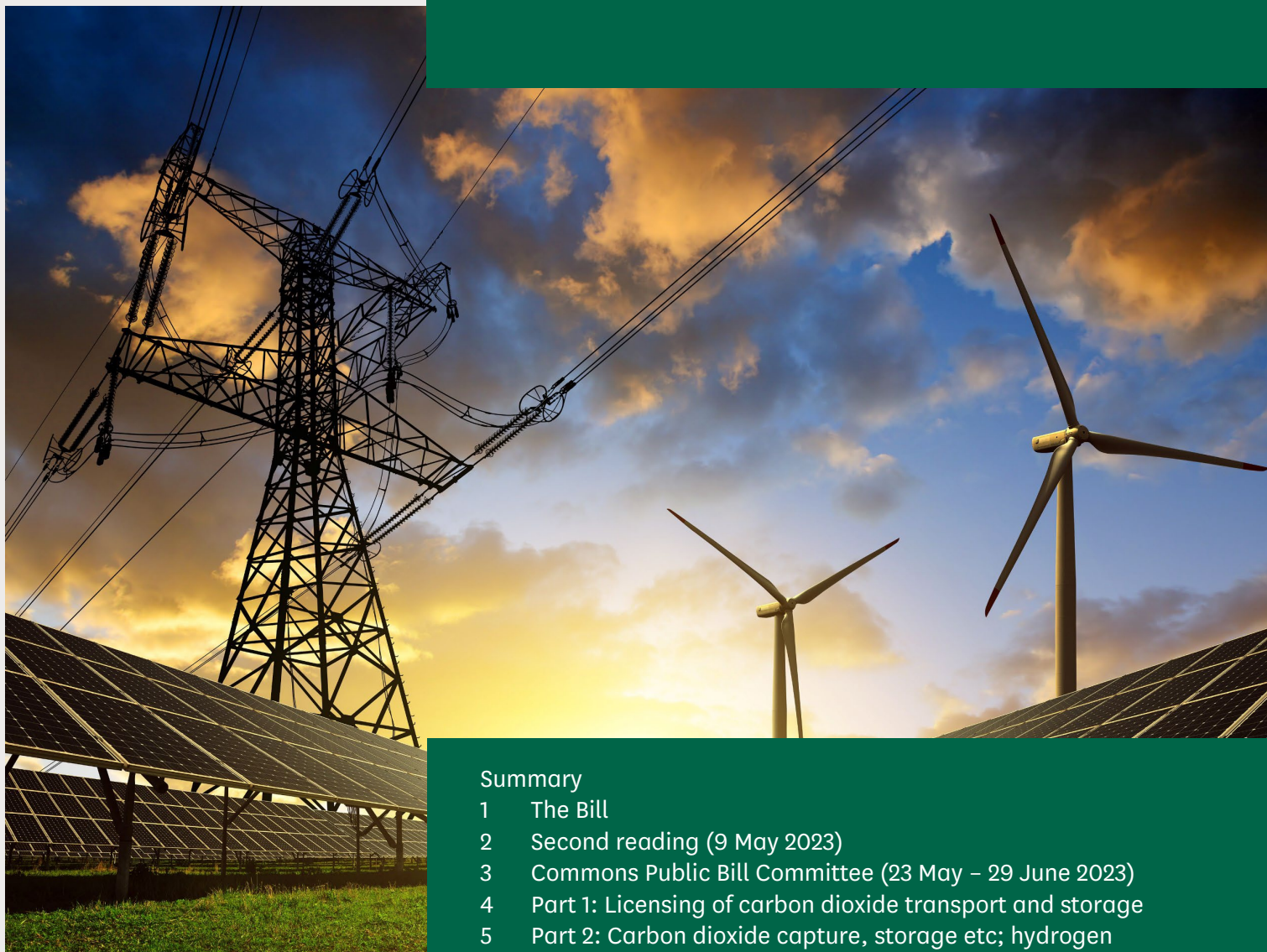


## Research Briefing

23 February 2024

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# Energy Bill [HL] 2022-23: Progress of the Bill



## Summary

- 1 The Bill
- 2 Second reading (9 May 2023)
- 3 Commons Public Bill Committee (23 May – 29 June 2023)
- 4 Part 1: Licensing of carbon dioxide transport and storage
- 5 Part 2: Carbon dioxide capture, storage etc; hydrogen production
- 6 Part 3: Licensing of hydrogen pipeline projects
- 7 Part 4: New technology
- 8 Part 5: Independent System Operator and Planner
- 9 Part 6: Governance and gas and electricity codes

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# Contents

|                                                                           |           |
|---------------------------------------------------------------------------|-----------|
| <b>Summary</b>                                                            | <b>5</b>  |
| <b>1 The Bill</b>                                                         | <b>14</b> |
| <b>2 Second reading (9 May 2023)</b>                                      | <b>16</b> |
| <b>3 Commons Public Bill Committee (23 May – 29 June 2023)</b>            | <b>20</b> |
| 3.1 Main government changes to the Bill in committee                      | 21        |
| <b>4 Part 1: Licensing of carbon dioxide transport and storage</b>        | <b>23</b> |
| 4.1 Background                                                            | 23        |
| <b>5 Part 2: Carbon dioxide capture, storage etc; hydrogen production</b> | <b>26</b> |
| 5.1 Hydrogen transport and storage business models                        | 27        |
| 5.2 Carbon storage information and samples                                | 32        |
| <b>6 Part 3: Licensing of hydrogen pipeline projects</b>                  | <b>33</b> |
| <b>7 Part 4: New technology</b>                                           | <b>35</b> |
| 7.1 Low Carbon Heat Scheme                                                | 35        |
| 7.2 Hydrogen grid conversion trials                                       | 36        |
| 7.3 Miscellaneous                                                         | 38        |
| <b>8 Part 5: Independent System Operator and Planner</b>                  | <b>39</b> |
| <b>9 Part 6: Governance and gas and electricity codes</b>                 | <b>45</b> |
| <b>10 Part 7: Market reform and consumer protection</b>                   | <b>48</b> |
| 10.1 Competitive tendering for onshore electricity networks               | 49        |
| 10.2 Special merger regime for energy network companies                   | 50        |
| 10.3 Multi-purpose interconnectors                                        | 50        |
| 10.4 Electricity storage                                                  | 51        |
| 10.5 Energy Company Obligation buy-out mechanism                          | 52        |
| 10.6 Smart metering                                                       | 52        |
| 10.7 Support for energy intensive industries                              | 54        |

|           |                                                                      |            |
|-----------|----------------------------------------------------------------------|------------|
| <b>11</b> | <b>Part 8: Heat networks</b>                                         | <b>56</b>  |
| <b>12</b> | <b>Part 9: Energy smart appliances and load control</b>              | <b>60</b>  |
| <b>13</b> | <b>Part 10: Energy Performance of Premises regulations</b>           | <b>62</b>  |
| 13.1      | Warmer Homes and Business Action Plan                                | 63         |
| 13.2      | Energy performance of buildings regulations                          | 65         |
| <b>14</b> | <b>Part 11: Energy Savings Opportunity Schemes</b>                   | <b>66</b>  |
| <b>15</b> | <b>Part 12: Core fuel sector resilience</b>                          | <b>68</b>  |
| <b>16</b> | <b>Part 13: Offshore wind, oil and gas</b>                           | <b>70</b>  |
| <b>17</b> | <b>Part 14: Civil nuclear sector</b>                                 | <b>74</b>  |
| 17.1      | Great British Nuclear                                                | 74         |
| <b>18</b> | <b>Part 15: Coal mines, Ofgem Net Zero duty and community energy</b> | <b>77</b>  |
| 18.1      | Prohibition of new coal mines                                        | 77         |
| 18.2      | Net Zero target in Ofgem’s general duties                            | 79         |
| 18.3      | Community Energy                                                     | 80         |
| <b>19</b> | <b>Commons remaining stages</b>                                      | <b>84</b>  |
| 19.1      | Report stage (5 September 2023)                                      | 84         |
| 19.2      | Third reading                                                        | 99         |
| <b>20</b> | <b>“Ping-pong”: Consideration of Lords/Commons amendments</b>        | <b>100</b> |
| 20.1      | Lords consideration of Commons amendments: 12 September 2023         | 100        |
| 20.2      | Commons consideration of Lords message: 18 October 2023              | 104        |
| 20.3      | Lords consideration of Commons amendments: 24 October 2023           | 105        |
| <b>21</b> | <b>Royal Assent</b>                                                  | <b>106</b> |
| 21.1      | Timeline for actions required under the Energy Act 2023              | 106        |
| <b>22</b> | <b>Annex: Table of clause number changes</b>                         | <b>107</b> |

## Summary

The [Energy Bill \[HL\] 2022-23](#) originally trailed as the Energy Security Bill in the Queen's Speech on 10 May 2022. It was introduced as the Energy Bill in the House of Lords on 6 July 2022 and then to the House of Commons on 25 April 2023 after completing Lord's stages.<sup>1</sup>

[Copies of the Bill](#) (as introduced, as brought from the House of Lords and debated in committee and as amended in Public Bill Committee) together with [Explanatory Notes, Delegated Powers Memorandum and Impact Assessments](#) are available on the Parliament website.

In addition, [DESNZ has published 35 Energy Bill factsheets](#) (updated as the Bill has changed) covering the various parts of the Bill.

The government's [Energy Security Bill overarching factsheet](#) explained that the Bill “will deliver a cleaner, more affordable and more secure energy system for the long term”, building on the commitments in the April 2022 [British Energy Security Strategy](#) to “invest in homegrown energy and maintain the diversity and resilience of the UK's energy supply”. The factsheet also highlighted the need for a “transformation of our energy system” and “more home-grown energy from more diverse sources which reduce our dependency on imported fossil fuels and our exposure to volatile and high prices in international markets”.

The Bill, as introduced in the House of Commons from the House of Lords, included a number of amendments added after government defeats, including clauses introducing a net zero target for the energy regulator Ofgem, banning any new coal mines in the UK, provisions on community energy and provisions on energy efficiency for buildings. The Library Briefing [Energy Bill \[HL\] 2022-23: Overview](#), which was prepared for the Second Reading, provides an overview of the Bill and includes details of the clauses added to the Bill after defeats in the House of Lords. It also provides links to existing Commons Briefings on the Bill.

Six further Library briefings have been published covering background on the legislation and the provisions of the Bill in more detail, as it was [when introduced to the House of Commons](#) (PDF):

- [Energy Bill \[HL\] 2022-23, parts 1, 2 & 3: carbon storage, hydrogen, and new technologies](#): covers parts 1 to 3 of the Energy Bill, including carbon dioxide usage, transport and storage, hydrogen production, the hydrogen village trial and new technologies.

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<sup>1</sup> It should be noted that some of the Government papers published with the Energy Bill still refer to the Energy Security Bill, but it is the same bill.

- [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) covers parts 4-6 of the Bill, including the Independent System Operator and Planner, governance of gas and electricity industry governance codes, multi-purpose interconnectors, electricity storage and smart meters.
- [Energy Bill \[HL\] 2022-23, parts 7-10: heat networks, smart appliances, load control and energy performance of buildings](#) covers parts 7-10 of the Bill, including heat networks, energy smart appliances and load control, energy performance of buildings and Energy Savings Opportunity Schemes.
- [Energy Bill \[HL\] 2022-23, Parts 11 and 12: Offshore wind, oil and gas](#) covers parts 11-12 of the Bill, including core fuel sector resilience, offshore wind electricity generation and oil and gas.
- [Energy Bill \[HL\] 2022-23, part 13: Provisions on civil nuclear regulation](#) covers part 13 and sections of part 3 that relate to nuclear regulation, including geological disposal facilities for radioactive waste, nuclear sites where the risk of radiation is low and allowing the UK to join a UN convention on providing compensation to victims of nuclear incidents.
- [The Energy Bill and households: FAQs](#) covers frequently asked questions about the Bill and how it could impact households.

[Second reading](#) in the Commons took place on 9 May 2023. The Bill's Committee stage took place over 18 sittings starting on 23 May 2023 and finishing on 29 June 2023.

[Report stage](#) and [third reading](#) in the commons took place on 5 September 2023.

“Ping-pong” took place between 12 September and 24 October 2023.

The Bill was given Royal Assent on 26 October 2023, meaning that it is now an Act of Parliament; the [Energy Act 2023](#).

## Changes made at committee stage

There were a number of government amendments made to the Bill in committee. There were no successful opposition amendments.

### **Part 1: Licensing of carbon dioxide transport and storage.**

This part sets out a regulatory framework and licensing regime for carbon dioxide (CO<sub>2</sub>) transport and storage. There were only minor government amendments to this section of the Bill.

## Part 2: Carbon dioxide capture, storage etc and hydrogen production

This section of the Bill sets out regulations relating to CO<sub>2</sub> capture, transport and storage, and hydrogen production. The aim is to enable the government to implement and administer hydrogen and carbon capture business models including introducing a new hydrogen levy.

New government clauses were added to this part covering hydrogen transport and hydrogen storage. There were also new government clauses covering carbon storage information and samples.

In addition, a government amendment reversed an Opposition amendment made at report stage in the Lords that would have prevented the levy being imposed on gas suppliers or electricity suppliers as well as on gas shippers.

Otherwise, all clauses in this section were agreed with only minor, technical government amendments.

## Part 3: Licensing of hydrogen pipeline projects

This Part of the Bill was added by the government as a new Part 3 of the Bill (now clauses 129-141 covering licensing of hydrogen pipeline projects). This Part includes provisions to introduce hydrogen transport and storage business models and will enable the implementation of a [regulated asset base \(RAB\)](#) in respect of hydrogen pipeline projects. Further information the proposed models can be found in the factsheet [Energy Security Bill factsheet: Hydrogen transport and storage business models](#).

The new clauses were agreed without division.

## Part 4: New technology

Part 3 (now Part 4) of the Bill includes several measures to support the uptake of new low carbon technologies. It was unamended during committee other than through the addition of a new government clause, allowing for amendments to the [Gas Act 1986](#) to facilitate hydrogen trials, which was unopposed.

## Part 5: Independent System Operator and Planner

This part of the Bill would create a new Independent System Operator and Planner (ISOP) responsible for planning the development of the electricity and gas transmission systems and operation of the electricity transmission system. This section of the Bill was not amended at committee stage and there were no divisions on opposition amendments.

## Part 6: Governance of gas and electricity industry codes

This part of the Bill would reform the current energy code governance framework. Codes are detailed legal agreements between participants in the gas and electricity sectors. This would include granting Ofgem new functions to provide strategic direction and oversight on codes and creating a new class of more independent code managers.

This part of the Bill was not amended in committee and all clauses were agreed to without a vote.

## Part 7: Market reform and consumer protection

This Part of the Bill includes measures aimed at improving competition and consumer protection in the energy market. These include:

- Extending competitive tendering that exists for the offshore electricity network to the onshore network
- Introducing a “special mergers regime” for energy networks to ensure fair competition
- Creating the Network Charging Compensation scheme to support Energy Intensive Industries
- Extending the deadline for powers necessary to facilitate the rollout of smart meters to 2028
- Extending the Energy Company Obligation to all energy suppliers including smaller suppliers
- Creating regulatory definitions for multi-purpose interconnectors and electricity storage

The Library briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) provides further background.

Two new government clauses were added at committee stage to give the Secretary of State power to make regulations to create a levy to support energy intensive industries.

## Part 8: Heat networks

Part 8 of the Bill covers proposals for regulation of the heat network market.

The proposals extend the role of the existing electricity and market regulators to cover heat networks; Ofgem would regulate in England, Scotland and Wales, and Utilities Regulator would regulate in Northern Ireland. The detail of the legislation will be set out in regulations.

The Bill also includes provisions for the creation and regulation of designated heat network zones, where zoning will be used to require heat network installation in new buildings as the first option for heat provision.

There were no amendments to this part of the Bill during committee.

## **Part 9: Energy smart appliances and load control**

Part 9 relates to energy smart appliances, which are appliances capable of increasing or reducing their electricity demand in response to signals received remotely from a third party, known as a “load controller”. It would give the government powers to introduce regulations requiring energy smart appliances to meet requirements regarding cyber security, data privacy, interoperability, and grid stability; and requiring load controllers to hold a licence issued by Ofgem, the energy regulator.

This part of the Bill was not amended at committee stage and there were no divisions on opposition amendments.

## **Part 10: Energy performance of premises**

This section covers clauses relating to the energy performance of buildings (EPB) regime.

At committee stage, the government removed clause 204. This clause was a successful opposition amendment in the Lords, which would have required the Secretary of State to publish a “Warmer Homes and Businesses Action Plan” within six months of the Act’s passage. Two new clauses were tabled by the opposition and were negated on division.

## **Part 11: Energy Savings Opportunity Schemes**

Part 11 covers the regulation of Energy Savings Opportunity schemes (ESOS). The provisions on ESOS were introduced by the government at committee stage in the Lords. This part of the Bill was not amended in the public bill committee.

## **Part 12: Core fuel sector resilience**

The purpose of this part of the Bill is to introduce regulations to reduce the risk of fuel supply disruption and improve fuel supply resilience in the core fuels sector. The core fuel sector covers the storage, handling, transport, processing, and production of crude-oil based fuels and renewable transport fuels (e.g. biofuels). Supply of these fuels is largely unregulated, with no central system coordinator.

The Bill would give the Secretary of State new powers to maintain continuity of core fuel supplies and ensure that industry maintains or improves its resilience to reduce the risk of emergencies affecting fuel supplies.

One government amendment was made during committee to ensure consistency with the approach taken in providing financial assistance to the sector.

## Part 13: Offshore wind, oil and gas

This part of the Bill covers provisions on offshore wind, oil and gas.

Provisions are aimed at reducing the time to develop offshore wind projects by amending the Habitats Regulations, and amending the oil and gas environmental regulatory regime. It would also change the fee regime and cost recovery mechanism for the regulation and offshore decommissioning activities of oil and gas producers. Finally, it would give the oil and gas regulator powers to intervene, if necessary, before control of an oil or gas licence changes hands.

This part of the Bill was amended by the government in committee to broaden the type of “activities” to which the new provisions on offshore wind would apply. Other than that, no changes were made.

## Part 14: Civil nuclear sector

This part includes the Bill’s provisions relating to nuclear regulation. These would:

- Regulate a potential under-the-seabed geological disposal facility for radioactive waste
- Amend regulation for nuclear sites where the risk of radiation is low (in line with existing international standards)
- Allow the UK to join a UN convention on providing compensation to victims of nuclear incidents, the Convention on Supplementary Compensation for Nuclear Damage
- Enable the Civil Nuclear Constabulary to provide a wider range of policing services beyond the civil nuclear sector
- Make changes to the Nuclear Decommissioning Authority pension scheme.

New clauses 73-85 were added by the government as a new chapter 4 in Part 14 of the Bill (now clauses 312-324). These would give the Secretary of State the power create Great British Nuclear (GBN), an arms-length body responsible for driving delivery of new nuclear projects. Further details of GBN can be found in the [Energy Security Bill factsheet: Great British Nuclear](#).

## Part 15: Coal mines, Ofgem net zero duty and community energy

Part 15 covers general provisions for the Bill but also included four new clauses added in the House of Lords as the result of government defeats.

The government removed or amended all of the clauses during committee stage in the House of Commons. The clauses were as follows:

- Clause 270, which would have prohibited the opening of new coal mines in the UK, was removed by the government following a division.
- Clause 271 was replaced by new clause 52 (now clause 199 in Part 7 of the Bill). This clause would have included a specific requirement within Ofgem's general duties to consider how their decisions support meeting the UK's net zero emissions target. The new clause is drafted to have the same effect as clause 271.
- Clauses 272 and 273, which would have established an export guarantee for small-scale low-carbon energy generators and enabled them to sell electricity to local consumers, were removed by the government following a division.

## Commons Report stage

There were no successful non-governmental amendments to the Bill and no government defeats at Report stage. The main government amendments were:

- New clause (NC) 52 requires the government to consult on options for setting up a [revenue certainty scheme for sustainable aviation fuel producers](#), and to publish a report about progress towards developing such a scheme.
- NC 63 allows for an obligation on off-gas-grid heating fuel suppliers that corresponds to the renewable transport fuel obligation (RTFO). Under the RTFO, suppliers of relevant transport fuel in the UK must be able to show that a percentage of the fuel they supply comes from renewable and sustainable sources.<sup>2</sup>
- Amendment 148 and consequential amendments removed provisions enabling the hydrogen levy to be imposed on energy suppliers in Great Britain. In Great Britain, the hydrogen levy can only be placed on gas shippers; in Northern Ireland only gas supply licence holders who engage with gas shipping can be subject to the levy. The Bill therefore does not

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<sup>2</sup> Department for Transport (DTF), [Renewable Transport Fuel Obligation](#), 19 January 2021

introduce a hydrogen levy but enables the government to introduce it through secondary legislation.

- Several amendments and new clauses 64 to 66 related to ensuring that devolved administrations would be appropriately consulted on regulations impacting different parts of the UK.

In total, 173 government amendments were made to the Bill, many of which were technical amendments.

Five non-governmental amendments were put to a vote but not agreed:

- NC12 (tabled by Wera Hobhouse, LD) would have prohibited the burning of methane gas and other hydrocarbons produced during oil and gas extraction (“flaring”) and their release into the atmosphere without combustion (“venting”).
- NC39 (tabled by Alan Brown, SNP) would have extended Ofgem’s duty to regulate off-grid fuels utilised for off-grid home heating and enabled Ofgem to introduce a price cap for off-grid home heating fuels.
- NC57 (tabled by Edward Miliband, Labour) would have allowed onshore wind development proposals in England and Wales to proceed on the same basis as other local infrastructure projects.
- NC59 (tabled by Edward Miliband, Labour) intended to provide for the UK’s electricity supply to be decarbonised by 2030.
- NC61 (tabled by Edward Miliband, Labour) would have required the government to publish a Warmer Homes and Businesses Action Plan within 6 months of the Act passing.

For a full list of amendments made at Commons Report stage, see [Energy Bill \[HL\]: Commons amendments](#).

## “Ping pong”: Consideration of Lords/Commons amendments

The House of Lords [considered Commons amendments on 12 September 2023](#).

One amendment, 274B (tabled by Baroness Boycott (crossbench)), was agreed in the Lords on division. This amendment would have required the government to consult and report on the barriers preventing the development of community energy schemes within 18 months of the Act passing.

Two further amendments were disagreed on division:

- Amendment 187B (tabled by Baroness Blake (Labour)) would have required the government to lay a statement before Parliament within 6 months of the Act passing setting out the government's plans for:
  - Achieving EPC band C or better by 2028, in all privately rented residential tenancies, and by 2035, in all other homes in the United Kingdom, where practical, technically feasible, cost effective and affordable;
  - Achieving EPC band B or better by 2030 in all non-domestic properties; and
  - Introducing the Future Homes Standard for all new-builds in England by 2025.
- Amendment 272A (tabled by Lord Teverson (Lib Dem, LD)) would have removed the government's amendment to leave out Clause 272. Clause 272 would have prohibited the opening of new coal mines in the UK.

Amendment 274B was removed following a division during [the Commons consideration of the Lords message on 18 October 2023](#).

The Lords [consideration of Commons amendments took place on 24 October 2023](#). The Lords did not insist on keeping amendment 274B.

The Bill was given Royal Assent on 26 October 2023, meaning that it is now an Act of Parliament; the [Energy Act 2023](#).

## 1

# The Bill

The [Energy Bill \[HL\] 2022-23](#) originally trailed as the Energy Security Bill in the Queen's Speech on 10 May 2022. It was then introduced as the Energy Bill in the House of Lords on 6 July 2022 and introduced to the House of Commons on 25 April 2023.<sup>3</sup>

The Government department responsible for energy is currently the [Department for Energy Security and Net Zero \(DESNZ\)](#). This was created in February 2023, as part of a wider departmental reshuffle. The responsibility for energy was previously within the Department for Business Energy and Industrial Strategy (BEIS) which was dissolved after the reshuffle.

[Copies of the Bill](#) (as introduced, as brought from the House of Lords and debated in committee and as amended in Public Bill Committee) together with [Explanatory Notes, Delegated Powers Memorandum and Impact Assessments](#) are available on the Parliament website.

In addition, [DESNZ has published 35 Energy Bill factsheets](#) (updated as the Bill has changed) covering the various parts of the Bill.

The government's [Energy Security Bill overarching factsheet](#) explained that the Bill “will deliver a cleaner, more affordable and more secure energy system for the long term”, building on the commitments in the April 2022 British Energy Security Strategy to “invest in homegrown energy and maintain the diversity and resilience of the UK's energy supply”. The factsheet also highlighted the need for a “transformation of our energy system” and “more home-grown energy from more diverse sources which reduce our dependency on imported fossil fuels and our exposure to volatile and high prices in international markets”.

The Bill, as introduced from the House of Lords, included a number of amendments introduced after government defeats, including clauses introducing a net zero target for the energy regulator Ofgem, banning any new coal mines in the UK, provisions on community energy and provisions on energy efficiency for buildings.

The Library Briefing [Energy Bill \[HL\] 2022-23: Overview](#), which was prepared for the Second Reading, provides an overview of the Bill and includes details of the clauses added to the Bill after defeats in the House of Lords.

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Five Library briefings have been published covering background on the legislation and the provisions of the Bill in more detail, as it was when introduced to the House of Commons:

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- [Energy Bill \[HL\] 2022-23, Parts 11 and 12: Offshore wind, oil and gas](#) covers parts 11-12 of the Bill, including core fuel sector resilience, offshore wind electricity generation and oil and gas.
- [Energy Bill \[HL\] 2022-23, part 13: Provisions on civil nuclear regulation](#) covers part 13 and sections of part 3 that relate to nuclear regulation, including geological disposal facilities for radioactive waste, nuclear sites where the risk of radiation is low and allowing the UK to join a UN convention on providing compensation to victims of nuclear incidents.

## 2

## Second reading (9 May 2023)

[Second reading of the Energy Bill \[HL\]](#) in the House of Commons took place on 9 May 2023.

The then Secretary of State for Energy Security and Net Zero, Grants Shapps, introduced the Bill by stating it was a largely uncontroversial and was “the longest and most significant piece of energy legislation to ever come before the House. He also thanked “colleagues across the House for their positive engagement” with Ministers.<sup>4</sup> The Minister then went on to set out the three themes (or pillars) of the Bill. The first was liberating private investment:

In clean technologies, helping reduce our exposure to the very volatile gas prices in the long term. For example, the Bill will help us to exploit our absolutely extraordinary potential for carbon capture, usage and storage, as well as low-carbon hydrogen, potentially for industrial use.<sup>5</sup>

The second pillar of the Bill would:

Help to strengthen our energy security and minimise cost to consumers. It will pave the way for an independent system operator and planner, or ISOP, whose focus will be on building a better, more reliable energy system. The ISOP will maintain our energy security, operate at the cutting edge of net zero with long-term ambitious plans and bring electricity and gas systems together into a single institution, enhancing our ability to plan for our energy system in the future and to reduce costs.<sup>6</sup>

And the third pillar would:

Deliver a safe, secure and resilient UK energy system. We will not allow malicious actors to affect that. Sometimes that could be dangerous protesters or those using energy as a weapon, as we have seen with the recent disruption.<sup>7</sup>

The Minister also set out the four sets of amendments that would be introduced by the government in committee:

- Provision for Great British Nuclear, a body that would aim to enable projects and support the UK’s nuclear industry, with a specific role to support Government in rebuilding the civil nuclear industry.<sup>8</sup>

<sup>4</sup> [HC Deb 9 May 2023](#) c242

<sup>5</sup> [HC Deb 9 May 2023](#) c244

<sup>6</sup> [HC Deb 9 May 2023](#) c246

<sup>7</sup> [HC Deb 9 May 2023](#) c248

<sup>8</sup> [HC Deb 9 May 2023](#) c249

- Amendments to allow for the delivery of the support package for energy-intensive industries announced by the government. This would “bring prices for UK businesses in line with global competitors, preserving jobs and investment in the strategic foundation industries—steel and chemicals, for example.”<sup>9</sup>
- Amendments on hydrogen transport and storage which would sit alongside the hydrogen production measures already in the Bill.<sup>10</sup>
- Further amendments related to carbon dioxide storage licensing to help maximise “the extraordinary potential [...] under the UK continental shelf”.<sup>11</sup>

The Minister finished his introduction by saying:

I hope Members across the House will recognise the opportunity that the Bill represents, with the massively increased investment in jobs and economic growth, to support our long-term ambition to lower energy bills and ensure that in future, we power Britain from Britain. I commend the Bill to the House<sup>12</sup>

Responding on behalf of Labour, Edward Miliband Shadow Secretary of State for Climate Change and Net Zero, stated his party’s support for the Bill.<sup>13</sup> However, he also highlighted concerns that the Bill lacked the “urgency and long-term strategy required” to address climate change and meet net-zero targets:

If the pace and scale at which we need to transform our energy system is akin to climbing a mountain, the Bill is a route map to basecamp, but it will not take us to the summit. It is too half-hearted on the zero carbon sprint that we need, it does not take sufficient measures to make working people the priority in the energy transition, and with the pace being set by President Biden’s [Inflation Reduction Act](#)—I am sure Members hear this in their constituencies—it does not put Britain enough at the forefront of the race for low-carbon jobs. That is why we will be seeking further improvements to the Bill during its passage.<sup>14</sup>

He went on to set out his support for clauses introduced in the Lords banning coal mining and on building energy efficiency, and stated Labour would table an amendment to ban fracking.<sup>15</sup> He also highlighted that the UK did not have a publicly owned energy company stating:

This is not a matter of ideology. EDF, Ørsted, Vattenfall and Statkraft all invest in our infrastructure. These are state-owned companies. It is an extraordinary fact that 46% of our offshore wind assets are owned not by foreign companies

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<sup>9</sup> [HC Deb 9 May 2023](#) c250

<sup>10</sup> [HC Deb 9 May 2023](#) c250

<sup>11</sup> [HC Deb 9 May 2023](#) c250

<sup>12</sup> [HC Deb 9 May 2023](#) c251

<sup>13</sup> [HC Deb 9 May 2023](#) c253

<sup>14</sup> [HC Deb 9 May 2023](#) c253

<sup>15</sup> [HC Deb 9 May 2023](#) c259

but by state-owned foreign companies. That means that the proceeds go back to those countries and they build the supply chains.<sup>16</sup>

He concluded by saying it was Labour's view that "the Bill is necessary but not sufficient given the scale of challenge and opportunity that we face", but welcomed many of the measures included "which are long overdue reforms that will make the delivery of net zero easier" and committed to work constructively with the government.<sup>17</sup>

Phillip Dunn (Con), Chair of the Environmental Audit Committee, spoke in support of the Bill, calling it a vital first step but also said that "it lacks what is really needed: a vision to get us to 2050". He went on to highlight the scale of the challenge, stating "we need five times the current electricity generating capacity to decarbonise our economy".<sup>18</sup>,

Alan Brown(SNP) said he broadly welcomed most of the measures in the Bill "particularly those relating to carbon capture and storage and hydrogen models". However, he expressed concern about the costs of nuclear power and the impact on customers bills. He also expressed support for the non-government amendments added to the Bill in the House of Lords.<sup>19</sup>

Caroline Lucas (Green) recognised the cross-party support for decarbonisation and net-zero but said "winning slowly on this issue is the same as losing". She was critical of fossil fuel exploration in the North Sea stating that "what is most striking about the Bill is its failure to wean us off fossil fuels—the very thing that is choking our planet and driving high energy prices." She expressed support for the amendments introduced by the Lords. She was also critical of the proposals in the bill on nuclear power "it is too expensive, too slow and it needs to come out of the Bill".<sup>20</sup>

Chris Skidmore (Con), who led [the independent review of net zero](#) for the government, also welcomed the Bill calling an important and much needed piece of legislation, but also said it could go "further faster":

The amendments made in the Lords are all welcome additions. Indeed, many were recommended in the net zero review. I therefore support their continued inclusion and, if needed, will seek to re-table many of them. I will also seek to work across the House, as chair of the all-party parliamentary group on the environment, to table additional amendments that I believe are realistic and achievable to help the Government meet both the needs of the energy sector and their own legal and net zero commitments.<sup>21</sup>

Dr Alan Whitehead (Lab,) Shadow Energy Minister, said there was a great deal to support and that it was "a Bill that is necessary to introduce things

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<sup>16</sup> [HC Deb 9 May 2023](#) c24

<sup>17</sup> [HC Deb 9 May 2023](#) c249

<sup>18</sup> [HC Deb 9 May 2023](#) c260

<sup>19</sup> [HC Deb 9 May 2023](#) c261

<sup>20</sup> [HC Deb 9 May 2023](#) c262

<sup>21</sup> [HC Deb 9 May 2023](#) c267

that are essential to the development of a low-carbon economy”. However, he went on to highlight areas where he believed it was lacking:

Yes, this Bill is necessary, but many Members have asked whether it is sufficient, and we think it is certainly not. There are many missed opportunities to legislate for many aspects of the green transition that are or will become necessary shortly. There are many instances where the green plumbing in the Bill looks, frankly, fairly faulty and could do with beefing up. For example, the Bill fails completely to lift onshore wind back into place as a key element of our low-carbon energy armoury. The Bill fails to redefine Ofgem’s remit to start from a low-carbon imperative. The Bill fails to address another key part of that armoury—community energy—in any sort of meaningful and enabling way.

The Bill fails to address the very real changes in regulatory machinery that will need to accompany the transition from oil and gas to a predominantly low-carbon energy environment. The Bill continues to propose soaking customers for the support of future infrastructure when we require entirely new forms of support that recognise both the breadth of the work that has to be done and the institutions that we will need to support investment and development.<sup>22</sup>

Further details of the debate during second reading can be found in the sections of this paper covering each part of the Bill.

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<sup>22</sup> [HC Deb 9 May 2023](#) c306

### 3 Commons Public Bill Committee (23 May – 29 June 2023)

The Bill's Committee stage took place over 18 sittings starting on 23 May 2023 and finishing on 29 June 2023. For transcripts of the committee sessions, details of evidence submitted to the committee and an updated version of the Bill after committee stage see the Parliament page on the [Energy Bill \[HL\] 2022-23](#).

The Public Bill Committee was chaired by Dr Rupa Huq, James Gray, Virendra Sharma and Caroline Nokes. It comprised ten Conservative MPs, six Labour MPs and one Scottish National Party (SNP) MP. Its membership was as follows:

- Bim Afolami (Con)
- Olivia Blake (Lab)
- Andrew Bowie (Con)
- Sara Britcliffe (Con)
- Alan Brown (SNP)
- Chris Clarkson (Con)
- Katherine Fletcher (Con)
- Jo Gideon (Con)
- Mark Jenkinson (Con)
- Ian Levy (Con)
- Kerry McCarthy (Lab)
- Joy Morrissey (Con)
- Charlotte Nichols (Lab)
- Taiwo Owatemi (Lab)
- Alec Shelbrooke (Con)
- Andrew Western (Lab)
- Dr Alan Whitehead (Lab)

## 3.1

## Main government changes to the Bill in committee

For a full list of amendments tabled and debated in committee, and whether they were successful see the [Energy Bill \[HL\] \(Committee Stage Decisions\) document \(PDF\)](#).

There were no successful non-governmental amendments to the Bill at committee stage. The main government amendments are summarised briefly below:

- Part 2 which covers hydrogen production was amended to provide a legislative framework for the introduction of hydrogen transport and hydrogen storage business models.
- Part 3 was added to the Bill and covers overs licensing of hydrogen pipeline projects. This Part includes provisions to introduce hydrogen transport and storage business models and will enable the implementation of a [regulated asset base \(RAB\)](#) in respect of hydrogen pipeline projects.
- Part 7 of the Bill covering various aspects of market reform and consumer protection had two new government clauses added. These would give the Secretary of State power to make regulations to create a levy to support energy intensive industries.
- Part 10 includes provisions relating to the energy performance of buildings (EPB) regime. The government removed clause 204., which was a successful opposition amendment in the Lords. This would have required the Secretary of State to publish a “Warmer Homes and Businesses Action Plan” within six months of the Act’s passage.
- Part 12 of the Bill covering core fuel resilience was amended by the government with the aim of ensuring consistency with the approach taken in providing financial assistance to the sector. The core fuel sector covers the storage, handling, transport, processing, and production of crude-oil based fuels and renewable transport fuels.
- Part 13 of the Bill covering offshore wind, oil and gas was amended by the government to broaden the type of “activities” to which the new provisions on offshore wind would apply.
- Part 14 was amended by the addition of a new chapter 4. Provisions in this would give the Secretary of State the power create Great British Nuclear (GBN), an arms-length body responsible for driving delivery of new nuclear projects.
- Part 15 covers general provisions for the Bill but also included four new clauses added in the House of Lords as the result of government defeats.

The government removed or amended all of the clauses during committee stage in the House of Commons. The clauses were as follows:

- Clause 270, which would have prohibited the opening of new coal mines in the UK, was removed by the government following a division.
- Clause 271 was replaced by new clause 52 (now clause 199 in Part 7 of the Bill). This clause would have included a specific requirement within Ofgem’s general duties to consider how their decisions support meeting the UK’s net zero emissions target. The new clause is drafted to have the same effect as clause 271.
- Clauses 272 and 273, which would have established an export guarantee for small-scale low-carbon energy generators and enabled them to sell electricity to local consumers, were removed by the government following a division.

Further information on all these changes can be found in sections 3 to 17 of the briefing.

In addition, [DESNZ has published Energy Bill factsheets](#) (updated as the Bill has changed) covering the various parts of the Bill, including the new additions.

It should be noted that in the following sections of this briefing the parts and clauses of the Bill are referred to as they were debated in committee, unless otherwise stated.

## 4

# Part 1: Licensing of carbon dioxide transport and storage

This section covers Part 1 of the Bill, (clauses **1-55** and schedules **1-6**). There were only minor government amendments to this part of the Bill Committee.

Part **1** of the Bill sets out the regulatory framework and licensing regime for carbon dioxide (CO<sub>2</sub>) transport and storage. These remain unchanged following the committee stage, other than two minor government amendments that made corrections to clause 9 and schedule 1.

Section 3 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6, parts 1, 2 & 3: carbon storage, hydrogen, and new technologies](#) provides background information and further detail about provisions in in this part of the Bill.

## 4.1

## Background

The following is a summary of the clauses in this part of the Bill:

- Clause 1 establishes the Gas and Electricity Markets Authority (Ofgem) as the economic regulator of CO<sub>2</sub> transport and storage.
- Clauses 2 to 6 cover licensable activities, which includes operating a geological storage site or a transportation service for CO<sub>2</sub>.
- Clauses 7 to 15 cover the granting of and conditions of licences.
- Clauses 16 to 19 relate to the power of the Secretary of State to grant licences.
- Clauses 20 to 25 cover appeals from decisions of the economic regulator.
- Clauses 26 and 27 cover the information provided by Ofgem and the Secretary of State.
- Clauses 28 to 31 describe other functions of the regulator including monitoring and gathering of information.
- Clauses 32-35 cover enforcement and criminal liability.
- Clauses 36 to 38 set out functions with respect to competition and existing legislation.

- Clauses 39 to 42 set out the reporting requirements of the regulator Ofgem.
- Clauses 42 to 49 cover transport and storage administration orders.
- Clauses 50 to 52 makes provisions for the Secretary of State to create a statutory transfer scheme.
- Clauses 53 to 55 provide for information sharing and cooperation between the relevant CO2 storage licensing authority and the regulator, and an explanation that amendments to existing legislation are set out in Schedule 4 and definitions of terms for the purpose of interpreting this part of the Bill.

Part 1 of the Bill was [debated in Committee](#) on 23 May 2023.

Opposition amendments 75, 75 and 81 were debated, which would have added a definition of the use of carbon dioxide to clauses that relate to the overall carbon dioxide capture, transport, usage and storage process. Speaking for the amendments, Dr Alan Whitehead said:

It is important that the licensing arrangement is complete as far as the passage of carbon is concerned. Amendments 75, 76 and 81 would add the use of carbon dioxide to the various clauses that relate to the overall process. The amendments would provide a definition of carbon capture use, and additional wording for the process of licensing and of use itself.<sup>23</sup>

In response, the Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie said the government did not consider the amendments to be necessary or appropriate. He noted that:

The Government’s aim in prioritising support for the deployment of carbon capture and storage in the UK is to incentivise large-scale, permanent abatement of carbon dioxide and the establishment of a transport and storage infrastructure, which is essential to achieve net zero emissions. Carbon capture and usage technologies resulting in the permanent abatement of carbon dioxide could represent only a small abatement potential as compared with carbon capture when the carbon dioxide is disposed of by geological storage. For those seeking to use captured carbon dioxide, alternative options are likely to be available, such as off-taking carbon dioxide directly from an emitter before it enters a transport and storage network.<sup>24</sup>

The amendments were withdrawn.

New clauses 33-35 were tabled by the Opposition as a suite of “purpose and strategy” clauses for the Bill. Speaking for the new clauses, Dr Whitehead said:

Purpose clauses are not just nice things to have at the front of a Bill. They are quite useful for those who seek to interpret an Act at a later date—lawyers and the like. They may have opinions about what a particular part of the Act

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<sup>23</sup> [PBC Deb 23 May 2023](#) c6

<sup>24</sup> [PBC Deb 23 May 2023](#) c9

does, but they will be guided by the purpose clause at the front of the Act. For the Ministers who implement the terms of an Act, it is useful to have a clear statement of what Parliament thought we were doing when we put the Act on the statute book and of the framework in which the rest of the Act should be read.

The purpose clause that we have tabled, new clause 33, states:

“The principal purpose of this Act is to increase the resilience and reliability of energy systems across the UK, support the delivery of the UK’s climate change commitments and reform the UK’s energy system while minimising costs to consumers and protecting them from unfair pricing.”<sup>25</sup>

In response, the Minister noted that the government are currently consulting on a draft [strategy and policy statement for energy policy in Great Britain](#) as provided for under the Energy Act 2013, making the proposed new clause “superfluous to the Bill”. The clauses were negatived on division with 7 ayes and 9 noes.<sup>26</sup>

**Clauses 1-8** were agreed without amendment.

Opposition amendments 77-80, 82-83 and 87 were debated. These concerned licences being granted to fit and proper persons and related matters. Dr Alan Whitehead, speaking to the amendments, pointed out that the term ‘fit and proper’ appears in a number of laws and regulations where the Government or a regulator have a responsibility for appointing or licensing individuals or companies. He said the amendments would “give a substantial degree of security to the Secretary of State in the granting, transfer and operation of licences”.<sup>27</sup>

During the debate he referred to similar provisions for the [Financial Conduct Authority](#) as set out in the [Financial Services and Markets Act 2000](#).<sup>28</sup>

In response, the Minister noted that:

That assurance is already inherent within the Secretary of State and the economic regulator’s role within the licensing regime. Despite sharing the desire, I ask for the amendment to be withdrawn because I believe that it is superfluous in this instance.<sup>29</sup>

The amendments were withdrawn without division.

The remaining clauses and schedules (**clauses 9-55** and **schedules 1-6**) were agreed without division and with only minor technical amendments.

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<sup>25</sup> [PBC Deb 23 May 2023](#) c19

<sup>26</sup> [PBC Deb 27 June 2023](#) c485

<sup>27</sup> [PBC Deb 23 May 2023](#) c38

<sup>28</sup> [PBC Deb 23 May 2023](#) c37

<sup>29</sup> [PBC Deb 23 May 2023](#) c39

## 5 Part 2: Carbon dioxide capture, storage etc; hydrogen production

This section covers clauses **56-103** in Part 2 of the Bill as debated in committee. There were a number of clauses added during this stage. As a result, Part 2, as printed for report, now includes clauses 56-128:

- New clauses 29-32 were added to Part 2, chapter 1 and are **now clauses 61-64** (covering hydrogen transport and hydrogen storage)
- New clauses 8-28 were added as a new chapter to Part 2 of the Bill and new schedules 1 & 2 were also added to the Bill. These are **now clauses 106-126, and schedules 7 & 8** of the Bill (covering carbon storage information and samples)

The Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6, parts 1, 2 & 3: carbon storage, hydrogen, and new technologies](#) provides background information and further detail about provisions in Part 2 of the Bill as introduced in the Commons.

Part 2 of the Bill sets out regulations relating to carbon dioxide capture, transport and storage, and hydrogen production. The aim is to enable the government to implement and administer hydrogen and carbon capture business models including introducing a new hydrogen levy.

The provisions of the Bill include:

- Chapter 1: provisions for revenue support contracts for CO<sub>2</sub> transport and storage, carbon capture, and hydrogen production including the designation of counterparties to manage the contracts and act as a conduit for funding. It also includes provisions for a hydrogen levy.
- Chapter 2: provisions for decommissioning of carbon storage installations.
- Chapter 3: provisions for a strategy and policy statement for carbon capture, use and storage (CCUS).
- Chapter 4: specific provisions for carbon dioxide storage licences.
- Chapter 5: general provisions.

## 5.1

## Hydrogen transport and storage business models

The government amendments and new clauses tabled for Part 2, chapter 1 of the Bill in committee are intended to provide a legislative framework for the introduction of hydrogen transport and hydrogen storage business models, alongside the existing provisions in clauses 61 and 62 for hydrogen production business models.

As set out in the [Energy Security Bill factsheet: Hydrogen transport and storage business models](#) (updated 6 June 2023) the government have set an ambition for up to 10GW low carbon hydrogen production capacity by 2030 (subject to affordability and value for money).

In the [British Energy Security Strategy](#) published April 2022, the government committed to “designing, by 2025, new business models for hydrogen transport and storage infrastructure, which will be essential to grow the hydrogen economy”.

In support of this, the government ran a consultation on [Proposals for hydrogen transport and storage business models](#). In general, respondents to the consultation supported the government’s analysis for a hydrogen network and its key design principles. A majority supported a [regulated asset base \(RAB\)](#) as the best business model design option, although there was a wide range of opinions on approaches to funding, between general taxation, a levy on energy users, socialisation across all gas users or other options.

Following analysis of the consultation responses the government concluded that an external subsidy mechanism will be required to support these business models to:

Remove market barriers associated with hydrogen transport and storage infrastructure. This external subsidy mechanism would be delivered through revenue support contracts – a private law contract between a counterparty and a hydrogen transport or storage provider receiving the subsidy.

Alongside these revenue support contracts, it is considered that another element of the hydrogen transport business model should be a Regulated Asset Base (RAB) to facilitate and support the financing of certain hydrogen pipeline projects.<sup>30</sup>

The proposals in the Bill would allow these business models to be taken forward by the government.

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<sup>30</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Hydrogen transport and storage business models](#), 9 May 2023

## Committee stage

Government amendments to the Bill were tabled to enable the introduction of hydrogen transport and storage business models, similar to existing provisions in the Bill for hydrogen production. These amendments included clarifications that existing references in Part 2 of the Bill related only to the transport and storage of carbon dioxide and not hydrogen. New clauses (see below) were added to make specific provisions for hydrogen transport and storage.

The amendments would also provide the Secretary of State with the power to make regulations to enable hydrogen transport and storage revenue support contracts to be put in place. The government intention is to ensure that revenue support contracts are allocated and managed effectively, and that stable funding flows are in place. The approach will be similar to that of [contracts for difference](#) (CfD) for renewable energy generators.

Four new clauses (29-32) have been added. New clause 29 would enable the designation of a counterparty to administer hydrogen transport revenue support contracts. New clause 30 would confer powers on the Secretary of State to issue a direction to a hydrogen transport counterparty. The counterparty will offer a contract to an eligible hydrogen transport project that the government wish to support, enabling it to receive revenue support.

New clauses 31 and 32 would enable the same provisions for hydrogen storage revenue support contracts.

Introducing new clauses 29-32 and consequential amendments, the Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie said:

Hydrogen business models are required to encourage investment in, and the development of, hydrogen transport and storage infra-structure, alongside the existing provisions in clauses 61 and 62 for hydrogen production business models. The development of hydrogen transport and storage infrastructure, such as pipelines and salt caverns, represents the next critical step in the growth of the hydrogen economy.<sup>31</sup>

Issues relating to these new clauses and related amendments were raised in debate. Dr Alan Whitehead, speaking for the opposition, said in relation to potential payments to the proposed counterparty:

It is important that as soon as the counterparty is in place, the full set of contingent and possible arrangements for the operation of that counterparty are clearly set out.<sup>32</sup>

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<sup>31</sup> [PBC Deb 6 June 2023](#) c92

<sup>32</sup> [PBC Deb 6 June 2023](#) c95

The Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie gave reassurances that such eventualities had been accounted for. He noted that:

The Government anticipate that the [[Low Carbon Contracts Company](#)] LCCC, which is the existing counterparty for [contracts for difference](#) [the government low-carbon electricity support mechanism], will be the counterparty for the hydrogen production, industrial carbon capture and waste industrial carbon capture business models—subject to successful completion of administrative and legislative arrangements.<sup>33</sup>

During the debate, clarifications were made regarding the territorial application of part 2, chapter 1 of the Bill. It will include the territorial sea adjacent to the United Kingdom that extends 12 nautical miles from the low-water line along the coast, as defined in section 1 of the [Territorial Sea Act 1987](#), and the renewable energy zone established by section 84 of the [Energy Act 2004](#) for the purposes of energy production activities.<sup>34</sup>

The government also clarified during the debate that [direct air carbon capture and storage](#) (DACCS) is another form of carbon capture intended to fall under provisions in this part of the Bill.<sup>35</sup>

New clauses 29-32 and amendments relating to hydrogen transport and storage were agreed. Clauses 56-64 were agreed as amended.

### Hydrogen levy

**Clauses 65-68** cover the establishment of a hydrogen levy. They set out the appointment of hydrogen levy administrator, obligations of relevant market participants and the functions of the hydrogen levy administrator.

The [Energy Security Bill factsheet](#) explains that the hydrogen levy will not be introduced until 2025, and due to uncertainties around the final policy its impact remains unclear:

The levy is not expected to be implemented until 2025 (subject to legislation being in place) and so we do not expect it to have impacts on consumer bills before then. Once introduced, we expect its impacts will ramp up as we look to deliver our 2030 hydrogen ambitions to improve energy security. As policy development on the levy is ongoing, with a number of key decisions still pending, there is uncertainty regarding the precise impact of the levy on consumer bills.<sup>36</sup>

During [report stage](#) in the House of Lords the Government was defeated in a vote on Opposition amendment 18, which was then included in the Bill. This would exclude gas and electricity suppliers from the hydrogen levy, with the intention of ensuring that levies were not passed on to consumer through

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<sup>33</sup> [PBC Deb 6 June 2023](#) c98

<sup>34</sup> [PBC Deb 6 June 2023](#) c102

<sup>35</sup> [PBC Deb 6 June 2023](#) 104

<sup>36</sup> BEIS & Department for Energy Security and Net Zero [Energy Security Bill factsheet: Hydrogen and industrial carbon capture business models](#), 6 June 2023

their bills. Further details can be found in the Library briefing [Energy Bill \[HL\] 2022-23: Overview](#).

## Second reading

The hydrogen levy was debated in the second reading of the Bill on 9 May 2023, with many MPs voicing concerns about passing on costs to consumers, rather than the industries that would benefit. Caroline Lucas (Green) noted that there was concern about putting a levy on household bills when they were already high and asked the Secretary of State if he would look again at where to put the funding for hydrogen.

Ed Miliband recognised the economic case for investing in hydrogen through public investment, but said that:

Much of the benefit of new investment in hydrogen will go to industry—not consumers directly—which will be at the front of the queue for its use. Putting the cost of hydrogen on consumer bills, as the legislation originally proposed, is not the right way forward.<sup>37</sup>

Alan Brown (SNP) asked for further information on how a levy would be structured, calling for:

Clarity on what the hydrogen levy will look like. We know the Government want to pass it on to bill payers, but what is the anticipated cost to consumers? How can an additional levy on bills be justified at this juncture?<sup>38</sup>

Alex Shelbrooke (Con) raised concerns about the levy's impact on domestic energy bills:

It is misguided and it is in the wrong place. We have to take the public with us on this—we cannot keep adding to people's bills to try to make things work. I hope the Minister will take that point away.<sup>39</sup>

In response, the Minister stated that:

The provisions in this Bill will not immediately introduce a levy. We will consult on the detailed levy design, and the decision to introduce a levy will take into account the affordability of energy bills.<sup>40</sup>

## Committee stage

Government amendment 12 to clause 66 was tabled to reverse the Opposition amendment made at report stage in the Lords, so that a levy may be imposed on gas suppliers or electricity suppliers as well as on gas shippers.

Dr Whitehead, while supportive of the government's target for low-carbon hydrogen production, noted that the current proposals would likely add

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<sup>37</sup> [HC Deb 9 May 2023](#) c259

<sup>38</sup> [HC Deb 9 May 2023](#) c265

<sup>39</sup> [HC Deb 9 May 2023](#) c276

<sup>40</sup> [HC Deb 9 May 2023](#) c309

around £120 per year to consumers bills.<sup>41</sup> He called on the Minister to think very carefully before proceeding with the amendment, stating that:

If we continue trying to add levies for everything to customer bills, they will increase hugely by 2030, not because the prices of electricity or gas have gone up or because Mr Putin has invaded anywhere else, but because of conscious policy design and the way the Government set up the levy system.<sup>42</sup>

Alec Shelbrooke (Con), who spoke against the levy being added to people's bills during the second reading, reiterated his point by noting:

The idea that we could add another levy to energy bills is a mistake, and we will not take the public with us.<sup>43</sup>

Olivia Blake (Lab) spoke against the amendment on grounds of fuel poverty, calling it a “a wrecking motion for net zero, because the opposition to this will be huge”, and stating that it would be a burden on households “when it is not clear whether the benefit will ever fall on households”.<sup>44</sup>

Kerry McCarthy (Lab) noted that there was concern about the funding of the hydrogen levy on both sides of the House.<sup>45</sup>

In response, the Minister said the discussion on the design of the levy would include taking affordability of energy bills into account:

I say to all the Members who have expressed an opinion today, and to all those engaged in the debate outside this place, that the design of the hydrogen production levy is ongoing, and discussions as to what form that levy will take—or whether it will exist—continue. Those discussions will take into account all relevant considerations, including the affordability of energy bills, which I hope I have made clear the Government take incredibly seriously. We will continue to have discussions and consult on the future design of the said levy as we move forward.<sup>46</sup>

Amendment 12 was agreed following a division held on 6 June 2023 (Division 1: ayes 7, noes 5).<sup>47</sup>

Clause 65-68 on the hydrogen levy were agreed with minor technical government amendments. Clauses 69-103 were passed with minor technical government amendments.

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<sup>41</sup> [PBC Deb 6 June 2023](#) c109

<sup>42</sup> [PBC Deb 6 June 2023](#) c111

<sup>43</sup> [PBC Deb 6 June 2023](#) c114

<sup>44</sup> [PBC Deb 6 June 2023](#) c116

<sup>45</sup> [PBC Deb 6 June 2023](#) c118

<sup>46</sup> [PBC Deb 6 June 2023](#) c119

<sup>47</sup> [PBC Deb 6 June 2023](#) c119

## 5.2

# Carbon storage information and samples

Part 1 of the Bill also establishes the requirement for an Ofgem-regulated economic licence for carbon dioxide transport and storage. A storage licence issued by the North Sea Transition Authority (NSTA), the licensing authority for offshore carbon dioxide storage, is also required under the [Energy Act 2008](#) to ensure that carbon storage is safe and secure.

Government new clauses 8-28 and new schedules 1 & 2 (now clauses 106-126, and schedules 7 & 8) were tabled to provide the NSTA with appropriate powers to require carbon storage licensees to retain and report information and samples gathered as part of activities associated with the geological storage of carbon dioxide. They will also enable the NSTA to publicly disclose this information after a suitable confidentiality period.

The new clauses make provisions for:

- The retention and reporting of carbon storage licensing information and samples.
- The disclosure of carbon storage licensing information and samples:
  - after a specified period; and,
  - to certain persons.
- Enforcement of information and samples requirements.

Further details can be found in the factsheet [Energy Security Bill factsheet: Retention, reporting and disclosure of carbon dioxide storage information and samples](#) and the related policy statement [Energy Security Bill Policy Statement - Retention, Reporting and Disclosure of Carbon Dioxide Storage Information and Samples](#).

## Committee stage

The new clauses were, in general, welcomed as sensible and appropriate. Questions were raised by Dr Whitehead about the definition of ‘a suitable confidentiality period’, quoted in the factsheet, for the retention of information and how long that might be, and the issue of consent and agreement to the release of samples.<sup>48</sup> In response, the Minister said he would provide a written response to these questions.<sup>49</sup>

New clauses 2-28 and new schedules 1 & 2 were agreed and added to the Bill (now clauses 106-126, and schedules 7 & 8).

<sup>48</sup> [PBC Deb 22 June 2023](#) c407-408

<sup>49</sup> [PBC Deb 22 June 2023](#) c408

## 6

## Part 3: Licensing of hydrogen pipeline projects

This section covers **new clauses 59-71** added by the government as a new Part 3 of the Bill (now clauses 129-141 covering licensing of hydrogen pipeline projects).

Government new clauses 59-71 are intended to enable the implementation, via gas transporter licence conditions, of a [regulated asset base \(RAB\)](#) in respect of hydrogen pipeline projects. As a result, the Bill now includes provisions to introduce hydrogen transport and storage business models, to support the government's ambition for up to 10GW low carbon hydrogen production capacity by 2030.

Further information the proposed models can be found in the factsheet [Energy Security Bill factsheet: Hydrogen transport and storage business models](#). This was updated on 6 June 2023 but also made clear that the “detailed design of the business models will be set out in due course”.

Following a consultation on [Proposals for hydrogen transport and storage business models](#), which government responded to in August 2023, the government consider that an element of the hydrogen transport business model should be a regulated asset base to facilitate and support the financing of certain hydrogen pipeline projects. The RAB would take the form of a private law revenue support contract. Details of the design of the RAB can be found in the government's [Hydrogen transport and storage infrastructure: minded to positions](#) (August 2023, PDF).

## Committee stage

Introducing the new clauses Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie, set out the government's reason for doing so:

The development of hydrogen transport infrastructure, most notably pipelines, represents a critical step in the growth of the hydrogen economy. It is expected to be vital in helping the Government to achieve the ambition of up to 10 GW hydrogen production capacity by 2030. The infrastructure is needed not only to connect producers and users, providing a market for hydrogen production, but to support the resilience and security of the supply of hydrogen, thereby encouraging a move away from fossil fuels.

However, due to market barriers associated with that infrastructure, namely high up-front capital costs and uncertain financial returns, a business model is needed to encourage investment in hydrogen transport infrastructure. The new clauses are intended to enable the implementation, via gas transporter licence conditions, of a regulated asset base, or RAB, in respect of hydrogen pipeline projects as part of the business model. A RAB is aimed at giving investors long-term certainty to establish and scale up the development of hydrogen transport infrastructure, and can be used alongside an external subsidy mechanism to give further confidence to investors. Provisions for that external subsidy mechanism in the form of hydrogen transport revenue support contracts have already been discussed in Committee.<sup>50</sup>

The government new clauses were not opposed by the Opposition, although Dr Alan Whitehead did raise concerns about the timeframe during which the RAB would operate and the ability of the Secretary of State to repeal the provisions. He said:

the RAB that we need to introduce [...] must be carefully circumscribed. We must ensure that the time for which people are liable up front, and the result of the process, are closely monitored. I assume that those arrangements will proceed by secondary legislation and various other means, but it is worth laying down a few methods of procedure for bringing a RAB forward under these circumstances, the way it might work and how we might ensure that it creates value for money in its operation.<sup>51</sup>

The new clauses were agreed without division and added to the Bill.

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<sup>50</sup> [PBC Deb 22 June 2023](#) c436

<sup>51</sup> [PBC Deb 22 June 2023](#) c439

## 7

## Part 4: New technology

Part 3 (now Part 4) of the Bill includes several measures to support the uptake of new low carbon technologies. It was unamended during committee other than through the addition of government new clause 72, allowing for amendments to the [Gas Act 1986](#) to facilitate hydrogen trials, which was unopposed. Part 3 consists of:

- Chapter 1, **clauses 107-113** (now clauses 142-151) which would introduce a low carbon heat scheme aimed at increasing the uptake of heat pumps.
- Chapter 2, **clauses 114-115** (now clauses 152-153) of the Bill would give the Secretary of State powers to allow for the delivery of its planned hydrogen grid trial villages.
- Chapter 3 (miscellaneous) now includes clause 154 (new clause 72 added in committee) allowing changes to be made to the [Gas Act 1986](#) if necessary, to facilitate hydrogen trials; **clause 116** (now clause 155) on nuclear fusion facilities licencing; **clause 117** (now clause 156) on renewable transport fuel and clause; **and 118** (now clause 157) expanding the definition of what would qualify as a UK removal of a greenhouse gas.

For further details see Commons Library Briefing on [Energy Bill \[HL\] 2022-23: Parts 11 and 12 – Offshore wind, oil and gas](#) published in advance of second reading of the Bill in the Commons.

## 7.1

### Low Carbon Heat Scheme

The proposals in the Bill (clauses 107-114) aim to contribute to the government's [Heat and Building Strategy](#), published in October 2021. They would do this by creating powers to enable the introduction and regulation of a new low-carbon heat scheme. This would require manufacturers of fossil fuel heating appliances to meet a requirement for low-carbon heat pump sales as a proportion of their total appliance sales.

During the Lords stages, government amendments were agreed that would clarify how targets in the scheme apply to manufacturers and would require regulations to provide for the right to appeal against financial penalties for non-compliance with the scheme.

Opposition amendments which included a proposal to set a timeline for implementing the low-carbon heat scheme were either withdrawn or not moved.

## Committee Stage

During the committee debate on these clauses, Dr Alan Whitehead proposed a number of amendments that were withdrawn after debate and without division. Amendment 89 would have introduced a target to ban the installation of unabated gas boilers in new housing by 2025, and in existing housing by 2035, to reflect the Government target on these set out in the Heat and Buildings Strategy.<sup>52</sup> Amendment 90 would have required the government “to provide a plan for low carbon heating in homes in which it is uneconomic/unfeasible to have a heat pump”.<sup>53</sup>

The government did not support the amendments, and in response the Minister set out the work the government was doing to “develop strategic and policy options for all these technologies and for different building types”. This included:<sup>54</sup>

Trials and research and development to build towards strategic decisions on the role of hydrogen for heat in 2026; work on heat network zoning; and the forthcoming biomass strategy, which will assess the amount of sustainable biomass feedstocks available in the UK, including for biofuels, and the most strategic uses of those across the economy. It also includes action such as the green heat networks fund to scale up key markets where that is of strategic importance in all scenarios.

The clean heat market mechanism provided for by this measure is another key part of our policy action. Ultimately, it will be for the market—and consumers and building owners—to determine the best solutions and combinations of technologies within the performance standards and market signals that it is the role of His Majesty’s Government to provide<sup>55</sup>

There were no further government or opposition amendment debated and this part of the Bill was agreed to without division.

## 7.2

## Hydrogen grid conversion trials

Part 3, chapter 2 of the Bill would give the Secretary of State the necessary powers to ensure the delivery of the planned hydrogen grid trial in terms of safety and consumer protection, as set out in the Bill’s explanatory notes:

The Government will support industry to deliver a neighbourhood trial by 2024;(preparation is underway, with the trial due to start in 2024); a village

<sup>52</sup> [PBC Deb 6 June 2023](#) c142

<sup>53</sup> [PBC Deb 6 June 2023](#) c143

<sup>54</sup> [PBC Deb 6 June 2023](#) c145

<sup>55</sup> [PBC Deb 6 June 2023](#) c145

scale trial by 2025; and a potential hydrogen heated town before the end of the decade.<sup>56</sup>

Clause 114 would make modifications to the [Gas Act 1986](#) to enable the delivery of the hydrogen heat village trial. This includes modifications on powers of entry that would allow the person running the trial to enter private properties to carry out essential works, undertake inspections, and disconnect the existing gas supply.

Clause 115 would provide the Secretary of State with the powers to establish additional consumer protections for people taking part in the trial. This would include specified steps to ensure consumers are appropriately informed about the trial and the need for them to be disconnected from their existing gas supply before it happens. This clause also provides the Secretary of State with a power to make regulations to introduce consumer protections for people who are, or are likely to be, affected by the trial, details of which are set out in the Bill.

## Committee stage

During the debate on this part of the Bill, Dr Whitehead introduced Amendment 118 that sought to “ensure that no household will be forced to take part in the trial and will be given an alternative heating solution by the gas transporter”. Explaining the need for the amendment he said:

If we wish to adhere to the principle that not everybody has to take part in a trial—there might be many good reasons why people do not want to do so—there must be guaranteed arrangements for the installation of other forms of low carbon heating or indeed for no low carbon heating at all if an alternative main is put in place for people who do not wish to take part in grid conversion trials.<sup>57</sup>

In response the Minister did not support the amendment, stating there is “already an effective way to ensure that the networks provide an alternative to hydrogen”.<sup>58</sup>

The amendment was put to a vote, with six votes for and six against. The Chair voted, as usual practice, with the noes and the amendment was not successful.<sup>59</sup>

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<sup>56</sup> [Energy Bill \[HL\] Explanatory Notes](#) p13

<sup>57</sup> [PBC Deb 8 June 2023](#) c158

<sup>58</sup> [PBC Deb 8 June 2023](#) c161

<sup>59</sup> [PBC Deb 8 June 2023](#) c162

## 7.3

## Miscellaneous

New Clause 72 was introduced by the government unopposed during committee, which would provide powers to amend the [Gas Act 1986](#). The Minister, explained the reason for the new clause as follows:

The possibility of using hydrogen as part of a major utility is recent by comparison. Although the Government consider it appropriate to use the Gas Act regime for hydrogen, there is inherent uncertainty in the use of a regime designed in a different era for a different type of gas. Given the highly technical and granular approach to regulation set out in the Gas Act, the issue of whether all of its relevant provisions should apply to hydrogen at scale cannot be fully tested without large-scale projects being operationalised. Therefore, any changes that may be needed cannot be put on the face of the Bill. If a problem is identified at the implementation stage, it will need to be addressed swiftly to ensure that projects are not adversely affected and that hydrogen's role as a key technology for the UK's net zero ambitions is not put in jeopardy.<sup>60</sup>

The amendment was agreed without division. Dr Whitehead said that it was “a sensible provision and ought to be added to the Bill.”<sup>61</sup> It is now clause 157 in the Bill as amended in Committee.

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<sup>60</sup> [PBC Deb 22 June 2023](#) c451

<sup>61</sup> [PBC Deb 22 June 2023](#) c452

## 8

## Part 5: Independent System Operator and Planner

This section relates to **clauses 119-135** in Part 4 of the Bill in committee (now clauses **158-174** in Part 5). This section of the Bill was not amended at committee stage and there were no divisions on opposition amendments.

Part 4 (now Part 5) of the Bill would create a new Independent System Operator and Planner (ISOP) responsible “for planning the development of the electricity and gas transmission systems and operation of the electricity transmission system”.<sup>62</sup> Whilst the Bill refers to the new body as the ISOP, the Government’s earlier publications refer to it as the Future System Operator (FSO). For clarity, the ISOP and the FSO are one and the same thing. This briefing uses the term ISOP.

The ISOP would be a public corporation, operationally independent of the Government. It would be required to carry out its functions and activities in the way that it considers would best promote three main objectives, as set out in the [Bill’s explanatory notes](#):

- Net zero: supporting the Secretary of State’s statutory duties on net zero (i.e. to meet the Government’s net zero target and to not exceed the UK’s carbon budget for any given period). As part of this the ISOP is expected to proactively identify and create opportunities to facilitate the [net zero transition](#);
- Security of supply: ensuring the security of supply of electricity and gas to existing and future customers, by meeting demand and maintaining the resilience of the system;
- Efficiency and economy – promoting a “coordinated electricity and gas system that operates efficiently and economically”. As part of this the ISOP should seek to reduce costs for energy consumers.<sup>63</sup>

In addition to the three objectives, the ISOP will also have goals to “increase competition & innovation, take a combined gas and electricity (‘whole systems’) approach and consider consumer needs”.<sup>64</sup>

Many of the ISOP’s proposed functions are currently carried out by licensed operators owned by [National Grid plc](#). The bill would provide for the transfer

<sup>62</sup> [Explanatory Notes to the Energy Bill \[HL\] 2022-23](#) [PDF], para 24

<sup>63</sup> [Explanatory Notes to the Energy Bill \[HL\] 2022-23](#) [PDF] paras 344-349; [DESNZ/BEIS, Energy Security Bill factsheet: Future System Operator](#), GOV.UK, 20 March 2023

<sup>64</sup> [DESNZ/BEIS, Energy Security Bill factsheet: Future System Operator](#), GOV.UK, 20 March 2023

of the whole, or parts of, these operators as part of ISOP's establishment. As set out by the government, the ISOP would be regulated by Ofgem.<sup>65</sup> The government intention is that the ISOP should be established by the end of 2024.<sup>66</sup>

The Library briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) and the DESNZ factsheet [Energy Security Bill factsheet: Future System Operator](#) provide further background on the measure.

## Second reading

The principle of establishing an ISOP has received cross-party support, although there are differences of opinion regarding the detail of its implementation. During second reading Shadow Secretary for Energy Security and Net Zero, Edward Miliband, spoke in support of the ISOP proposals, but questioned whether as proposed it would go far enough in its powers, remit and independence.<sup>67</sup> He said:

At the moment, [planning for the future of the system] is a job for everyone—the Energy Department, Ofgem and the network companies—but the ultimate responsibility of nobody. That needs to change with the ISOP so that we auction offshore wind in the right places, we plan and build the grid in the right places and on the right timescale, and we have the right amount of power in the system in the years ahead. For us, that is the purpose of ISOP, and during the Bill's passage we will test out whether its proposals for ISOP adequately meet that vision.<sup>68</sup>

Bim Afolami (Con) highlighted the importance of ensuring that the ISOP's exact role and relationship with Ofgem and government are clearly defined. He stated:

We need to explain more precisely that when the strategic policy statement is made by the Government, ISOP will be a delivery mechanism, nothing more. This is not the intention of the Government or of anybody in this House, but I fear that unless we can make that clearer, Ofgem will perhaps be doing one thing, ISOP will be thinking it is doing something slightly different, and the Government's strategic intention will be something different again.<sup>69</sup>

## Committee stage

Part 4 (now part 5) of the Bill was debated in committee on [8 June 2023](#) and [22 June 2023](#). This section relates to **clauses 199-131** in Part 4 of the Bill (now

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<sup>65</sup> [Explanatory Notes to the Energy Bill \[HL\] 2022-23](#) [PDF], paras 25-26

<sup>66</sup> [DESNZ/BEIS, Energy Security Bill factsheet: Future System Operator](#), GOV.UK, 20 March 2023

<sup>67</sup> [HC Deb 9 May 2023](#), c255

<sup>68</sup> [HC Deb 9 May 2023](#), c255

<sup>69</sup> [HC Deb 9 May 2023](#), c270

clauses **158-174** in Part 5). This section of the Bill was not amended at Committee stage and there were no divisions on opposition amendments.

## Establishing the ISOP

This section of the Bill covers **clauses 199** and **120**, which relate to establishing the ISOP and setting out its duties. These clauses were not amended at committee stage.

Clause 199 introduces the concept of the ISOP and describes what it will do, including a representative but not exhaustive list of its initial functions. Clause 120 gives the Secretary of State the power to designate a person (most likely a company) as the ISOP, as well as the power to revoke the ISOP designation.

Three amendments to clause 119, **95**, **96** and **97**, were tabled by the Opposition. Amendment 95 would have given the ISOP oversight of cabling efficiency and loss reduction in cabling expanded the coverage of the ISOP.<sup>70</sup> New Clause **37** was also tabled by the Opposition aimed at ensuring the independence of system and distribution operators.<sup>71</sup>

Dr Whitehead (Lab) set out his support of the ISOP and highlighted that the amendments tabled by the Opposition aimed “in no way to undermine, but rather to enhance, the substance of the ISOP”.<sup>72</sup> He raised concerns that the Bill could risk creating an “artificial distinction” between the activities of [distribution network operators](#) (DNOs) and the high-level grid managed by the ISOP. He stated that amendments 96 and 97 would create a “much better system of co-operation and collaboration between DNOs and the new system operator”.<sup>73</sup> He also highlighted the importance of ensuring the efficiency of network cabling, stating that giving the ISOP oversight of efficiency and loss reduction in cabling would support this goal.<sup>74</sup>

In response, the Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie, expressed support for the intention of amendment 95, but stated that clause 119 was intended to provide only a “high-level illustrative list of the ISOP’s initial functions” and that calling out such functions individually would distort the balance of this part of the Bill.<sup>75</sup> With regards to amendments 96 and 97, he stated that a “new collaboration duty is not necessary as that lies at the very heart of our vision for the ISOP” and that this was already covered in the clause.<sup>76</sup>

The Minister said the government would not support new clause 37 due to concern that the appointment of an advisory board would undermine the

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<sup>70</sup> [PBC Deb 8 June 2023](#) c172

<sup>71</sup> [PBC Deb 8 June 2023](#) c172

<sup>72</sup> [PBC Deb 8 June 2023](#) c174

<sup>73</sup> [PBC Deb 8 June 2023](#) c175

<sup>74</sup> [PBC Deb 8 June 2023](#) c175

<sup>75</sup> [PBC Deb 8 June 2023](#) c176

<sup>76</sup> [PBC Deb 8 June 2023](#) c176

independence of the ISOP rather than enhancing it.<sup>77</sup> The amendments were withdrawn and new clause 37 was not called to a vote.<sup>78</sup>

Clauses 119 and 120 were agreed to unamended (now clauses 158 and 159).<sup>79</sup>

## Duties of the ISOP and licensing of electricity system operator activity

**Clauses 121 to 123** would set out the duties for the ISOP. These clauses were not amended at committee stage. These include:

- its ISOPs main objectives
- that it must consider the need to facilitate competition and innovation, consumer impacts and whole-system impacts in how it carries out its functions, and;
- that it must have regard for the Strategy and Policy Statement designated by the Government under powers in the [Energy Act 2013](#). To achieve this Clause 123 would amend the Energy Act 2013.

Dr Alan Whitehead (Lab) expressed general support for the clauses, but highlighted that the Opposition would like the remit of the ISOP to be as wide as possible in terms of facilitating net zero.<sup>80</sup>

Alan Brown (SNP) also voiced his support for the clauses but raised concerns about the potential for conflicts and tensions between the role of the ISOP and the impact of government policy.<sup>81</sup> He asked how the government would handle recommendations from the ISOP that would conflict with government policy and how the ISOP will be held accountable.<sup>82</sup>

The Minister responded to these concerns by stating that there is not a conflict of interest between the ISOP and government policy. He said:

The ISOP will not be solely, or even primarily, responsible for delivering net zero. That is the responsibility of the Secretary of State and the Department for Energy Security and Net Zero—or any future iteration of it. [...] However, their decisions will be informed by information and analysis from the ISOP, and the ISOP’s own decisions will make a contribution.<sup>83</sup>

The Minister also clarified that the ISOP would be a limited company with the Secretary of State as the sole shareholder “holding effective responsibility for the effective corporate governance of the organisation”. He said that the

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<sup>77</sup> [PBC Deb 8 June 2023](#).c176

<sup>78</sup> [PBC Deb 8 June 2023](#).cc181-2

<sup>79</sup> [PBC Deb 8 June 2023](#).c182

<sup>80</sup> [PBC Deb 8 June 2023](#).cc183-4

<sup>81</sup> [PBC Deb 8 June 2023](#).c184

<sup>82</sup> [PBC Deb 8 June 2023](#).c185

<sup>83</sup> [PBC Deb 8 June 2023](#).c185

Secretary of State would appoint the chair of the board, who would be responsible for leading the strategic direction of the ISOP.<sup>84</sup>

Alan Brown also asked why the ISOP's advisory role would not be extended to devolved authorities. In response, the Minister said the cost of funding the ISOP would fall on bill payers in Great Britain (GB), the provision of advice should be focused on achieving benefit for bill payers in GB.<sup>85</sup>

**Clauses 124 to 128** would amend the [Electricity Act 1989](#) and the [Gas Act 1986](#) to create a new 'electricity system operator licence' and a new 'gas system planner licence'. The clauses would require that the same entity (the ISOP) always holds both licences. They would also give powers to the Secretary of State and Ofgem to make related changes to licences and codes.

**Clauses 129 to 131** would impose duties on the ISOP to provide advice, analysis and information as requested by the government or Ofgem, and to monitor and review developments in the energy sector that may be relevant to its functions. They would also give the ISOP powers to request information from other organisations to help it fulfil its functions.

**Clauses 124-131** were agreed without a vote (now clauses 164-167).<sup>86</sup>

## Transfers and financial assistance to the ISOP

This section covers clauses **132-135** (now clauses **171-174**), and Schedules **7** and **8** (now schedules 9 and 10) which would grant the Secretary of State powers relating to creating transfer schemes, pension arrangements and financing the ISOP. It also covers clauses **137-139** (now clauses 176-178) and Schedule 9 (now schedule 11), which make minor and consequential amendments to the Electricity Act 1989 and the Gas Act 1986 and provide definitions for terms used in Part 4 (now Part 5).

Minor government amendments were made to Schedules 7 and 8 at committee stage and were agreed to without a vote. Clauses 132-139 and Schedule 9 were agreed to unamended.

During the debate, Dr Alan Whitehead (Lab) asked whether the provisions in this part of the Bill adequately consider how and what level of compensation the National Grid would receive for losing the Electricity System Operator (ESO) to the ISOP and how these costs will be recovered. He raised concerns that this could lead to an increase in consumer bills.<sup>87</sup> The Minister responded by stating that the Bill provides "multiple steps for agreement of the value of compensation" and that the ISOP would be funded by government.<sup>88</sup> He said

<sup>84</sup> [PBC Deb 8 June 2023](#) c185

<sup>85</sup> [PBC Deb 8 June 2023](#) c185

<sup>86</sup> [PBC Deb 8 June 2023](#) cc186-7

<sup>87</sup> [PBC Deb 22 June 2023](#) cc398-401

<sup>88</sup> [PBC Deb 22 June 2023](#) c402; c400

that the ISOP is not expected to increase bills and would “enable a long-term reduction in costs compared with the status quo”.<sup>89</sup>

Clauses 132-135 and Schedules 7-9, as amended, were agreed to without a vote (now clauses 171-178 and schedules 9-11).<sup>90</sup>

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<sup>89</sup> [PBC Deb 22 June 2023](#) c400

<sup>90</sup> [PBC Deb 22 June 2023](#) c402

## 9

## Part 6: Governance and gas and electricity codes

This section covers **clauses 140-159** in part 5 of the Bill in committee (now clauses 179-198 in part 6). All clauses in this part of the Bill were unamended in committee and were agreed to without a vote.

There are three main sources of sector-specific rules and regulations governing the energy market:

- Legislation – including the [Electricity Act 1989](#) and the [Gas Act 1986](#).
- Licences – companies require a licence issued by Ofgem, the energy sector regulator, to carry out most energy-related activities. This includes the generation, distribution and supply of electricity and the transportation and supply of gas. Licences contain conditions that licence holders must comply with.<sup>91</sup>
- Industry codes – multilateral codes and legal agreements between energy sector participants.<sup>92</sup>

The industry codes are detailed legal agreements between participants in the gas and electricity sectors. They set the commercial terms and technical standards that underpin how aspects of the energy market work in practice. Ofgem's website contains a list of [all industry codes](#).

The industry codes governance regime was designed for a post-privatisation energy system which had a limited number of participants operating on a similar scale and using similar technologies. However, the British energy market is now undergoing significant changes resulting from, for example, decarbonisation and digitalisation. The Government and Ofgem consider that the current regime is not suited to responding strategically to emerging challenges in the energy market.<sup>93</sup>

Part 5 (now part 6) of the Bill would create a new governance framework for the energy codes. The reforms would give Ofgem greater influence over how codes are governed and modified. The Government says that this will make the codes more responsive to policy objectives and changes in the wider energy market.<sup>94</sup>

<sup>91</sup> Ofgem, [Licences and licence conditions](#), accessed 31 August 2023

<sup>92</sup> Ofgem, [Industry codes and standards](#), accessed 31 August 23

<sup>93</sup> DESNZ, [Energy Security Bill factsheet: Code governance](#), 20 March 2023

<sup>94</sup> DESNZ, [Energy Security Bill factsheet: Code governance](#), 20 March 2023

Section 2 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) explains the policy background and provisions in the Bill in more detail, including the [government consultation](#) on these proposals.

Measures in this part of the Bill include the following:

- Clauses **143** and **144** would amend the [Gas Act 1989](#) and [Electricity Act 1989](#) to add the function of code manager to the list of activities that require a licence issued by Ofgem. Clauses **145-147** would regulate the process for selecting code managers.
- Clause **148** places a duty on Ofgem to publish an annual strategic direction setting out how codes may need to change to reflect energy policies and developments. Clause **149** would allow the Secretary of State to make regulations transferring the responsibility for publishing this strategic direction statement from Ofgem to the ISOP in the future.
- Clause **150** and **151** would grant Ofgem some powers to modify codes and set out the conditions and process for doing so, including who must be consulted or informed. These clauses would also establish a veto power for the Secretary of State.
- Clause **152** and **153** would grant Ofgem powers to issue directions to the ‘central systems’ responsible for the IT systems that underpin the energy system. This would allow Ofgem to require bodies responsible for ‘central systems’ to comply with their code obligations or allow it to take steps necessary to efficiently implement the provisions of the code or help code managers develop a specific code change proposal.
- Clause **154** would require the Secretary of State and Ofgem to act in accordance with their principal objectives, including to protect the interests of existing and future consumers.

## Committee stage

Part 5 of the Bill was not discussed at the [second reading](#). It was [debated in committee](#) on 8 June 2023 and was not amended at committee stage.

Dr Alan Whitehead (Lab) spoke in support of this part of the Bill. He criticised the current code governance regime as inconsistent and complex, with different industry codes owned by different actors. He called for the government to take the opportunity “systematically to make a much more coherent and integrated system of codes”.<sup>95</sup> He highlighted, however, that it will be important to ensure that the code managers are “independent, free-standing, not-for-profit companies and organisations, rather than at least

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<sup>95</sup> [PBC Deb 8 June 2023](#) c189

part of the code management being kept in the hands of the industry that is itself bound by the codes”.<sup>96</sup>

The Minister expressed agreement with Dr Alan Whitehead and stated:

We do not want to introduce anything that makes reaching our net zero goals or the future governance of the energy system even more complicated [...]. The current process for keeping the rules up to date was designed to deal with a more predictable energy system post privatisation [...] That approach has been effective in keeping the system running, but it has caused these rules to become increasingly complex and fragmented over time, which has acted as a barrier to innovation and competition.<sup>97</sup>

He also highlighted that the current governance structure provides little incentive for industry to change codes “in a manner that would be contrary to their own interests, even if those changes would benefit consumers or further the Government’s strategic priorities”<sup>98</sup>. The Minister stated that the new powers that the Bill would give Ofgem, as well as the appointment of Code Managers, would help resolve these issues.

Clauses 143-158 (now clauses 182-197) and schedules 10, 11 and 12 (now schedules 12- 14) were agreed unamended and without a vote.<sup>99</sup>

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<sup>96</sup> [PBC Deb 8 June 2023.c189](#)

<sup>97</sup> [PBC Deb 8 June 2023.c190](#)

<sup>98</sup> [PBC Deb 8 June 2023.c190](#)

<sup>99</sup> [PBC Deb 8 June 2023.cc190-6](#)

## 10

## Part 7: Market reform and consumer protection

This section covers clauses **160-170** in Part 6 and schedules 12-14 (now schedules 15-17) of the Bill in committee (now clauses 200-212 in Part 7).

Section 3 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) provides background information and further detail about provisions in Part 6 of the Bill.

This part of the Bill would:

- [Extend competitive tendering](#) that exists for the offshore electricity network to the onshore network
- [Introduce a “special mergers regime”](#) for energy networks, similar to that already present in the water industry to ensure fair competition is maintained
- Create a [regulatory definition of multi-purpose interconnectors](#)
- Create a [regulatory definition for electricity storage](#)
- [Extend the Energy Company Obligation](#) to all energy suppliers and create a buy-out mechanism for smaller suppliers
- Extend the deadline for powers to modify energy industry codes and license conditions to [enable the rollout of smart meters](#) from 2023 to 2028
- Enabling powers to [implement the Network Charging Compensation scheme](#), which will compensate Energy Intensive Industries (EIIs) for a portion of their network charging costs

This part of the Bill was [debated in committee](#) on 8 June 2023. Two new government clauses were added at committee stage to give the Secretary of State power to make regulations to create a levy to support Energy Intensive Industries.

## 10.1

## Competitive tendering for onshore electricity networks

Clause **160** in the Energy Bill would extend the existing competitive regime for offshore electricity transmission networks, introduced in 2009, to onshore networks.

The GB electricity grid is owned by a series of transmission and distribution network owners and operators, all monopolies of specific geographic areas. Historically these companies have been subject to [network price controls](#), regulated by Ofgem, which cap the maximum revenue that can be collected from customers.

The government's view is that the price control process is no longer sufficient for onshore networks, as it can limit innovation and does not always deliver maximum benefits to consumers.<sup>100</sup>

A Department for [Energy Security and Net Zero factsheet](#) explains clause 160 would “enable competitions to be run for the build, ownership and operation of onshore electricity networks in Great Britain”.<sup>101</sup> **Schedule 13** would make relevant amendments to the [Electricity Act 1989](#) and [Utilities Act 2000](#).

During second reading in the Commons, the Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie, referred to supporting grid capacity and increasing investment in the grid as “one of the biggest challenges our country faces”, stating that Ofgem’s work with the government on strategic transmission investment has led to the acceleration of “approximately £20 billion of investment across Britain” through regulatory efficiencies. He went on to say that increasing competition in networks is “expected to encourage greater inward investment into those networks, ensuring sufficient network capacity for demand needs in Great Britain.”<sup>102</sup>

During the [committee stage debate](#), Alan Whitehead (Lab) tabled amendment 99 to clause **160**, which sought to exempt certain strategic transmission networks projects from the provisions of Schedule 13.<sup>103</sup> In response the Minister said that the government has already committed to exempting certain strategic projects from competition and was unnecessary”.<sup>104</sup>

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<sup>100</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Competition in onshore electricity networks](#), 6 June 2023

<sup>101</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Competition in onshore electricity networks](#), 6 June 2023

<sup>102</sup> [HC Deb 9 May 2023 c307](#)

<sup>103</sup> [PBC Deb 8 June 2023 c196](#)

<sup>104</sup> [PBC Deb 8 June 2023 c198](#)

Amendment 99 was withdrawn. Clause 160 (now clause 200) and Schedule 13 were agreed to without a vote.<sup>105</sup>

## 10.2 Special merger regime for energy network companies

The [Competition and Markets Authority](#) (CMA) is the UK's main competition regulator. It reviews mergers if it believes a merger might lead to “substantial lessening of competition” (SLC) in the market. The Government's view is that the existing SLC test is inappropriate for energy network businesses, because (as regional monopolies) there is no direct competition between companies. The Bill would therefore introduce a “special mergers regime” for energy networks, similar to that already present in the water industry.<sup>106</sup>

Clause 161 and Schedule 14 would require the CMA to consider whether an energy network merger would impact Ofgem's ability to compare energy network companies when setting price controls. This would replace the SLC test.

Please see section 3.2 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) and the Department for Energy Security and Net Zero's [Factsheet: Energy network special merger regime](#) for background and further detail about this measure.

Clause 161 (now clause 201) and Schedule 14 (now schedule 16) were not debated at committee stage and were agreed to without a vote.<sup>107</sup>

## 10.3 Multi-purpose interconnectors

GB's electricity grid interacts with grids on mainland Europe through interconnectors. Conventional ‘point to point’ interconnectors are undersea cables that link GB's transmission network with that of mainland Europe and the island of Ireland.

[Multi-purpose interconnectors](#) (MPIs) are a new, innovative type of interconnector that can enable clusters of offshore wind farms to connect to the shore together, rather than each wind farm having to connect to the shore individually.<sup>108</sup>

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<sup>105</sup> [PBC Deb 8 June 2023](#) c199

<sup>106</sup> BEIS and Department for Energy Security and Net Zero, [Factsheet: Energy network special merger regime](#), 6 June 2023

<sup>107</sup> [PBC Deb 8 June 2023](#) c199

<sup>108</sup> National Grid, [What are multi-purpose interconnectors?](#) Accessed 31 August 2023

MPIs are not currently defined in law and the existing regulatory regime treats interconnectors and transmission systems separately. This makes it difficult for the electricity regulator, Ofgem, to license MPIs.<sup>109</sup>

The proposed measure in the Bill (clauses **162-167**) would introduce MPIs as a new licensable activity, included under Ofgem's existing regulatory regime. This would enable MPI developers to obtain MPI-specific licences from Ofgem.

Please see section 3.3 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) and the Department for Energy Security and Net Zero's [Factsheet: Multi-purpose interconnectors](#) for background and further detail.

Clauses 162-167 (now clauses 202-207) and schedule 15 (now schedule 17) were not debated at committee stage and were agreed to without a vote.<sup>110</sup>

## 10.4 Electricity storage

The [Electricity Act 1989](#) is the main legislation governing electricity in GB, but it does not specifically refer to electricity storage. Instead, electricity storage is generally treated as a subset of electricity generation in regulation. This means that unless an exemption applies storage providers must have a licence to generate electricity. It also means that other licence holders, such as energy suppliers and network companies, are restricted from operating electricity storage. The absence of a regulatory definition has been a barrier to deployment.<sup>111</sup>

Clause 168 would amend the [Electricity Act 1989](#) to establish a definition of electricity storage and to clarify that electricity storage is a distinct sub-set of electricity generation. The [explanatory notes for the Bill](#) [PDF] give examples of the technologies that would be covered by the new definition, such as electro-chemical batteries, kinetic energy storage systems and gravity or air-based storage systems, and those that would not.<sup>112</sup>

Please see section 3.4 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) and the Department for Energy Security and Net Zero's [Energy Security Bill factsheet: Defining electricity storage](#) for background and further detail.

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<sup>109</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Multi-purpose interconnectors](#), 6 June 2023

<sup>110</sup> [PBC 8 June 2023](#) c202

<sup>111</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Defining electricity storage](#), 6 June 2023

<sup>112</sup> Energy Bill, [Explanatory Notes, Bill 295–EN](#) (PDF), para 368

Clause 168 (now clause 210) was not debated at committee stage and was agreed to without a vote.<sup>113</sup>

## 10.5

### Energy Company Obligation buy-out mechanism

The [Energy Company Obligation scheme](#) (ECO) requires energy suppliers that have over 150,000 customer accounts to install energy efficiency and heating measures in GB for low income and vulnerable households. Suppliers meet their obligation either through in-house services or by contracting with a third party. Costs are usually passed on to customers through their bills. Smaller energy suppliers are currently exempt from the cost of ECO. The Government wants to remove this “market distortion”.<sup>114</sup>

The Energy Bill would enable the removal of this exemption by allowing the Government to introduce a “buy-out mechanism”. This would allow small suppliers to pay into a buy-out ‘pot’ to meet their new obligation as an alternative to installing measures under ECO.<sup>115</sup>

Clause 169 would grant the Secretary of State the power to introduce a buy-out mechanism under the Energy Company Obligation (ECO) scheme. Details of the mechanism would be established through secondary legislation and would be preceded by a separate consultation.

Further details about the ECO buy-out mechanism can be found in section 3.4 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) and the Department for Energy Security and Net Zero’s [Energy Security Bill factsheet: Energy Company Obligation buy-out mechanism](#).

Clause 169 (now clause 211) was agreed to at committee stage without debate and without a vote.<sup>116</sup>

## 10.6

### Smart metering

The Government and energy industry are partway through a major delivery programme, which began in 2011, to replace traditional analogue gas and electricity meters with smart meters in homes and small businesses across

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<sup>113</sup> [PBC 8 June 2023 c203](#)

<sup>114</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Energy Company Obligation buy-out mechanism](#), Updated 9 March 2023

<sup>115</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Energy Company Obligation buy-out mechanism](#), Updated 9 March 2023

<sup>116</sup> [PBC 8 June 2023 c204](#)

GB.<sup>117</sup> The DESNZ Secretary of State has powers to modify energy licence conditions and industry codes to enable the rollout of smart meters. These powers are currently due to expire on 1 November 2023.<sup>118</sup>

Smart meter installation across GB is not yet complete. The number of annual installations of smart meters peaked at 5.1 million in 2018 and decreased to 3.7 million in 2022.<sup>119</sup> In June 2021 the Government published a [targets framework](#) which sets an ambition for completion at the end of 2025.

Clause **170** of the Bill would amend the [Gas Act 1986](#), the [Electricity Act 1989](#) and the [Energy Act 2008](#) to extend the time limit that the Secretary of State can use existing smart meter licensing powers under these Acts, from 1 November 2023 to 1 November 2028.

Please see section 3.6 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 4-6: Electricity and gas markets](#) and the Department for Energy Security and Net Zero's [Energy Security Bill factsheet: Smart Metering](#) for background and further detail.

## Committee stage

At committee stage, Dr Alan Whitehead tabled amendment **100** to clause 10. This amendment would have required the Secretary of State to produce and lay before Parliament a report setting out options for securing a guaranteed roll-out of smart meters to at least 70% of premises in all regions and nations of the UK by 2025, within six months of this section coming into force.<sup>120</sup>

Introducing the amendment, Dr Whitehead criticised the government failure to meet its target, stating “the roll-out is worse than it looks from the overall statistics”, due to regional disparities and some smart meters not being fully operational. He highlighted the importance of aggregated smart meter data in delivering flexibility in the future energy system and argued that simply extending the timescale of smart metering licensing powers would not deliver the smart meter roll-out.<sup>121</sup>

In response, the Minister highlighted that “nearly 54% of homes” have smart meters installed. He stated that:

Their [energy suppliers] installation targets for 2022 and 2023 have already been set and, as the Committee may be aware, we have recently consulted on suppliers’ minimum installation targets for 2024 and 2025 [...] at coverage levels over and above the 70% called for in the amendment.<sup>122</sup>

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<sup>117</sup> BEIS, [Smart Meter Roll-Out Cost-Benefit Analysis \(2019\), Background and Strategic Overview](#), 16 September 2019

<sup>118</sup> BEIS, DESNZ, [Energy Security Bill factsheet: Smart metering](#), Updated 6 June 2023

<sup>119</sup> Official Statistics, [Smart meters in Great Britain, quarterly update December 2022](#), 21 March 2023

<sup>120</sup> [PBC Deb 8 June 2023](#) c204

<sup>121</sup> [PBC Deb 8 June 2023](#) cc205-7

<sup>122</sup> [PBC Deb 8 June 2023](#) c210

He said that the government are currently considering [evidence submitted for this consultation](#) and would respond in due course. In response to the proposal in the amendment that Distribution Network Operators could take responsibility for the smart meter roll-out, the Minister said that a supplier-led roll-out would deliver more benefits, as suppliers have an existing relationship with their consumers. He also said that mandating smart meters would “present considerable practical barriers”.<sup>123</sup>

Amendment 100 was put to a vote and negatived on division, with five votes in favour, six against. Clause 170 (now clause 212) was then agreed to without a vote.<sup>124</sup>

## 10.7

## Support for energy intensive industries

Two new clauses, **53** and **54**, were proposed by the government at committee stage.

Energy intensive industries (EII) have faced significant electricity cost increases, with typical EII costs in the UK being the highest in Europe.<sup>125</sup> On 23 February 2023, the [government announced the British Industry Supercharger](#), a series of targeted measures to bring the costs for key UK industries in line with those of other major economies.<sup>126</sup>

Provisions made under the Energy Bill will provide government with the enabling powers to implement the Network Charging Compensation scheme, which will compensate EIIs for a portion of their network charging costs. The Bill will also provide the powers to implement the means of funding this compensation scheme. This would be a charge on all licenced electricity suppliers, referred to as the EII Support Levy.<sup>127</sup>

Further information about these proposals is provided in the Department for Energy Security and Net Zero’s [Energy Security Bill factsheet: Network charging compensation scheme for energy intensive industries](#).<sup>128</sup>

New Clause 53 would give the Secretary of State power to make regulations requiring payments towards network charging costs to companies carrying out energy-intensive activities. The clause would enable regulations to set out details relating to eligibility, the process for issuing payments, the amount

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<sup>123</sup> [PBC Deb 8 June 2023 cc209-12](#)

<sup>124</sup> [PBC Deb 8 June 2023 c212](#)

<sup>125</sup> Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Network charging compensation scheme for energy intensive industries](#) (9 May 2023)

<sup>126</sup> Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Network charging compensation scheme for energy intensive industries](#) (9 May 2023)

<sup>127</sup> Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Network charging compensation scheme for energy intensive industries](#) (9 May 2023)

<sup>128</sup> Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Network charging compensation scheme for energy intensive industries](#) (9 May 2023)

paid, and enforcement, as well as dispute resolution. It would also allow for a person to be appointed to administer the scheme.

New Clause 54 would empower the Secretary of State to make regulations imposing a levy on electricity suppliers to fund the scheme, as well as appointing a person to administer the levy.

These clauses were [debated in committee](#) on 22 June 2023. During the debate, Dr Whitehead asked for clarification about the specific mechanisms but expressed support for the general principle of providing assistance to EILs.<sup>129</sup>

New clauses 53 and 54 (now clauses 208-209) were agreed to without a vote and were therefore added to the Bill.<sup>130</sup>

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<sup>129</sup> [PBC 22 June 2023\\_c431-2](#)

<sup>130</sup> [PBC 22 June 2023\\_cc432-4](#)

## 11

## Part 8: Heat networks

Part 8 (previously Part 7) of the Bill covers proposals for regulation of the heat network market.

Clauses **171-174** (now clauses 213-221) and **schedule 16** (now schedule 18) of the Bill covering heat network regulation, and **clauses 180-191** (now clauses 222-233) covering heat network zones were unamended during Committee.

### Background

#### Heat network regulation

Unlike gas and electricity, households that get their heat delivered through a heat network are not covered by the energy regulator Ofgem. While the supply of gas to a heat network is regulated as a commercial supply, the supply of heat from the network to homes is not.

The proposals in the Bill follow a [Competitions and Market Authority report](#) (PDF) in July 2018, which recommended that the market should be regulated. It said any regulator should introduce “consumer protection for all heat network customers so they get the same level of protection as customers in the gas and electricity sectors”.

The proposals in the Bill extend the role of the existing electricity and market regulators to cover heat networks; Ofgem would regulate in England, Scotland and Wales, and Utilities Regulator would regulate in Northern Ireland. The detail of the legislation will be set out at a later date in regulations.

#### Heat network zones

Part 8 also includes provisions for the creation and regulation of designated heat network zones, where zoning will be used to require heat network installation in new buildings as the first option for heat provision. This is to support the Government’s target set out in the [Energy White Paper 2020](#) to designate the first heat network zone by 2025.

The Bill includes provisions for the creation of a Heat Network Authority together with zone coordinators. These will have powers to designate heat network zones, require buildings to be connected to a heat network and require waste heat to be connected to heat networks. The detail of the legislation will be set out in regulations.

For full details of this part of the Bill, including further background information see Commons Briefing on [Energy Bill \[HL\] 2022-23, parts 7-10: heat networks, smart appliances, load control and energy performance of buildings](#).

## Committee Stage

There were no government amendments to this part of the Bill during Committee stage. There was one Opposition proposed amendment to the Bill on licencing of heat networks, which failed on division.

### Heat network regulation

New clause 39 moved by Dr Whitehead on behalf of Labour, failed on division. The clause would have required Ofgem, within three months of passing the legislation to:

Set out a new licence to operate for heat networks that guarantees equivalent protections for heat network customers compared when compared with electricity and gas customers.<sup>131</sup>

The clause set out this should include a price cap for heat network customers, and licence conditions requiring providers to treat customers fairly and address customers' ability to pay.<sup>132</sup>

On introducing the new clause, Dr Alan Whitehead (Lab) said it would “clarify what Ofgem must do when setting up licences to operate heat networks, and it would provide guidance as to the circumstances under which those licences should be granted.”<sup>133</sup> Alan Brown (SNP), also supported the amendment, stating that protection in the form of a price cap “was needed”.<sup>134</sup>

The Minister, Andrew Bower did not support the new clause and was of the view that the three-month time frame was “not sensible”. Instead, he summarised plans for heat network regulation to come into force after a consultation period:

Secondary legislation authorisation conditions are needed to enable Ofgem to operationalise as a regulator. We will conduct public consultations with industry and consumer groups on secondary legislation and authorisation conditions before they come into force. We expect heat networks regulation to come into force shortly after that.<sup>135</sup>

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<sup>131</sup> [PBC 13 June 2023 c217](#)

<sup>132</sup> [PBC 13 June 2023 c217](#)

<sup>133</sup> [PBC 13 June 2023 c224](#)

<sup>134</sup> [PBC 13 June 2023 c224](#)

<sup>135</sup> [PBC Deb 13 June 2023 c226](#)

The Minister also restated the government view that a price cap was not appropriate for such a “nascent and incredibly diverse” sector but highlighted that the Bill did include powers for the Secretary of State to introduce one in the future if necessary.<sup>136</sup> The new clause failed on division with 7 votes for and 9 against.<sup>137</sup>

Amendment 101 was also introduced by Dr Alan Whitehead and withdrawn after debate. It would have amended schedule 16 (now schedule 18) to explicitly state that regulator would have a duty “to regulate not just the system but its efficiency”.<sup>138</sup> In response the Minister, who did not support the amendment, set out the government plans to ensure energy efficiency of heat networks:

I reassure him and others that we already have a robust plan to address that issue. The Bill provides for the introduction of technical standards on the design and build of heat networks, which we committed to implementing as part of a regulatory framework in our 2020 heat networks regulation consultation. That will require all new heat networks to be designed and built to minimum standards, and existing networks to make efficiency and performance improvements over time.

As a regulator, Ofgem will enforce the requirement. Heat networks will be required to submit documentation to Ofgem demonstrating that their compliance with technical standards has been certified.<sup>139</sup>

## Heat network zones

During the debate on heat networks zones there was one Opposition amendment debated and no government amendments.

Alan Whitehead introduced amendment 102, (later withdrawn), which would have provided that “the Gas and Electricity Markets Authority [GEMA] may be designated as the regulator for heat network zones”. He set out the aim of the amendment was as follows:

To align the regulation of the heat zone development process with that of heat zones themselves, proposing that the process of heat zone discovery and development should be regulated by the same regulator that regulates heat as a whole: the Gas and Electricity Markets Authority.<sup>140</sup>

The Minister, responding to the amendment explained this would already be possible as the legislation was drafted, and provided further detail of the role of the proposed heat zones authority:

The zones authority will be a national body responsible for zoning functions that require national-level standardisation or are most efficiently or effectively carried out at a national level. This approach will allow for national standards

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<sup>136</sup> [PBC Deb 13 June 2023 c226](#)

<sup>137</sup> [PBC Deb 27 June 2021 c487](#)

<sup>138</sup> [PBC Deb 13 June 2023 c224](#)

<sup>139</sup> [PBC Deb 13 June 2023 c226](#)

<sup>140</sup> [PBC Deb 13 June 2023 c230](#)

and consistent rules to apply in the initial identification of a potential heat network zone.

[...] the clause, as drafted, already provides that regulations may appoint GEMA as the zones authority.

The zones authority will fulfil a different function from the heat network regulator, which we propose, as set out in clause 172, should be fulfilled by GEMA for Great Britain. That role will cover all heat networks, both within and outside heat network zones. We do not envisage a separate regulator for heat network zones in England.

We will specify the zones authority's functions and responsibilities within the regulations when they are brought forward.<sup>141</sup>

During the debate, the Minister also provided some further information on how the bodies proposed in the legislation (the heat network regulator, the heat zones authority and the zoning co-ordinators) would work together:

Zone co-ordinators will support the delivery of heat networks in heat network zones and will have ongoing responsibilities to ensure that the operation of local heat networks complies with the zoning legislation. Zone co-ordinators will also enforce zone requirements where necessary and collaborate with the national zones authority and national heat networks regulator when required.<sup>142</sup>

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<sup>141</sup> [PBC 13 June 2023 c231](#)

<sup>142</sup> [PBC 13 June 2023 c232](#)

## 12

## Part 9: Energy smart appliances and load control

This section covers clauses **192-203** (now 234 to 245) and **Schedule 17** (now schedule 19) in Part 8 (now Part 9) of the Bill. Part 8 of the Bill was not amended at committee stage. An opposition amendment was tabled and withdrawn after debate.

An ‘energy smart appliance’ is an appliance – such as an electric vehicle charging point or a heat pump – capable of increasing or reducing its electricity demand in response to signals received remotely from a third party (rather than manually by the consumer). ‘Load control’ is the act of sending a signal telling an energy smart appliance how much power it should draw at a given time, for example in response to wholesale energy prices or the availability of wind and solar power. Companies providing this service are referred to as ‘load controllers’.

Part 8 of the Bill would encourage the take-up of energy smart appliances and services offered by load controllers. It would do so by giving the government powers to introduce regulations requiring energy smart appliances to meet requirements regarding cyber security, data privacy, interoperability, and grid stability; and requiring load controllers to hold a licence issued by Ofgem, the energy regulator.<sup>143</sup>

Section 3 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 7-10: heat networks, smart appliances, load control and energy performance of buildings](#) and the Department for Energy Security and Net Zero [Energy Security Bill factsheet: Regulation of load control and energy smart appliances](#) provide further information on part 8 of the Bill.

### Committee Stage

Part 8 of the Bill was [debated in committee](#) on 13 June 2023.

Clause **192** defines key concepts including energy smart appliances, energy smart function, load control signals and load control. Clauses **193-198** establish the regulatory regime for energy smart appliances.

<sup>143</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Regulation of load control and energy smart appliances](#), updated 6 June 2023

Clauses **192-198** were agreed to without a vote.<sup>144</sup>

Clause **199** would grant the Secretary of State powers to modify licences under the [Electricity Act 1989](#) and the [Gas Act 1986](#) for the purpose of “facilitating, promoting, ensuring the security of, or otherwise regulating load control”.

Speaking for the Opposition, Dr Alan Whitehead raised some concerns about energy security in relation to load control, particularly regarding technology manufactured outside of the UK, highlighting the potential risks of data being shared with other countries or households being remotely disconnected from the grid. He moved amendments **160** and **161** to clause **199**, which sought to “regulate or prohibit the provision of load control in relation to appliances that are provided by high-risk vendors”.<sup>145</sup> He also tabled New Clause **40** which would have required load controllers to undergo national security checks “to establish the nature of connections to potentially hostile actors and the threats they may pose.”<sup>146</sup>

The Minister responded by drawing attention to existing regulations to assure the security of energy smart appliances, such as the [Electric Vehicles \(Smart Charge Points\) Regulations 2021](#). These require most private charge points to meet minimum device-level cyber-security requirements. He also highlighted that the government’s [consultation response on delivering a smart and secure electricity system](#) included a commitment to ensuring that licences for the purpose of domestic and small non-domestic load control should include cyber-security requirements.<sup>147</sup>

Dr Alan Whitehead said that he was “pleased to hear that the Government are taking this seriously” and withdrew the amendments.<sup>148</sup>

Clauses **199-203** (now 234 to 245) and **Schedule 17** (now schedule 19) were agreed to unamended without a vote.<sup>149</sup>

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<sup>144</sup> [PBC 13 June 2023 c241-2](#)

<sup>145</sup> [PBC 13 June 2023 c243](#)

<sup>146</sup> [PBC 13 June 2023 c251](#)

<sup>147</sup> [PBC 13 June 2023 c254](#)

<sup>148</sup> [PBC 13 June 2023 c255](#)

<sup>149</sup> [PBC 13 June 2023 c255](#)

## 13

## Part 10: Energy Performance of Premises regulations

This section covers **clauses 204-208** in Part 9 of the Bill (now clauses 246-249 in Part 10), which relate to the energy performance of buildings (EPB) regime. At committee stage clause 204, which was a successful opposition amendment in the Lords, was removed on division. Clauses 205-208 were agreed to without a vote.

The energy performance of buildings regime is currently governed by the [Energy Performance of Buildings Regulations 2012](#). They are derived from EU law. The 2012 Regulations require Energy Performance Certificates (EPCs), which grade a building's energy efficiency, to be produced when a property is built, let or sold. Public buildings are required to display their EPC rating.

Following the UK's departure from the EU, the Government said it would need [new powers to make changes to the existing EPB regime](#).

Part 9 of the Energy Bill 2022-23 would give the Secretary of State powers to make changes to the existing EPB regime. Specifically, the Secretary of State would be able to make new regulations:

- requiring the energy usage or efficiency of premises to be assessed, certified and published;
- prohibiting the marketing, letting and leasing of properties if their energy performance has not been assessed, certified and published; and
- requiring energy performance certificates to be produced when new premises are constructed.

Section 4 of the Library briefing [Energy Bill \[HL\] 2022-23, parts 7-10: heat networks, smart appliances, load control and energy performance of buildings](#) (May 2023) sets out provisions in the Bill and provides background information.

Part 9 of the Bill was [debated in committee](#) on 13 June 2023.

## 13.1

## Warmer Homes and Business Action Plan

Clause **204** was introduced as a government defeat in the Lords, tabled by Baroness Hayman (CB).<sup>150</sup> The clause would require the Secretary of State to publish a “Warmer Homes and Businesses Action Plan” within six months of the Act’s passage. The plan would have had to set out how the Government intended to achieve:

- a low-carbon heat target of 100% off installations of relevant heating appliances and connections to relevant heat networks by 2035;
- [Energy Performance Certificate \(EPC\)](#) band C by 2035 for all UK homes and EPC band B by 2028 for all non-domestic properties; and
- the Future Homes Standard for all new build properties in England by 2025.

During the [second reading](#), Edward Miliband, Shadow Secretary of State for Energy Security and Net Zero, praised the inclusion of the clause in the Bill.<sup>151</sup> Peter Aldous (Con) also urged the government to commit to publishing a comprehensive action plan and “providing firm policies to incentivise improvements across all domestic and commercial buildings”.<sup>152</sup> Selaine Saxby (Con) expressed some support for the clause but raised concerns about the impact of a blanket imposition of the clause for rural areas with a poor housing stock.<sup>153</sup>

## Committee stage

At committee stage, the government tabled Amendment **13**, which sought to remove Clause 204 from the Bill.<sup>154</sup> The amendment was not called to a vote. Instead, the committee voted on whether clause 204 should stand part of the Bill.

The Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie, opened the debate by expressing his intention to oppose the clause:

The heat and buildings strategy, published in autumn 2021, sets out how the Government plan to reduce emissions from buildings and provides a clear long-term framework to enable industry to invest and deliver the transition to low-carbon heating. The Climate Change Committee already plays a key role, providing independent advice and scrutiny, and holding the Government accountable by publishing statutory progress reports to Parliament. Those are

<sup>150</sup> [HL Deb 17 April 2023 \[Energy Bill\]](#) c499

<sup>151</sup> [HC Deb 9 May 2023](#) c258

<sup>152</sup> [HC Deb 9 May 2023](#) c300

<sup>153</sup> [HC Deb 9 May 2023](#) c301

<sup>154</sup> [PBC Deb 13 June 2023](#) c255

comprehensive overviews of the Government’s progress. The clause would simply duplicate those efforts.<sup>155</sup>

The Minister referred to existing government targets to [phase out the installation of new and replacement gas boilers from 2035](#) and proposals under the 2020 [energy White Paper](#) to improve non-domestic buildings to a minimum EPC rating of band B by April 2030.<sup>156</sup> He stated that the clause would “pre-empt the response and commit the Government to a timeframe for implementation different from the one that has been consulted on”.<sup>157</sup> The Minister highlighted that the government had announced in its [Net Zero growth plan](#) and [Energy Security plan](#) that it would consult on options for upgrading houses in the owner-occupied sector, and expressed concern that the clause would allow insufficient time to gather evidence for this consultation.<sup>158</sup>

Opposition members Dr Alan Whitehead, Olivia Blake and Andrew Western spoke in favour of clause 204, stating that the aim of the clause was to put existing government targets into legislation.<sup>159</sup> Alan Brown (SNP) also defended the inclusion of the clause, expressing concerns that the government was not acting fast enough.<sup>160</sup> Andrew Western said:

I warmly welcomed the addition of the clause in the other place because although the Minister talks about the energy White Paper, the net-zero strategy, the heat and building strategy that was published alongside it, and the future homes standard, none of those things actually compel the Government to act. [...] This will not get us where we need to go unless it is on the statute book. We know that because we are already missing the targets.<sup>161</sup>

Katherine Fletcher (Con) raised concerns about the cost of funding these measures.<sup>162</sup> Andrew Western responded that the issue would also apply to government targets.<sup>163</sup>

Clause **204** was negatived by division with 9 votes in favour, 6 against.<sup>164</sup> It was therefore removed from the Bill.

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<sup>155</sup> [PBC Deb 13 June 2023](#) cc255-6

<sup>156</sup> Department for Energy Security and Net Zero, [Heat and Buildings Strategy](#), 19 October 2021; Department for Energy Security and Net Zero, [Energy white paper: Powering our net zero future](#), 14 December 2020

<sup>157</sup> [PBC Deb 13 June 2023](#) c256

<sup>158</sup> Department for Energy Security and Net Zero, [Powering Up Britain](#), 30 March 2023; [PBC Deb 13 June 2023](#) c256

<sup>159</sup> [PBC Deb 13 June 2023](#) cc257-61

<sup>160</sup> [PBC Deb 13 June 2023](#) c262

<sup>161</sup> [PBC Deb 13 June 2023](#) c260

<sup>162</sup> [PBC Deb 13 June 2023](#) c261

<sup>163</sup> [PBC Deb 13 June 2023](#) c261

<sup>164</sup> [PBC Deb 13 June 2023](#) c264

## 13.2

## Energy performance of buildings regulations

Clauses 205-208 would allow the Government to make changes to the existing [energy performance of buildings \(EPB\)](#) regime, which is derived from EU law.<sup>165</sup>

Clauses 205-208 were agreed to without a vote.<sup>166</sup>

Two new clauses, 41 and 42, were also tabled by the Opposition.

New clause 41 would require the Secretary of State to amend the [energy efficiency regulations](#) within six months of the Act being passed to require that all private rented properties had an EPC rating of at least Band C by December 2028.<sup>167</sup> It would have raised the maximum amount that landlords could be expected to pay to improve the efficiency of the property (the “cost cap”) from £3,500 to £10,000. Speaking for the Opposition, Dr Alan Whitehead set out his reasons for introducing the clause:

We are trying to ensure a national roll-out of energy efficiency measures so that properties are as efficient as they can be. [...] We will already have in place the future homes standard and so on, which will ensure that new builds all go that way, so why should private rented properties be such an apparent exception?<sup>168</sup>

He emphasised that measures in the clause were derived from the government’s preferred policy options in the 2020 [Improving the Energy Performance of Private Rented Homes](#) consultation and that the clause would put these proposals into law.<sup>169</sup>

In response, the Minister noted that the Secretary of State already has powers to amend the private rented sector regulations to raise minimum energy efficiency standards under the [Energy Act 2011](#). He stated that the new clause would not allow sufficient time to reflect consultation feedback in the final policy design and ensure that the final policy is “fair and proportionate for landlords and tenants”.<sup>170</sup>

New clause 41 was negated by division, with 6 votes in favour and 9 against.<sup>171</sup> New Clause 42, would have required the Secretary of State to conduct a review of the [Improving Energy Performance Certificates: action plan](#), was not put to a vote.

<sup>165</sup> The [Energy Performance of Buildings \(England and Wales\) Regulations 2012](#) transposed the [Energy Performance of Buildings Directive 2010 \(2010/31/EU\)](#)

<sup>166</sup> [PBC Deb 13 June 2023](#) c272

<sup>167</sup> [Energy Efficiency \(Private Rented Property\) \(England and Wales\) Regulations 2015, S.I. 2015/962](#)

<sup>168</sup> [PBC Deb 13 June 2023](#) c268

<sup>169</sup> [PBC Deb 13 June 2023](#) cc266-7; Department for Energy Security and Net Zero, [Improving the energy performance of privately rented homes](#), 30 September 2020

<sup>170</sup> [PBC Deb 13 June 2023](#) c272

<sup>171</sup> [PBC Deb 27 June 2023](#) c487

## 14

## Part 11: Energy Savings Opportunity Schemes

This section covers clauses 209-221 in Part 10 of the Bill (now clauses 250-262 in Part 11), which relates to regulation of Energy Savings Opportunity schemes. These clauses were not amended at committee stage.

The [Energy Savings Opportunity Scheme](#) (ESOS) was introduced across the UK in 2014 to meet requirements set out in the [EU Energy Efficiency Directive](#). A [Department for Energy Security and Net Zero \(DESNZ\) factsheet](#) explains it is an energy assessment scheme, which “requires large businesses in the UK to carry out an audit of the energy used by their buildings, industrial processes and transport at least every 4 years”.<sup>172</sup>

The [Energy Savings Opportunity Scheme Regulations 2014](#) set out the requirements for the existing scheme in the UK. However, powers to amend the regulations were repealed when the UK left the EU, so changes to the ESOS regulations are not currently possible.<sup>173</sup>

Part 10 of the Bill (now part 11) would provide a power to replace the repealed regulation-making power. The replacement power would allow the Secretary of State to make regulations requiring organisations to assess their energy consumption and greenhouse gas emissions, including by amending the ESOS regulations.<sup>174</sup>

The provisions on ESOS were introduced by the government at committee stage in the Lords.

Clause **209** includes provisions that would give the Secretary of State powers to make provision on the establishment and operation of one or more Energy Savings Opportunity Schemes (ESOS). It sets out the purpose of the scheme, who it applies to and includes powers to require organisations to determine their energy consumption and greenhouse gas emissions.

Clauses **210 -214** would provide enabling powers for the Secretary of State to make regulations setting out the detail of the ESOS scheme including who the

<sup>172</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Powers to strengthen the energy savings opportunity scheme](#), updated 1 September 2023

<sup>173</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Powers to strengthen the energy savings opportunity scheme](#), updated 1 September 2023

<sup>174</sup> BEIS and Department for Energy Security and Net Zero, [Energy Security Bill factsheet: Powers to strengthen the energy savings opportunity scheme](#), updated 1 September 2023

scheme would apply to, requirements for assessment, functions and powers of assessors, and requirements for ESOS participants to produce action plans to save energy or reduce emissions. Clauses **215-221** cover issues such as administration, monitoring and enforcement of the scheme.

Further background information can be found in section 5 of the Library Briefing [Energy Bill \[HL\] 2022-23, parts 7-10: heat networks, smart appliances, load control and energy performance of buildings](#) and the Department for Energy Security and Net Zero's [Factsheet: Powers to strengthen the energy savings opportunity scheme](#).

## Committee Stage

Part 11 of the Bill was [debated in committee](#) on 13 June 2023.

At committee stage, no amendments were proposed to clauses 209-221 (now clauses 250-262 in Part 11), and these clauses were agreed to without a vote.<sup>175</sup>

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<sup>175</sup> [PBC Deb 13 June 2023](#) cc273-277

## 15

## Part 12: Core fuel sector resilience

The purpose of this part of the Bill is to introduce regulations to reduce the risk of fuel supply disruption and improve fuel supply resilience in the core fuels sector.

The core fuel sector covers the storage, handling, transport, processing, and production of crude-oil based fuels and renewable transport fuels (e.g. biofuels). Supply of these fuels is largely unregulated, with no central system coordinator.

Part 11, **clauses 222-241** (now part 12, clauses 263 to 282) of the Bill would give the Secretary of State new powers to “maintain continuity of core fuel supplies and ensure that industry maintains or improves its resilience to reduce the risk of emergencies affecting fuel supplies”. It builds on the proposals in the [draft Downstream Oil Resilience Bill](#) (PDF), which was published in June 2021 and which received [pre-legislative scrutiny](#) from the Business, Energy and Industrial Strategy (BEIS) Committee.

One government amendment was made to ensure consistency with the approach taken in providing financial assistance to the sector.

### Committee Stage

There was one proposed Opposition amendment to **clause 224** of the Bill, on labour relations and the core fuel sector workers, that failed on division. There was also one unopposed government amendment to **clause 242**, on government powers to provide financial assistance to the sector. Other than that, this part was unchanged.

Dr Whitehead moved amendment 116 on behalf of Labour. The amendment would have required the Secretary of State to act in accordance with the [Trade Union and Labour Relations \(Consolidation\) Act 1992](#) when dealing with core fuel sector participants. Dr Whitehead expressed concern that as drafted clause 224 would allow the Secretary of State to direct companies to do “anything” that was deemed necessary or expedient to reduce the risk adverse impacts of fuel disruption or failure.<sup>176</sup>

<sup>176</sup> [PBC Deb 15 June 2023](#) c284

Responding the Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie, provided further detail of how the powers in clause 224 were intended to be used by the government:

The Government have maintained a good working relationship with the industry over the years and aim to be aware of proposed industrial actions and to work collaboratively, as we have in the past, to understand the impact and potential mitigations for the risks that might arise.

Clause 224 enables directions to be issued for particular purposes only: to improve and maintain resilience, to restore continuity of supply or to reduce the risk or impact of a disruption. In a situation in which a proposed industrial action is assessed to cause a significant risk of disruption, the direction power could be used to ask core fuel sector participants to make contingency plans to mitigate the risk. It is not intended to cut across the rights in the legislation that the hon. Members have highlighted.

I emphasise that the Government will always seek a voluntary solution in the first instance before issuing a direction and, of course, we believe that industry participants will have a chance to make representations before a direction is made and to appeal a direction when issued.<sup>177</sup>

The Minister also clarified that “industry participants” would be “companies, the industry as a whole, trade union bodies and so on”.<sup>178</sup>

Dr Whitehead raised concerns that the government aim to proceed, as far as possible on a voluntary basis was not sufficient, stating “we have to legislate for the worst circumstances, not the best”. The amendment was voted and failed division, with six votes for and seven against.<sup>179</sup>

The Minister introduced amendment 22 to clause 242, agreed without division, on behalf of the Government, stating that it would ensure “consistency with the approach taken in clauses 103 and 134 in relation to powers to provide financial assistance”.<sup>180</sup>

Clause 103 (now clause 123) covers financial assistance for the carbon dioxide storage sector. Clause 134 (now clause 173) covers financial assistance for the proposed Independent System Operator and Planner (ISOP).

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<sup>177</sup> [PBC Deb 15 June 2023](#) c287

<sup>178</sup> [PBC Deb 15 June 2023](#) c287

<sup>179</sup> [PBC Deb 15 June 2023](#) c289

<sup>180</sup> [PBC Deb 15 June 2023](#) c298

## 16

## Part 13: Offshore wind, oil and gas

Part 12 of the Bill, **clauses 245-255** (now part 13 of the Bill, clauses 286-296) covers provisions on offshore wind, oil and gas.

Provisions are aimed at reducing the time to develop offshore wind projects by amending the Habitats Regulations, amending the oil and gas environmental regulatory regime. It would also change the fee regime and cost recovery mechanism for the regulation and offshore decommissioning activities of oil and gas producers. Finally, it would give the oil and gas regulator powers to intervene if necessary, before control of an oil or gas licence changes hands

This part of the Bill was amended by the government in committee to broaden the type of activities to which the new provisions on offshore wind would apply. Other than that, no changes were made.

### Background

#### Environmental impact assessment and compensation for offshore wind

**Clauses 245-251** at committee (now clauses 286 to 291) of the Bill cover offshore wind electricity. They were introduced by the government into the Bill in the House of Lords.

The clauses aim to implement measures announced in the [British Energy Security Strategy](#) (BESS) published in April 2022. The government has stated its ambition to deliver up to 50 GW of offshore wind capacity by 2030, which will involve trebling current offshore capacity. The government committed in BESS to cutting the time to develop and deploy offshore wind projects by half (from 13 years). The government's stated aim was for "smarter planning" that would maintain environmental standards and increase the pace of deployment by 25%.

The [DESNZ Energy Bill factsheet on the Offshore Wind Environmental Improvement Package \(OWEIP\)](#) provides an overview of the measures in the Bill. This includes powers to amend the requirements of [Habitat Regulations Assessments](#) (HRAs), carried out before an offshore wind farm is consented. It includes proposals to allow for measures to compensate for impacts on the marine environment to be taken at a strategic level across multiple projects. This is not currently possible. It would also create a marine recovery fund for

wind developers to pay into, which will deliver some of these strategic measures. The proposals have been generally welcomed by stakeholders.

## Habitats assessments of offshore energy activities

**Clauses 251 and 252** at committee (now clauses 292- 293) would introduce regulation making powers which the government intends to use to ensure the offshore oil and gas environmental regulatory regime “remains fit for purpose”. On clause 252 covering the impact of offshore activities on habitats, the [explanatory notes](#) state it will provide the Secretary of State with powers to make regulations covering “habitats assessment of offshore activities relating to oil and gas, carbon dioxide storage and hydrogen production and storage”. However, the [Delegated Powers Committee raised concerns](#) the proposals were “very wide and open ended” and considered them inappropriate. The proposals have been also criticised by stakeholders for providing powers that to amend existing regulations that are too broad.

## Charges for decommissioning schemes

Clause **253** (now clause 294) would amend the Secretary of State’s powers in the Petroleum Act 1998 to establish a new fee charging scheme for the costs of regulating the decommissioning of offshore oil and gas and carbon storage infrastructure. The change would align the fee charging regime with the ‘polluter pays’ principle.

The new scheme would allow costs incurred by the regulator after the approval of a decommissioning programme to be recovered from infrastructure owners and operators. It would replace the existing fee scheme, which only allows for limited fees to be charged. During the Lords report stage the government amended the proposal, so the new power would be subject to a negative procedure, rather than administrative, as [recommended by the House of Lords Delegated Powers and Regulatory Reform Committee](#) (PDF).

## Change in control of licensee

The rights to search for, bore for and extract petroleum in most areas of Great Britain and the UK’s offshore waters are the exclusive rights of the Crown. Companies who wishing to do so must obtain a licence from the regulator, the Oil and Gas Authority (OGA), whose business name is the North Sea Transition Authority (NSTA).

Clauses **254 and 255** (now clauses 295 and 296) would give new powers to the NSTA to intervene before control of a licensee is passed to a new parent company. This would replace the NSTA’s existing powers to intervene only after such a ‘change of control’ event. The clauses were unamended during the Lords stages.

The Library Briefing [Energy Bill \[HL\] 2022-23, Parts 11 and 12: Offshore wind, oil and gas](#) provides further background.

## Committee Stage

During committee stage of the Bill the government introduced several amendments to broaden the type of activities to which the provisions on offshore wind would apply. There were no other amendments to the Bill. There was one Labour amendment, aiming to change how environmental impacts of offshore wind are considered in the Bill, which was pushed to a division, but failed.

### Offshore wind electricity generation

During committee the government made several unopposed amendments to the Bill. These broadened the type of projects and proposals related to offshore wind that would be covered by this section of the Bill. The Minister summarised the changes as follows:

Government amendments 136 and 137 define “offshore wind electricity infrastructure” to ensure the offshore wind clauses capture all infrastructure in the UK marine area used or intended for use in connection with an offshore wind farm.

Government amendments 135 and 138 to 156 widen the definition of “relevant offshore wind activity” in clause 245 to cover the identification of an area for offshore wind development. That ensures all the clauses relating to offshore wind infrastructure projects apply to offshore wind spatial plans, as well as to individual projects. The amendments also change the definition to “relevant offshore wind activity”.<sup>181</sup>

Alan Whitehead speaking for Labour supported the aims of this part of the Bill, including the amendments, stating they would:

Ensure that those planning arrangements proceed much more efficiently, including by reducing the time spent getting consent for offshore wind developments. It also proposes bringing a number of other things into the zone [...] in order to make the offshore wind planning process much more holistic, as opposed to current approach of wind farm by wind farm, and device by device.<sup>182</sup>

However, he also cautioned about the need for “a balanced approach towards speeding up the process, by considering environmental and conservation issues both offshore and in the North Sea”.<sup>183</sup>

To address these concerns Labour introduced amendment 165 to Clause 248 on for provisions through regulations to be made regarding the environmental impact assessment of offshore wind activities. The amendment would only have allowed these if the Secretary of State was “satisfied that the

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<sup>181</sup> [PBC 15 June c305](#)

<sup>182</sup> [PBC 15 June c305](#)

<sup>183</sup> [PBC 15 June c305](#)

regulations do not reduce the overall level of environmental protection or the level of protection for individual sites and species”.<sup>184</sup>

In explaining the amendment Alan Whitehead said that the aim was “not that the environmental regulations have a veto on progress, but that the Secretary of State should have regard to them and should make regulations that are compatible with them as far as possible”.<sup>185</sup> In response the Minister, who did not support the amendment, emphasised that the government was not intending to reduce environmental protections:

We heard a question of whether we are just watering down the environmental assessment process and if we will cause further damage. Absolutely not—I give my guarantee. The Government are committed to the environmental protection of the marine environment, and developers and the relevant public authorities will continue to be required to undertake environmental assessments ahead of consent being given. That will ensure that developments are located where there are low environmental sensitivities and where impacts can be avoided, reduced or mitigated; or, where that is not possible, that suitable compensatory measures are identified early in the processes.<sup>186</sup>

He also gave an indication of the approach that government was planning to take going forward:

The new powers to amend environmental assessments will enable us to consider moving away from the EU’s case law and interpretation of these measures, and to tailor the approach to the United Kingdom’s circumstances, while maintaining important environmental protections. Development consent decisions will also remain subject to advice from DEFRA’s statutory nature conservation bodies.<sup>187</sup>

A division on amendment 165 was called. The amendment failed with five votes for and seven against.<sup>188</sup>

## Oil and gas

This section includes clauses on environmental protection for responding to marine pollution incidents and environmental impacts, charges for abandonment of offshore installations and new powers for the NSTA regarding change in control of offshore licences.

These clauses were debate briefly in committee. No opposition or Government amendments were tabled and they were agreed without division.<sup>189</sup>

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<sup>184</sup> [PBC 15 June c303](#)

<sup>185</sup> [PBC 15 June c312](#)

<sup>186</sup> [PBC 15 June c315](#)

<sup>187</sup> [PBC 15 June c316](#)

<sup>188</sup> [PBC 15 June c319](#)

<sup>189</sup> [PBC 15 June 320](#)

## 17

## Part 14: Civil nuclear sector

This section relates to Part 13 of the Bill clauses **256-269** and schedule **20** as debated in committee (now Part 14 and clauses 297-324) . There were a number of new clauses added by the Government during this stage. As a result:

- Clauses 256-269 were agreed with minor and consequential government amendments.
- New clause 55 (now clause 301) was added covering the [Convention on Supplementary Compensation for Nuclear Damage](#)
- New clauses 73-85 were added as a new chapter 4 in Part 14 of the Bill (now clauses 312-324, ‘Great British Nuclear’).

Part 13 of the Bill as in committee covers provisions relating to nuclear regulation. These provisions would regulate a potential under-the-seabed geological disposal facility for radioactive waste, amend regulation for nuclear sites where the risk of radiation is low (in line with existing international standards), and allow the UK to join a UN convention on providing compensation to victims of nuclear incidents. Provisions would also enable the Civil Nuclear Constabulary to provide a wider range of policing services beyond the civil nuclear sector and make changes to the Nuclear Decommissioning Authority pension scheme.

The Library Briefing [Energy Bill \[HL\] 2022-23, part 13: Provisions on civil nuclear regulation](#) provides further information on provisions of this part of the Bill.

## 17.1

## Great British Nuclear

The government has an ambition to increase nuclear capacity in the UK from around 6 GW to up to 24 GW by 2050, as set out in the [British energy security strategy](#) (April 2022). In [Powering up Britain](#) (March 2023), the government committed to launching Great British Nuclear, an arms-length body responsible for driving delivery of new nuclear projects.

Government new clauses 73-85 would give the Secretary of State the power to designate a publicly owned company as Great British Nuclear (GBN).

As described in the [Energy Security Bill factsheet: Great British Nuclear](#) (9 May 2023), GBN's statutory role would be to facilitate nuclear generation projects. It will be a delivery body, with a long-term mandate to help implement government policies and its nuclear programme. While it may facilitate projects, including by providing information and expertise to government, it is government that will set the programme and related policies and take final decisions on all matters.

## Committee stage

New Clause 55 was introduced by the government and agreed unopposed and is now clause 301 in the Bill after committee. It will allow regulations to be made in connection with the [Convention on Supplementary Compensation for Nuclear Damage](#), including its implementation.<sup>190</sup>

The Parliamentary Under-Secretary of State for Energy Security and Net Zero, Andrew Bowie, set out the measures in the Bill required to establish GBN:

- NC73 to designate a company as Great British Nuclear
- NC74 to clarify that Great British Nuclear will not have Crown status and, as such, will not enjoy any status, immunity or privilege of the Crown.
- NC75 sets out the objectives of GBN: “to facilitate the design, construction, commissioning and operation of nuclear energy generation projects for the purpose of furthering any policies published by His Majesty’s government.”
- NC76 allows the Secretary of State to give financial assistance to GBN to deliver its objectives
- NC77 provides a power for the Secretary of State to issue guidance and directions to GBN
- NC78 requires that GBN provides an annual report to the Secretary of State after the end of each financial year, which they must lay before Parliament and NC79 places a requirement on GBN to send copies of its annual report and accounts to the Secretary of State
- NC80-83 allow the Secretary of State to make transfer schemes to transfer property, rights and liabilities to and from the bodies related to GBN. It also makes provisions for relevant compensation, taxation and information related to the transfer scheme,
- NC84 allows the Secretary of State to reimburse a person in respect of expenditure reasonably incurred in preparation for, or in connection with, the designation of a company as GBN

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<sup>190</sup> [PBC Deb 22 June 2023](#) c434

- NC85 allows the Secretary of State by regulations to make provision about pension arrangements in relation to GBN

Amendment 174 establishes that the new clauses relating to Great British Nuclear extend to England, Wales and Scotland.

Speaking for the opposition, Dr Alan Whitehead did not express any objections or concerns about the measures to establish GBN. He noted that GBN had, in fact, already been launched in March 2023 and its first task was leading a competition process to select the best Small Modular Reactor (SMR) technologies for investment (SMRs are a type of [advanced nuclear technology](#) that are smaller in size (typically >300 MW) and could use modular, off-site manufacturing for flexible deployment).<sup>191</sup> Dr Whitehead did say:

I have more concerns about what it is going to do in the first instance, and whether that will push small modular nuclear forward or not, depending on how the arrangements are carried out.<sup>192</sup>

In response, the Minister gave assurances on the SMR competition with a final announcement of technologies in early 2024.<sup>193</sup>

New clauses 73-85 were agreed and added to the Bill and amendment 174 was agreed.

Clauses allowing the Civil Nuclear Constabulary to provide a wider range of policing services beyond the civil nuclear sector and make changes to the Nuclear Decommissioning Authority pension scheme were unamended.

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<sup>191</sup> [PBC Deb 22 June 2023](#) c456

<sup>192</sup> [PBC Deb 22 June 2023](#) c457

<sup>193</sup> [PBC Deb 22 June 2023](#) c458

## 18

## Part 15: Coal mines, Ofgem Net Zero duty and community energy

Part 14 of the Bill at Committee (clauses 270-279), now Part 15 (clauses 325-330) covering general provisions also included four new clauses added in the House of Lords as the result of a number of government defeats.

The government removed or amended all of these clauses during committee stage in the House of Commons. The clauses were as follows:

- Clause **270**, which would have prohibited the opening of new coal mines in the UK, was removed by the government following a division.
- Clause **271** was replaced by new clause 52 (**now clause 199** in Part 7 of the Bill). This clause would have included a specific requirement within Ofgem's general duties to consider how their decisions support meeting the UK's net zero emissions target. The new clause would have the same effect as clause 271.
- Clauses **272** and **273**, which would have established an export guarantee for small-scale low-carbon energy generators and enabled them to sell electricity to local consumers, were removed by the government following a division.

Further information on the clauses and the debate in the Houses of Lords can be found in Library Briefing [Energy Bill \[HL\] 2022-23: Overview](#).

## 18.1

### Prohibition of new coal mines

Clause **270** would prohibit the opening of new coal mines in the UK. It was introduced after a government defeat in the Lords at report stage by Lord Teverson, Baroness Sheenan, Baroness Boycott and Lord Lennie.<sup>194</sup>

The Coal Authority is the licensor for coal extraction in the UK and this clause would, within six months of the day on which the Act is passed, prohibit the opening of new coal mines and the licensing of new coal mines by the Coal Authority or its successors. This would have included any extensions to existing coal mining in Great Britain.<sup>195</sup>

<sup>194</sup> Energy Bill, [Second marshalled list of amendments on report](#), 13 April 2023

<sup>195</sup> Energy Bill, [Explanatory Notes, Bill 295-EN](#) (PDF), 25 April 2023, para 646

The amendment was a response to the proposed opening of a new coal mine in Cumbria. The Whitehaven coal mine was approved by the Secretary of State for the Department of Levelling up, Housing and Communities on 7 December 2022.<sup>196</sup>

During [second reading](#), several opposition members spoke in favour of the clause. Wera Hobhouse (LD) praised the clause and asked why the government did not support it.<sup>197</sup> Alan Brown (SNP) and Edward Miliband (Shadow Secretary of State for Energy Security and Net Zero) both expressed support, highlighting that the opening of new coalmines and export of coal from the UK would challenge the government's credibility in discussions of Net Zero on the global stage.<sup>198</sup> On the Whitehaven mine, the Shadow Secretary said that the proposed coalmine “sends utterly the wrong message on climate” and will not provide long-term jobs.<sup>199</sup>

Caroline Lucas (Green) criticised the Bill's “failure to wean us off fossil fuels”. She referred to the Whitehaven mine as a “stranded-asset coalmine” that “would produce vast amounts of climate emissions” and stated that coalmines are “neither wanted nor needed by the UK steel industry” or in Europe.<sup>200</sup>

In response, Andrew Bowie, Parliamentary Under-Secretary for Energy Security and Net Zero, stated that the government was “committed to ensuring that coal has no part to play in our future power generation, which is why we are planning on phasing it out of our electricity production by 2024”.<sup>201</sup>

## Committee stage

Clause 270 was debated in committee on [20 June 2023](#) and [22 June 2023](#).

The Minister, in rejecting the clause, set out the Government view that a full prohibition of coal extraction could prevent extensions for existing operational mining “even where an extension would enable site restoration or deliver public safety benefits; cut across heritage mining rights [...]; and, importantly, prevent domestic coal extraction projects from progressing that are seeking to supply industries that are still reliant on coal”.<sup>202</sup>

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<sup>196</sup> Department of Levelling up, Housing and Communities, [Called-in decision: former Marchon Site, Pow Beck Valley and area from the former Marchon Site to St Bees coast, Whitehaven, Cumbria \(ref: 3271069 - 7 December 2022\)](#), GOV.UK 7 December 2022

<sup>197</sup> [HC Deb 9 May 2023](#) c251

<sup>198</sup> [HC Deb 9 May 2023](#) c256; c262

<sup>199</sup> [HC Deb 9 May 2023](#) c256

<sup>200</sup> [HC Deb 9 May 2023](#) c281

<sup>201</sup> [HC Deb 9 May 2023](#) c309

<sup>202</sup> [PBC Deb 20 June 2023](#) c355

Andrew Western (Lab) and Alan Brown (SNP) expressed scepticism that new coalmines would support energy security, given the government's commitment to phasing out unabated coal by October 2024.<sup>203</sup>

An issue raised several times in the debate was whether new coal would be needed to support the steel industry. Mark Jenkinson (Con) said that coking coal, will be required for green steel projects.<sup>204</sup> He highlighted the importance of steel for wind turbine production.<sup>205</sup> Similar points were raised by Alec Shelbrooke<sup>206</sup>. Mark Jenkinson also spoke in favour of sourcing coking coal domestically, stating importing coal “would probably mean, de facto, that we had no UK steel industry”.<sup>207</sup> [Coking coal](#) is a form of coal used to produce coke (a very pure fuel with a high carbon content used in steel production).

In response, Kerry McCarthy cited correspondence with the Materials Processing Institute and a former CEO of British Steel, stating that there is not support for new coalmines from the steel industry.<sup>208</sup> Her speech also highlighted that “the UK is falling further behind the EU in the green steel race” and stated that the government's opposition to a ban on new coalmines risks “further undermining the UK's standing in the world and hindering its diplomatic efforts”.<sup>209</sup>

Clause 270 was negatived on division, with five votes in favour, eight votes against.<sup>210</sup>

## 18.2

## Net Zero target in Ofgem's general duties

Clause 271, would have included a specific requirement within Ofgem's general duties to consider how their decisions support meeting the UK's net zero emissions target. It was a new clause introduced as a government defeat in the Lords, proposed in amendment 133 at report stage by Baroness Hayman, Lord Hollick, Baroness Altmann and Lord Teverson.<sup>211</sup>

Ofgem's duties are set out in the [Electricity Act 1989](#) and the [Gas Act 1986](#). This clause would amend both Acts to include a specific requirement for GEMA (Ofgem's governing body) and the Secretary of State to have regard to

<sup>203</sup> [PBC Deb 20 June 2023](#) c354

<sup>204</sup> [PBC Deb 20 June 2023](#) cc354-5

<sup>205</sup> [PBC Deb 20 June 2023](#) C372

<sup>206</sup> [PBC Deb 20 June 2023](#) c377-8

<sup>207</sup> [PBC Deb 20 June 2023](#) cc372-3

<sup>208</sup> [PBC Deb 20 June 2023](#) cc361-2

<sup>209</sup> [PBC Deb 20 June 2023](#) c363

<sup>210</sup> [PBC Deb 22 June 2023](#) c394

<sup>211</sup> Energy Bill, [Second marshalled list of amendments on report](#), 13 April 2023

meeting the UK's net zero emissions target when carrying out their duties under that Act.<sup>212</sup>

Ofgem's principal objective is to protect the interests of existing and future consumers. This already includes a duty to consider a reduction in greenhouse gases. As set out in a [Department for Energy Security and Net Zero factsheet](#):

updating Ofgem's existing duties to make specific reference to the net zero targets and 5-year Carbon budgets in the Climate Change Act 2008 will mean that Ofgem will have a duty to consider, as part of the everyday decisions they make as the regulator, how their decision may assist the Secretary of State in meeting the UK's net zero targets and carbon budgets.<sup>213</sup>

At the [second reading](#), the clause received cross-party support.<sup>214</sup>

At committee stage, the government proposed to remove clause 271 and replace it with New Clause 52.

During the debate, the Minister explained that the new clause has the same intention as clause 271 but contains minor redrafting to ensure that the duty will work in practice. He explained:

First, it clarifies the authority's role in supporting, rather than enabling, the Government to meet their net zero target. Secondly, it clarifies the net zero targets and carbon budgets specific to sections 1 and 4 of the 2008 Act.<sup>215</sup>

Opposition members expressed support for the new clause. Alan Whitehead acknowledged that new clause 52 has the same effect as clause 271.<sup>216</sup>

New Clause 52 was agreed and is now clause 199 in Part 7 of the Bill.<sup>217</sup>

## 18.3 Community Energy

Two clauses, **272** and **273**, were added to the Bill after government defeats in the Lords at report stage, by Baroness Boycott, Baroness Bennett of Manor Castle and Lord Lucas.<sup>218</sup> They were removed by the government during committee stage in the Commons.

These clauses had the same intended effect as the [Local Electricity Bill](#), a Private Members Bill that was sponsored by David Johnston (Con). According to local energy campaign group, [Power for People](#), who worked with Members

<sup>212</sup> Energy Bill, [Explanatory Notes, Bill 295–EN](#) (PDF), 25 April 2023, para 647

<sup>213</sup> Department for Energy Security and Net Zero, [Energy Security Bill Factsheet: Ofgem net zero duty](#), 6 June 2023

<sup>214</sup> [HC Deb 9 May 2023](#) c262; c282; c289; c299

<sup>215</sup> [PBC Deb 20 June 2023](#) c353

<sup>216</sup> [PBC Deb 20 June 2023](#) c368

<sup>217</sup> [PBC Deb 22 June 2023](#) c424

<sup>218</sup> Energy Bill, [Second marshalled list of amendments on report](#), 13 April 2023

to draft the Bill, the Local Electricity Bill has cross-party support from 326 MPs.

Clause **272** would have established a Community and Smaller-scale Electricity Export Guarantee Scheme, which would provide a guaranteed income for electricity from small-scale (less than 5 MW) low-carbon energy generators. This clause would require the Secretary of State to make regulations within six months of the Act passing.

Clause **273** would have established a Community and Smaller-scale Electricity Supplier Services Scheme, which would allow community schemes that registered under the above Export Guarantee Scheme to sell the electricity they generate locally if they choose to do so.

## Second reading

During the second reading, there was cross party support for the new clauses.<sup>219</sup> During the debate David Johnston (Con) said that the clauses would address the high set-up costs faced by community energy suppliers and the failures of the License Lite scheme.<sup>220</sup> Alan Brown (SNP) highlighted benefits of community energy such as supporting energy efficiency, investment for local communities, and support of small-scale generation projects.<sup>221</sup>

Caroline Lucas (Greens) stated that these amendments would give community energy suppliers “fair access to the market” and urged the government to “retain the amendments on community energy, or offer a workable alternative”.<sup>222</sup>

Greg Smith (Con) also voiced support, referring to the clauses as “straightforward, pro-competition, pro-consumer reforms”. He asked the Minister what he would propose as an alternative for growing the community energy sector if he does not support these clauses.<sup>223</sup>

Alan Whitehead (Lab) argued that the Bill does not go far enough and described the Bill as “necessary, but many Members have asked whether it is sufficient, and we think it is certainly not.”<sup>224</sup>

However, in response to these comments, the Minister, while supportive of the role of community energy, did not support the amendments:

While it would not be appropriate to mandate suppliers to offer local tariffs, and this should not be a commercial decision for suppliers, I reassure the

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<sup>219</sup> [HC Deb 9 May 2023](#), c261; c297; c299; c271; cc289-90; c274; c293-4

<sup>220</sup> [HC Deb 9 May 2023](#), cc302-303

<sup>221</sup> [HC Deb 9 May 2023](#), cc263-4,

<sup>222</sup> [HC Deb 9 May 2023](#), c283

<sup>223</sup> [HC Deb 9 May 2023](#), c297

<sup>224</sup> [HC Deb 9 May 2023](#), c306

House that my officials are actively looking into what further support we can offer the sector.<sup>225</sup>

## Committee Stage

Clauses 272 and 273 were debated in committee on [20 June 2023](#) and [22 June 2023](#).

During the Committee stage debate, speaking about why the government would not support the clauses, the Minister stated:

the Government continue to believe that this is a commercial matter that should be left to suppliers, and further work is needed before considering whether primary legislation is needed.<sup>226</sup>

He stated that introducing a fixed price would be “a step backwards, as it requires all energy consumers to pay more than the market price for electricity to subsidise local communities that benefit from community energy projects.” He also said that the clauses would result in high additional costs and administrative burdens for suppliers to set up and deliver the scheme that would likely disproportionately impact smaller suppliers around the 150,000 customer threshold.<sup>227</sup>

Several members expressed disappointment about the government’s intention to remove the clauses and asked what measures the government would put in place instead.<sup>228</sup>

In response to these comments, the Minister expressed his support for community energy groups, but stated that he is “not convinced that the Lords amendments tackle the real issues faced by community energy groups: high start-up costs and lack of expertise”. He assured the committee that the government is “considering other options that could tackle such issues in a fairer and more proportionate way ahead of Report stage”.<sup>229</sup>

Alan Whitehead (Lab) discussed some of the challenges faced by community energy enterprises, such as high upfront costs and the difficulty of recuperating those costs due to their size.<sup>230</sup>

Olivia Blake (Lab) highlighted “clear cross-party [...] and public support” for community energy schemes.<sup>231</sup> Alan Brown (SNP) highlighted that community energy schemes “have seen almost no growth for six years, despite renewables clearly being cheaper than ever”.<sup>232</sup> He also pointed to written evidence submitted by academics from the University of Manchester that

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<sup>225</sup> [HC Deb 9 May 2023](#), c309

<sup>226</sup> [PBC Deb 20 June 2023](#) 356

<sup>227</sup> [PBC Deb 20 June 2023](#) c357

<sup>228</sup> [PBC Deb 20 June 2023](#) C368, C371, C374-5, [PBC Deb 22 June 2023](#) c389

<sup>229</sup> [PBC Deb 22 June 2023](#) c392

<sup>230</sup> [PBC Deb 20 June 2023](#) cc369-70

<sup>231</sup> [PBC Deb 20 June 2023](#) c375

<sup>232</sup> [PBC Deb 22 June 2023](#) c389

found the effects on the prices suppliers would have to pay for electricity would be marginal.<sup>233</sup>

### New Clause 87

Olivia Blake (Lab) tabled **New Clause 87**, in response to clauses 272 and 273 being removed from the Bill. It would have required the government to publish and lay before Parliament a report “setting out the financial, policy and other support that the Secretary of State plans to make available to widen the ownership of low carbon and renewable energy schemes and increase the number of such schemes owned, or part owned, by community organisations”.<sup>234</sup> This would have to be done within three months of the Bill becoming law.

Speaking in favour of the new clause, Olivia Blake (Lab) explained that, the new clause intended to “require assessments of progress and updates [...] to check that we are on track” with community energy.<sup>235</sup>

The Minister responded that the government’s approach to community energy was already laid out in the net zero strategy and the net zero growth plan. He also said that the government is already doing supporting community energy through the UK shared prosperity fund, as well as support from Ofgem, local net zero hubs and the community energy contact group.<sup>236</sup>

New clause 87 was put to a vote and was negatived on division, with six votes in favour, eight against<sup>237</sup> New clause 87 was put to a vote and was negatived on division, with six votes in favour, eight against.<sup>238</sup>

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<sup>233</sup> [PBC Deb 22 June 2023](#) c390

<sup>234</sup> [PBC Deb 29 June 2023](#) cc540-1

<sup>235</sup> [PBC Deb 29 June 2023](#) c541

<sup>236</sup> [PBC Deb 29 June 2023](#) c543

<sup>237</sup> [PBC Deb 29 June 2023](#) c544

<sup>238</sup> [PBC Deb 29 June 2023](#) c544

## 19

## Commons remaining stages

The Bill's remaining stages in the Commons (Report stage and Third reading) [took place on 5 September 2023](#).

## 19.1

## Report stage (5 September 2023)

For a full list of amendments made at Commons Report stage, see [Energy Bill \[HL\]: Commons amendments](#).

There were no successful non-governmental amendments to the Bill and no government defeats at Report stage. The main government amendments were:

- New clause (NC) 52 requires the government to consult on options for setting up a [revenue certainty scheme for sustainable aviation fuel producers](#), and to publish a report about progress towards developing such a scheme.
- NC63 allows for an obligation on off-gas-grid heating fuel suppliers that corresponds to the renewable transport fuel obligation (RTFO). Under the RTFO, suppliers of relevant transport fuel in the UK must be able to show that a percentage of the fuel they supply comes from renewable and sustainable sources.<sup>239</sup>
- Amendment 148 and consequential amendments removed provisions enabling the hydrogen levy to be imposed on energy suppliers in Great Britain. In Great Britain, the hydrogen levy can only be placed on gas shippers; in Northern Ireland only gas supply licence holders who engage with gas shipping can be subject to the levy. The Bill therefore does not introduce a hydrogen levy but enables the government to introduce it through secondary legislation.
- New clauses 64 to 66 and several amendments related to ensuring that devolved administrations would be appropriately consulted on regulations impacting different parts of the UK.

In total, 173 government amendments were made to the Bill, many of which were technical amendments.

<sup>239</sup> Department for Transport (DTF), [Renewable Transport Fuel Obligation](#), 19 January 2021

Five non-governmental amendments were put to a vote but not agreed:

- NC12 (tabled by Wera Hobhouse, LD) would have prohibited the burning of methane gas and other hydrocarbons produced during old and gas extraction (“flaring”) and their release into the atmosphere without combustion (“venting”).
- NC39 (tabled by Alan Brown, SNP) would have extended Ofgem’s duty to regulate off-grid fuels utilised for off-grid home heating and enabled Ofgem to introduce a price cap for off-grid home heating fuels.
- NC57 (tabled by Edward Miliband, Labour) would have allowed onshore wind development proposals in England and Wales to proceed on the same basis as other local infrastructure projects.
- NC59 (tabled by Edward Miliband, Labour) intended to provide for the UK’s electricity supply to be decarbonised by 2030.
- NC61 (tabled by Edward Miliband, Labour) would have required the government to publish a Warmer Homes and Businesses Action Plan within 6 months of the Act passing.

Other non-governmental amendments that were debated but not put to a vote included those related to:

- Community benefits for onshore wind (Jamie Stone (LD) NC1)
- Prohibiting coal mines (Chris Skidmore (Con) NC2 and NC3)
- Ending new oil and gas licenses (Chris Skidmore, NC5; Caroline Lucas (Green) NC29)<sup>240</sup> and amending the [Petroleum Act 1998](#) to remove the duty to maximise economic recovery of UK petroleum (Caroline Lucas NC30)
- Requiring that the UK’s power supply is Net Zero by 2035 (Chris Skidmore, NC6)
- Requiring that the government begin procedures to leave the [Energy Charter Treaty](#) (Chris Skidmore NC7; Wera Hobhouse NC25).<sup>241</sup>
- Support for community energy (Chris Skidmore NC8, NC9; Wera Hobhouse (LD) NC24; Edward Miliband (Lab) NC53, NC58; Alan Brown (SNP) NC67)
- Enhancing rewards for solar panels under the Smart Export Guarantee (SEG) (Wera Hobhouse NC11) and making solar panels mandatory on new homes (Caroline Lucas NC31)

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<sup>240</sup> NC5 would require the government to set a date for ending new oil and gas licences; NC29 would prohibit new licenses within six months of the Act passing.

<sup>241</sup> On 22 February 2024, the government [announced that the UK will leave the Energy Charter Treaty](#).

- Introducing a social tariff for vulnerable consumers (Wera Hobhouse, NC13) and a National Energy Guarantee, which would include a free or low-cost energy allowance to cover essential needs, with a “rising block tariff” for additional consumption (Clive Lewis (Labour) NC36)
- Ensuring all legacy prepayment meters are replaced with smart meters before the end of 2025 (Wera Hobhouse, NC14) and restricting the use of prepayment meters (Wera Hobhouse NC15)
- Requiring the government to produce a plan for protecting vulnerable consumers from the rising costs of energy (Wera Hobhouse NC17)
- Requiring the government to improve the energy efficiency of private rental properties to at least EPC band C by 2028 (Wera Hobhouse NC18; Edward Miliband NC62)
- Introducing measures to explore decarbonisation of the capacity market (Wera Hobhouse NC19; Caroline Lucas NC32)
- Significantly increasing onshore wind and solar power (Wera Hobhouse, NC20)
- Requiring the government to produce a plan for increasing grid capacity (Wera Hobhouse, NC22)
- Permanently banning fracking (Helen Morgan (LD), NC28)
- Requiring the government to produce an Energy Demand Reduction Delivery Plan (Caroline Lucas NC33)
- Local authority funding for decarbonising homes (Nadia Whittome (Lab) NC35)
- Requiring the government to make regulations about building industrial lithium-ion battery storage facilities (Dame Maria Miller (Con) NC37)
- Requiring developers of Nationally Significant Infrastructure Projects (NSIPs) to demonstrate that their projects do not use, benefit from or contribute to forced labour (Alicia Kearns (Con) NC47)
- Preventing the development of large-scale solar on high quality agricultural land and prioritising solar energy on rooftops and brownfield sites (Alicia Kearns NC48)
- Requiring the government to fund an independent evidence-led review of the potential contribution that tidal range energy generation could make to the UK’s energy supply (NC51)

- Requiring the government to produce a plan for delinking the price of renewable and low carbon energy from the price of gas (NC56)<sup>242</sup>
- Requiring the government to pass regulations allowing for fast-track planning process for electricity pylons along motorways and rail lines (Andrea Leadsom (Con) NC60)
- Removing parts of the Bill related to energy efficiency regulations (Craig Mackinlay (Con) amendments 64—67) and energy smart appliances (Craig Mackinlay (Con) amendments 58 - 63)
- Requiring a warrant to enter premises for hydrogen trials (Craig Mackinlay (Con) amendment 50)

This is not an exhaustive list of amendments selected for debate. For a full list of amendments tabled at Report stage, see [Report stage amendments to the Energy Bill 2023](#).

## Government amendments

### Sustainable aviation fuel

NC52 requires the government to consult on options for setting up a [revenue certainty scheme for sustainable aviation fuel \(SAF\) producers](#). The consultation must be opened within six months of the Act being passed, which would be 26 April 2024. The government must also publish a report within 18 months of the Act being passed (so before 26 April 2025) on the progress made towards the development of an SAF scheme.

During the report stage debate, Andrew Bowie, Parliamentary Under-Secretary for Energy Security and Net Zero (the Minister) said that the government was “committed to ensuring that the UK sustainable aviation fuel programme is one of the most comprehensive in the world”.<sup>243</sup> He highlighted that the government [published a Written statement](#) the day before the debate setting out its commitment to delivering a revenue certainty mechanism for SAF by the end of 2026, as well as [a Roadmap identifying key milestones](#).<sup>244</sup> He also clarified that the scheme is intended to be industry-funded.<sup>245</sup>

Alan Whitehead (Lab) said that a future Labour government would support the development of sustainable aviation fuel, but that the resources required to produce it would need to be balanced with other priorities:

As a future Labour Government, we are very concerned about the need to develop sustainable aviation fuel in a cost-effective and timely manner. We understand that this is a substantial element of the transition that will be undertaken in aviation, but we have to be careful that we do not procure all

<sup>242</sup> See the Library briefing [Why is cheap renewable electricity so expensive?](#) for background.

<sup>243</sup> [HC Deb 5 September 2023](#) c280

<sup>244</sup> DfT, [Government support for a UK SAF industry](#), 4 September 2023

<sup>245</sup> [HC Deb 5 September 2023](#) c280

the resources that might go to other things for use in making sustainable aviation fuel.<sup>246</sup>

Alex Cunningham (Lab) expressed support for NC52, but said that he was concerned about the timeline, stating that “the industry needs certainty now”.<sup>247</sup>

NC52 was agreed without a vote.

### Renewable liquid heating fuels (RLFHs)

NC63 allows for an obligation on off-gas-grid heating fuel suppliers that corresponds to the renewable transport fuel obligation (RTFO). Under the RTFO, suppliers of relevant transport fuel in the UK must be able to show that a percentage of the fuel they supply comes from renewable and sustainable sources.<sup>248</sup>

Amendments with similar intentions (NC40 and NC50) were tabled by George Eustice (Con), as well as amendment 8, which would have required the government to “make provision for the establishment of a low-carbon heat scheme which encouraged the use of heating appliances that generate heat from a renewable source but which might previously have burnt a fossil fuel”.<sup>249</sup> None of these amendments were put to a vote.

The Minister stated that biomass will be important for decarbonising heat:

As the recent [biomass strategy](#) made clear, such fuels will have a critical role to play in decarbonising our economy. We recognise that they have the potential to play an important role in decarbonising heat, especially as not all off-grid properties will be suitable for electrification.<sup>250</sup>

He said that the government would issue a consultation within “a few months” on the potential of renewable liquid heating fuels (RLHFs).<sup>251</sup> With regards to amendment 8, he said that the government’s focus for the [Clean Heat Market Mechanism](#) is on heat pumps and that the government does not believe it necessary to expand these powers to RLHFs.<sup>252</sup>

Government amendment 178 clarified that the RLHF obligation would apply to England, Scotland and Wales. Ian Paisley (DUP) questioned why Northern Ireland would not be included in these arrangements.<sup>253</sup>

The Minister responded that Northern Ireland officials “are broadly content with the Government’s approach on this issue” but stated that the

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<sup>246</sup> [HC Deb 5 September 2023](#) c285

<sup>247</sup> [HC Deb 5 September 2023](#) c315

<sup>248</sup> Department for Transport (DTF), [Renewable Transport Fuel Obligation](#), 19 January 2021; The RTFO is provided for in Chapter 5 of Part 2 of the [Energy Act 2004](#)

<sup>249</sup> [Amendment 8 to Energy Bill 2022-23](#)

<sup>250</sup> [HC Deb 5 September 2023](#) c278

<sup>251</sup> [HC Deb 5 September 2023](#) c279

<sup>252</sup> [HC Deb 5 September 2023](#) c280

<sup>253</sup> [HC Deb 5 September 2023](#) c274

government would “continue conversations” on supporting RLHFs in Northern Ireland.<sup>254</sup>

NC63 was agreed without a vote.

### Hydrogen levy

Government amendment 148 and its consequential amendments make changes to the proposed hydrogen levy. Rather than imposing the levy on energy suppliers, the government amendments allow the levy to be imposed only on gas shippers in Great Britain and only on gas supply licence holders who engage with gas shipping in Northern Ireland.<sup>255</sup>

Several non-governmental amendments were tabled in relation to the hydrogen levy. Edward Miliband (Shadow Secretary for Energy Security and Net Zero) tabled amendments 170-174 which would have required the government to fund the hydrogen levy administrator, rather than relevant market participants. Criag Mackinlay (Con) tabled amendments 9-12 and consequential amendments that would have removed the hydrogen levy entirely. None of these amendments were voted on.

The Minister stated that the amendments ensured a fairer approach to covering the costs of hydrogen:

The revised provisions will provide a fairer approach to funding hydrogen, placing the charge higher up the supply chain, with the potential for costs to be spread to the sectors expected to benefit most from early hydrogen development, not the wider British public.<sup>256</sup>

He reminded the House that the Bill would enable options for the hydrogen levy to be funded through the Exchequer, stating that “by providing two robust and reliable options for hydrogen funding, we will help bolster industry confidence in the viability of the UK hydrogen economy and boost private investment”.<sup>257</sup>

Alan Whitehead (Lab) and Olivia Blake (Lab) welcomed the government’s changes to the hydrogen levy.<sup>258</sup> However, Sir Jacob Rees Mogg (Con) and Sammy Wilson (DUP) expressed concerns about the cost of the levy being passed on to consumers.<sup>259</sup>

Government amendment 148 and relevant consequential amendments were agreed without a vote.

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<sup>254</sup> [HC Deb 5 September 2023](#) c279

<sup>255</sup> [HC Deb 5 September 2023](#) c277

<sup>256</sup> [HC Deb 5 September 2023](#) c277

<sup>257</sup> [HC Deb 5 September 2023](#) c277

<sup>258</sup> [HC Deb 5 September 2023](#), c284; c308

<sup>259</sup> [HC Deb 5 September 2023](#), c314; c284

## Debate on non-government amendments

### Flaring and venting

Wera Hobhouse (Lib Dem) tabled NC12 which would have prohibited the burning of methane gas and other hydrocarbons produced during oil and gas extraction (“flaring”) and their release into the atmosphere without combustion (“venting”). It would also have required more stringent processes for detecting and repairing leaks and for all equipment to be upgraded to low or zero emission standards. Chris Skidmore (Con) tabled NC4 which similarly would have prohibited flaring and venting of natural gas.

Chris Skidmore said that gas flaring and venting “is responsible for methane emissions that are 54 times more powerful than carbon dioxide” and that his clause “simply brings forward a commitment from 2030, and is something that Norway has had in place since 1971”.<sup>260</sup> Wera Hobhouse noted that her clause had cross-party support and cited research from the International Energy Agency stating that tackling flaring, venting and leaking could reduce methane emissions by 72%.<sup>261</sup>

NC12 was [negatived on division](#), with 192 votes in favour and 316 against.<sup>262</sup> NC4 was not put to a vote.

### Regulation of off-gas grid heating fuels

NC39 was tabled by Alan Brown (SNP) and would have extended the duty of Ofgem to regulate off-grid fuels used for home heating, as well as enabling Ofgem to introduce a price cap for off-grid homes that is “proportionate to the cap applied for on-grid homes”.<sup>263</sup> Helen Morgan (LD) also tabled NC27, which would have required the government to publish a report on extending the price cap for off grid fuels.

David Doogan (SNP) expressed support for NC39, saying that it would have “profoundly positive effects on many in our rural constituencies who live off the grid and have to heat their homes through liquid fuel”.<sup>264</sup>

NC39 was [negatived on division](#), with 235 votes in favour and 306 votes against. NC27 was not put to a vote.

### Onshore wind

Edward Miliband tabled NC57, which would have allowed onshore wind development proposals in England and Wales to proceed on the same basis as other local infrastructure projects. Several other non-governmental amendments related to onshore wind were debated, including:

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<sup>260</sup> [HC Deb 5 September 2023](#) c303

<sup>261</sup> [HC Deb 5 September 2023](#) c307

<sup>262</sup> [HC Deb 5 September 2023](#) cc328-331

<sup>263</sup> [Amendment NC39 to Energy Bill 2022-23](#)

<sup>264</sup> [HC Deb 5 September 2023](#) c294

- NC1 (tabled by Jamie Stone, LD) which would have required the government to lay before Parliament a report setting out proposals for ensuring that local communities benefit from onshore wind farms, within six months of the Act passing.
- NC20 (tabled by Wera Hobhouse, LD) which would have required the government to prepare a plan to significantly increase the proportion of the UK energy supply generated by onshore wind and solar power.
- NC43 (tabled by Sir Alok Sharma, Con) which aimed to “to remove the current planning restriction that a single objection to an onshore wind development is sufficient to block the development, to ensure that local communities willing to take onshore wind developments will receive some community benefit, and to provide that local decisions made on onshore wind cannot be overturned on appeal.”<sup>265</sup>

Speaking in favour of NC57, Alan Whitehead said that onshore wind was “essential to the decarbonisation of our energy system” but that the government had “let it collapse over a considerable period”.<sup>266</sup> He explained the aim of the amendment as ensuring onshore wind was treated like other local infrastructure projects:

[Onshore wind] should be treated no differently from any other local infrastructure project. There should be the same protections, safeguards and concerns for people who have that local infrastructure coming their way. It should not be a special case, over and above other projects, which I think will produce an explosion of investment in onshore wind in future.<sup>267</sup>

Alok Sharma said that the current planning restrictions, in which one objection can block a development is “not a sensible way for the planning process to operate”. However, he acknowledged recent government changes to the national planning policy framework to lift the “defacto ban” on onshore wind as a step that “will help to deliver a more permissive planning regime for onshore wind”. He also highlighted the community benefits mechanism as “vital” for bringing communities along and urged the government to respond to its [recent consultation on local partnerships for onshore wind](#) and provide details of how the community benefits scheme will work.<sup>268</sup>

In response, the Minister said that onshore wind “is an important part of our energy mix, and the Government have always maintained that it should be built where there is local support, ensuring that the voices of local communities are heard”.<sup>269</sup> He pointed to a [Written Statement from the Secretary of State for Levelling Up, Housing and Communities](#) published on 5

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<sup>265</sup> [Amendment NC43 to Energy Bill 2022-23](#)

<sup>266</sup> [HC Deb 5 September 2023](#) c287

<sup>267</sup> [HC Deb 5 September 2023](#) c288

<sup>268</sup> [HC Deb 5 September 2023](#) c289-91

<sup>269</sup> [HC Deb 5 September 2023](#) c322

September 2023, which set out plans to allow more flexibility for local authorities to address onshore wind planning.<sup>270</sup>

NC 57 was [negatived on division](#), with 188 votes in favour and 310 against. New clauses 1, 20 and 43 were not voted on.

The government [issued a response to the consultation on community partnerships for onshore wind](#) on 15 February 2024. The government said that it will:

- take ownership of the Community Benefits Protocol and publish it as official guidance on GOV.UK.
- provide supporting information and case studies on community benefits to help upskill local communities and streamline the community benefits process, including setting out the instances in which developers could provide additional support to communities.
- develop a mechanism for the onshore wind industry to formally sign-up and endorse the updated Protocol, which will provide greater trust and transparency for communities.
- consider establishing a public community benefits register that can capture details of community benefit packages, to allow communities to compare offers and drive best practice.<sup>271</sup>

### Decarbonising the energy supply by 2030

In its 2021 strategy document [Net Zero Strategy: Build Back Greener](#), the government set an ambition to fully decarbonise the UK's power system by 2035, subject to security of supply.<sup>272</sup> Edward Miliband tabled NC59 which would require electricity supply to be decarbonised by 2030 and for the government to produce and publish a plan on how this could be achieved, within six months of the Act passing.

Alan Whitehead said that the clause was “very important” for meeting government targets:

The Government's ambition at the moment is mostly to decarbonise the power system by 2035, but, again, they have no plan as to how that will actually happen. They have given no indication as to what steps they will take to achieve this, and they are certainly beginning to fail in the implementation of carbon budgets. Bringing forward the decarbonisation of the power system would greatly enhance that and allow us to meet our targets.<sup>273</sup>

NC59 was [negatived on division](#) with 223 votes in favour and 310 against.

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<sup>270</sup> [Statement UIN HCWS1005](#), 5 September 2023

<sup>271</sup> DESNZ [Developing local partnerships for onshore wind in England](#), 15 February 2024

<sup>272</sup> BEIS and DESNZ, [Net Zero Strategy: Build Back Greener](#), October 2021

<sup>273</sup> [HC Deb 5 September 2023](#) c289

### **National Warmer Homes and Businesses Action Plan (No. 2), energy efficiency requirements for existing premises and local authority funding**

NC61 was tabled by Edward Miliband and would require the government to publish a “National Warmer Homes and Businesses Action Plan” within six months of the Act passing. This would set out proposals for delivery of:

- All UK homes at EPC band C by 2035, where practical, cost effective and affordable;
- All privately rented non-domestic properties at EPC band B by 2030; and
- The Future Homes Standard for all new builds in England by 2025.

NC61 had the same intent as a former clause, 204, which was introduced in the Lords and removed by the government at committee stage (see section 13.1).

Edward Miliband also tabled NC62, which would have made similar provisions for the private rented sector, requiring all tenancies to be at EPC band C by the end of 2028 and raising the cost cap for landlords to make energy efficiency improvements to £10,000.

Other clauses with a similar intention as NC61 and NC62 were proposed:

- NC16 was tabled by Wera Hobhouse and included a deadline of 2028 for all non-domestic properties to reach EPC band B and an additional “low-carbon heat target” of 100% installations of “relevant heating appliances and connections to relevant heat networks by 2035”.<sup>274</sup>
- Wera Hobhouse tabled NC18, which was similar to NC62.
- Nadia Whittome (Lab) tabled new clause 35, which would have required the government to publish, within six months of the Act passing, an assessment of the benefits of providing long-term, predictable funding to local authorities for decarbonising homes in their area. During the debate, she said that “local authorities are uniquely placed to understand the needs of their area and to target schemes where they can provide the most benefits.”<sup>275</sup>

Alan Whitehead highlighted that NC62 would put the government’s own ambitions into legislation, saying that the government was “stuck with aspirations but no plan”.<sup>276</sup> Olivia Blake (Lab) also expressed support for the package of amendments related to energy efficiency saying:

Shockingly, the Bill fails to deliver any energy efficiency measures. There is nothing about how we will achieve the targets that have been set. The latest CCC report is clear that the Government need to rapidly scale up and

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<sup>274</sup> [Amendment NC 16 to Energy Bill 2022-23](#)

<sup>275</sup> [HC Deb 5 September 2023](#) c299

<sup>276</sup> [HC Deb 5 September 2023](#) c288

accelerate energy efficiency to stand any hope of meeting legally binding decarbonisation targets.<sup>277</sup>

Anna McMorris (Lab) said that the government had cut all energy efficiency programmes in 2013 and asked the government what plans it had “to ensure there is an insulation programme to provide desperately needed energy efficiency right across homes and households.”<sup>278</sup>

The Minister responded:

This is the biggest piece of energy legislation ever passed by the British Parliament. We are driving forward with schemes to help insulate houses, drive down bills, and deliver cleaner and more secure energy, and all we can get from the Opposition is criticism.<sup>279</sup>

NC61 was [negatived on division](#) with 189 votes in favour and 305 against. New clauses 16, 18, 35 and 62 were not voted on.

### Fossil fuel extraction

Several new clauses were tabled related to the extraction and use of fossil fuels.

Chris Skidmore (Con) tabled new clauses 2 and 3 which would have, respectively, required the government to pass regulations within six months of the Act to prohibit new coal mines and required the UK to cease energy production from coal from 1 January 2025.

NC2 had the same intention as clause 270, which was introduced as a government defeat in the Lords and was removed by the government at the Commons committee stage (see section 18.1).

Caroline Lucas tabled new clauses 29 and 30. NC29 would have prohibited the approval of new oil and gas field developments and the issuing of new oil and gas exploration and production licenses. NC30 would have amended the [Petroleum Act 1998](#). Currently, the Petroleum Act 1998 contains the principal objective of maximising the economic recovery of UK petroleum. NC30 would have replaced this with a new principal objective to “deliver a managed and orderly phase down of UK petroleum, advance the UK’s climate targets, and support a just transition for oil and gas workers”.<sup>280</sup>

Speaking in support of NC29 and NC30, Caroline Lucas said that the clause followed advice from the CCC that “expansion of fossil fuel production is not in line with Net Zero” and “while the UK will continue to need some oil and gas until the target is met this does not in itself justify the development of North Sea fields”.<sup>281</sup> She said that additional fossil fuel extraction would not help

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<sup>277</sup> [HC Deb 5 September 2023](#) c309

<sup>278</sup> [HC Deb 5 September 2023](#) c282

<sup>279</sup> [HC Deb 5 September 2023](#) c282

<sup>280</sup> [Amendment NC30 to Energy Bill 2022-23](#)

<sup>281</sup> [HC Deb 5 September 2023](#) c301-2

energy security and would cause the UK to exceed its remaining carbon budget:

Without additional abatement, the projected CO<sub>2</sub> emissions from existing fossil fuel infrastructure would already exceed the remaining carbon budget for a safe climate. Any oil and gas extracted from the North sea belongs not to us but to multinational companies, which will sell it to the highest bidder on the global market. The majority of fossil fuel projects in the pipeline are for oil, not gas, and will do nothing to boost energy security, given we currently export 80% of the oil that we extract.<sup>282</sup>

Olivia Blake (Lab) said that these clauses “could and should have been central pillars of the Bill” and criticised the government for removing similar clauses at committee stage:

[New clauses 2, 29, 30 and 59] are about how we can transform our energy system and meet Labour’s ambitious plans to be a green energy superpower by 2030. However, the Government have removed many new clauses that were won in the Lords—for example, the one on banning new coalmines—and Ministers are refusing to support any such measures today. Instead, they waited until MPs went home over the summer to give the green light to hundreds of new North sea oil and gas licences, without proper scrutiny, in a damning indictment of this Government’s record on climate action.<sup>283</sup>

Jeremy Mayhew (Con) said that closing North Sea oil and gas production “prematurely” would increase emissions, stating that using liquid natural gas from the North Sea would represent “a quarter the level of environmental damage per kilogram of CO<sub>2</sub> equivalent” compared to imports from Qatar.<sup>284</sup> He also said that the government expected to receive £10.4 billion in tax revenue from North Sea oil and gas.<sup>285</sup>

New clauses 2, 3, 29 and 30 were not put to a vote.

### Energy Charter Treaty

Chris Skidmore tabled NC7, which would have required the government to initiate procedures for the UK to withdraw from the [Energy Charter Treaty \(ECT\)](#) within six months of the Act passing. A similar clause (NC25) was tabled by Wera Hobhouse.

The ECT is a multilateral agreement that was signed in 1994 with the aim of promoting international investment in the energy sector. Historically, it has protected investors in fossil fuels. Members of the ECT, including the UK, have been in negotiations since 2020 to modernise the Treaty to reflect decarbonisation targets. In June 2022, an [agreement in principle](#) was reached for a modernised Treaty, which was due to be signed in November 2022.<sup>286</sup>

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<sup>282</sup> [HC Deb 5 September 2023](#) c301-2

<sup>283</sup> [HC Deb 5 September 2023](#) c309

<sup>284</sup> [HC Deb 5 September 2023](#) c320

<sup>285</sup> [HC Deb 5 September 2023](#) c320

<sup>286</sup> BEIS, [UK strengthens protections for taxpayers in energy treaty negotiations](#) 24 June 2022

Several European countries have announced plans to leave the ECT.<sup>287</sup> On 7 July 2023, the European Commission [published a proposal for a Council decision](#) on a coordinated withdrawal of EU member states from the Treaty, stating that “the outdated Energy Charter Treaty is not aligned with our EU Climate Law and our commitments under the Paris Agreement”.<sup>288</sup>

On 1 September 2023, the [government announced that it would review the UK’s membership of the ECT](#), including whether the UK would leave the Treaty. The government said that it would reach a decision by November 2023.<sup>289</sup>

In a [Written Statement on 4 September 2023](#), the Minister for Energy Security and Net Zero said:

The UK’s preference has been to modernise the ECT, but we must now prepare for the possibility that this will not be achieved. The UK is reviewing its membership, recognising its longstanding position that the unmodernised ECT is out of step with modern treaty practice and the UK’s energy priorities.<sup>290</sup>

During the report stage debate on the Energy Bill, Chris Skidmore advocated for leaving the Treaty, stating:

Legislating to leave the energy charter treaty, which penalises nations for not maintaining investments in fossil fuels, simply ensures the UK follows the rest of Europe in doing so.<sup>291</sup>

NC7 and NC25 were not voted on.

On 22 February 2024, the government [published a press release](#) confirming the UK’s intention to leave the ECT.<sup>292</sup>

### Community energy

Several new clauses were tabled that aimed at providing support for community energy in the UK:

- NC9 (Chris Skidmore) and NC53 (Edward Miliband) would have required the government, within six months of the Act passing, to pass regulations requiring licensed energy suppliers with more than 150,000 customers (“eligible licensed suppliers”) to offer an agreement to community and small-scale energy sites allowing that site to sell electricity to local customers. These clauses had the same intent as clause 273, which was added by the Lords and removed by the government at Committee stage (see section 18.3).

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<sup>287</sup> European Parliament [Briefing: EU withdrawal from the Energy Charter Treaty](#) (PDF) December 2023

<sup>288</sup> European Commission [European Commission proposes a coordinated EU withdrawal from the Energy Charter Treaty](#) 7 July 2023

<sup>289</sup> DESNZ [UK reviewing membership of energy treaty](#) 1 September 2023

<sup>290</sup> [UIN HCWS995](#)

<sup>291</sup> [HC Deb 5 September 2023](#) c303

<sup>292</sup> DESNZ [UK departs Energy Charter Treaty](#) 22 February 2024

- NC8 (Chris Skidmore) and NC58 (Edward Miliband) would have required the government to pass regulations requiring eligible licensed suppliers to purchase electricity exports from sites, including those operated by community groups, which generate low carbon electricity with a capacity below 5MW. These clauses had the same intent as clause 272, which was added by the Lords and removed by the government at Commons committee stage (see section 18.3).
- NC24 (Wera Hobhouse) would have introduced requirements for the government to report annually for 5 years on the support it is providing to Community Energy schemes and the number and capacity of such schemes that are delivered.
- NC67 (Alan Brown) would have required the government to consult on introducing local supply rights for community energy schemes within six months of the Act passing.

Several Members across parties expressed support for community energy during the debate.

Alan Whitehead (Lab) said that community energy would be an “important part of the decarbonisation process”.<sup>293</sup> He criticised the government for not having introducing arrangements allowing local power producers to trade locally and get “the proper value of their trade” stating that this is “vital to the success and certainty of these projects”.<sup>294</sup> Wera Hobhouse similarly highlighted the potential of community energy projects to “power 2.2 million homes and save 2.5 million tonnes of CO<sub>2</sub> every year”. She said that “the barriers to becoming a licensed supplier mean that community energy projects currently cannot sell directly to local customers” and asked why the government had removed amendments to enable this.<sup>295</sup>

Peter Aldous (Con) welcomed the government’s £10 million community energy fund but said that the government must closely monitor its impact and would need to implement further measures if the fund does not prove successful in moving community energy forwards.<sup>296</sup>

Members in Scottish constituencies including Angus Brendan MacNeil (independent) and Dave Doogan (SNP) expressed concerns that the community energy fund only extends to England.<sup>297</sup> Dave Doogan said the Bill represented “abject abandonment of community-owned projects” and criticised the government for not doing more to support community energy:

It is patently obvious that any just transition to net zero is simply not possible if local communities cannot sell the energy they produce to local customers. Local energy trading provides manifold improvements, including lower prices, protections against price shocks, enhanced energy security, network

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<sup>293</sup> [HC Deb 5 September 2023](#) c286

<sup>294</sup> [HC Deb 5 September 2023](#) c286

<sup>295</sup> [HC Deb 5 September 2023](#) c307

<sup>296</sup> [HC Deb 5 September 2023](#) c319

<sup>297</sup> [HC Deb 5 September 2023](#) c276; c292

redundancy and a return on investment back to communities. The UK Government kicking this can down the road is a hammer blow to efforts to achieve a just transition, and they are doing so without even trying to disguise the fact. Worse still, they have instead provided a paltry £10 million over two years—the Minister left out the “over two years” bit—to fund feasibility studies in England.<sup>298</sup>

The Minister responded by stating that there is already an equivalent Scottish community energy fund in place.<sup>299</sup> He said that the government recognises that “community energy projects can have real benefits for the communities in which they are based” and is “keen to ensure that they deliver value for money for consumers.” He also said that the government is “committing to publishing an annual report to Parliament and to consulting on the barriers the sector faces when developing projects”.<sup>300</sup>

### Entry to properties and civil penalties

Craig Mackinlay (Con) tabled amendment 50 to clause 152 which would require a warrant for the exercise of the power to enter premises in a hydrogen grid conversion trial. He also tabled amendments to remove sections of the Bill related to energy efficiency regulations (amendments 64 to 67) and energy smart appliances (amendments 58 to 63).

Craig Mackinlay expressed concern that parts of the Bill regarding energy efficiency regulations contained clauses related to civil penalties:

I feel that when we in this place are creating criminal penalties that could put our fellow citizens in prison for 12 months for an unknown offence of the future relating to net zero, we have a duty to discuss them properly. This must be the first time we are potentially criminalising people in this country for not adhering to the new code of net zero. We should not be doing it lightly. We should be doing it carefully and with consideration. It should not be done by statutory instrument.<sup>301</sup>

The Minister responded by assuring the House that the Bill would not create any new criminal offenses and would replace the power to amend existing energy performance regulations that was lost when the UK left the EU:

I want to be absolutely clear: we are simply seeking to replace the power to amend the energy performance of premises regime, which was lost as we departed the EU. Brexit gives us the power to do that. I can categorically guarantee before the House that we are not creating new offences. In any case, any new offences on anything—as is always the case—would have to be subject to debate, scrutiny and vote in this place, which Brexit has allowed us to do.<sup>302</sup>

With regards to powers of entry for hydrogen heating trials, the Minister also clarified that clause 152 builds on existing provisions for powers of entry in the

<sup>298</sup> [HC Deb 5 September 2023](#) c292

<sup>299</sup> [HC Deb 5 September 2023](#) c276

<sup>300</sup> [HC Deb 5 September 2023](#) c281

<sup>301</sup> [HC Deb 5 September 2023](#) c301

<sup>302</sup> [HC Deb 5 September 2023](#) cc321-22

[Gas Act 1986](#) and that existing rules on powers of entry would continue to apply:

Clause 152 modifies the Gas Act 1986 by building on existing provisions concerning the powers of entry. As such, the existing rules on powers of entry will continue to apply, whereby gas transporters must obtain a warrant from the magistrates court before use.<sup>303</sup>

These amendments were not voted on.

The Library briefing [The Energy Bill and households: FAQs](#) (September 2023) answers frequently asked questions about how these clauses in the Bill (now Act) could impact households.

## 19.2 Third reading

The Bill [passed the Third reading](#) on 5 September 2023 with 280 votes in favour and 19 against.<sup>304</sup>

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<sup>303</sup> [HC Deb 5 September 2023](#) c322

<sup>304</sup> [HC Deb 5 September 2023](#) c394-5

## 20

# “Ping-pong”: Consideration of Lords/Commons amendments

### 20.1

## Lords consideration of Commons amendments: 12 September 2023

The House of Lords [considered Commons amendments on 12 September 2023](#).

One amendment, 274B (tabled by Baroness Boycott, CB), was agreed in the Lords. This amendment would require the government to consult and report on the barriers preventing the development of community energy schemes within 18 months of the Act passing.

Two further amendments were disagreed on division:

- Amendment 187A (tabled by Baroness Blake, Lab) would have required the government to lay a statement before Parliament within 6 months of the Act passing setting out the government’s plans for:
  - Achieving EPC band C or better by 2028, in all privately rented residential tenancies, and by 2035, in all other homes in the United Kingdom, where practical, technically feasible, cost effective and affordable;
  - Achieving EPC band B or better by 2030 in all non-domestic properties; and
  - Introducing the Future Homes Standard for all new-builds in England by 2025.
- Amendment 272A (tabled by Lord Teverson, LD) would have removed the government’s amendment to leave out Clause 272. Clause 272 would have prohibited the opening of new coal mines in the UK.

For a full list of amendments tabled in the Lords, see the [marshalled list of amendments](#).

The Bill was reprinted as [Bill 366](#) showing the Lords agreement and amendment.

The debate was opened by the Parliamentary Under-Secretary of State for Energy Security and Net Zero, Lord Callanan.

## Community energy

Amendment 274B (tabled by Baroness Boycott, CB), would require the government to consult and report on the barriers preventing the development of community energy schemes within 18 months of the Act passing.

Speaking to amendment 274B, Lord Callanan highlighted the government's community energy fund and commitment to publish an annual report and consult on the barriers to community energy:

The Government recognise that such projects can have real benefits for the communities in which they are based, and we are keen to ensure that they deliver value for money for consumers. That is why earlier this summer we launched a new £10 million community energy fund, which expands on the success of the previous rural community energy fund to enable both rural and urban communities across England to access grant funding to develop local renewable energy projects for investment. Alongside the proposed fund, we are committing to publishing an annual report and to consulting on the barriers the sector faces when developing projects.<sup>305</sup>

Baroness Boycott welcomed the government's commitment in the Commons to consult on the barriers faced by community energy projects. However, she expressed concerns about not setting a specific timescale for the consultation, stating:

A problem that we have seen before is consultations which do not receive a response—or do but with serious delays. That is all that I am trying to avoid with this amendment in lieu, which sets a generous timescale of 18 months for a consultation and a further six months for bringing forward proposals to remove the barriers to community energy schemes. This times nicely with the end of the two-year community energy fund and would avoid a potential cliff edge.<sup>306</sup>

She also said that communities need certainty to raise funds to move forward, stating that “all that the sector wants is a deal comparable with all the other renewable energy that we have in this country, via a guaranteed minimum price.”<sup>307</sup>

Lord Callanan responded that the government felt it was more appropriate to allow the small-scale export market to develop with minimum intervention than to introduce a support scheme that specifies minimum prices or contract lengths for generators. He also said that community energy must be done in a cost-effective manner to avoid penalising other bill payers.<sup>308</sup>

Amendment 274B was [agreed on division](#), with 208 votes in favour and 205 votes against.

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<sup>305</sup> [HL Deb 12 September 2023](#) c657

<sup>306</sup> [HC Deb 12 September 2023](#). c801

<sup>307</sup> [HC Deb 12 September 2023](#). c801

<sup>308</sup> [HL Deb 12 September 2023](#) c804

## Energy Performance statement

Amendment 187B (tabled by Baroness Blake, Lab) would have required the government to lay a statement before Parliament within 6 months of the Act passing setting out the government's plans for:

- Achieving EPC band C or better by 2028, in all privately rented residential tenancies, and by 2035, in all other homes in the United Kingdom, where practical, technically feasible, cost effective and affordable;
- Achieving EPC band B or better by 2030 in all non-domestic properties; and
- Introducing the Future Homes Standard for all new-builds in England by 2025.

Lord Callanan said that the amendment would represent duplication of the government's existing efforts:

We have carefully considered this clause but do not believe it would help to deliver our commitments to improve the energy performance of buildings. Several action plans that relate to this topic have already been produced, such as the *Heat and Buildings Strategy*, the net zero strategy and the net zero growth plan. Another plan would simply duplicate many of these previous efforts. The important thing now is to concentrate on delivery. Therefore, we do not believe that this clause is necessary.<sup>309</sup>

Baroness Blake responded by saying that the UK had made limited progress on reducing emissions and decarbonising the housing stock:

Since 2010, progress to reduce emissions has stalled. The UK is still heavily reliant on fossil fuels for home heating and industry, and has the least energy-efficient housing stock in Europe, according to the IMF. Limited progress on energy-efficiency measures has been made worse by poor public information campaigns and the lack of a long-term plan with clear targets, clear technical explanations and little evidence of a financial and structural plan to go alongside. I do not wish to repeat all the comments that have been made throughout the debates on this Bill. However, we have to acknowledge a lack of grip, of urgency, and of serious explanation of the benefits of determined action.<sup>310</sup>

Amendment 187A was disagreed on division with 191 votes in favour and 216 votes against.<sup>311</sup>

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<sup>309</sup> [HL Deb 12 September 2023](#) c796

<sup>310</sup> [HL Deb 12 September 2023](#). c799

<sup>311</sup> [HL Deb 12 September 2023](#) c850-2

## Prohibiting new coal mines

Amendment 272A would have removed the government's amendment to leave out Clause 272. Clause 272 would have prohibited the opening of new coal mines in the UK.

Lord Callanan said that the government agreed unabated coal should not play a part in the energy mix of the future but that it was not the right time to prohibit new coal mines:

We agree that unabated coal has no role in our future power generation mix. The share of electricity generated by coal has already declined sharply, from almost 40% in 2012 to around 2% in 2021, and we do not expect any electricity to be generated from coal after 2024. Although coal will soon cease to be part of our electricity system, there may continue to be domestic demand for it, in industries such as steel and cement and for things such as heritage railways, which can be met domestically. Prohibiting all coal extraction would deny access to domestic coal reserves for these few legacy industries. We do not believe that now is the right time to take such a step.<sup>312</sup>

Lord Teverson spoke in favour of the amendment, stating that the UK's international reputation was damaged by the opening of the Cumbrian coal mine:

At COP 26 in Glasgow a couple of years ago, which we chaired very successfully under Sir Alok Sharma, we nailed our colours to the mast and led a coalition of countries [...] and celebrated the fact that we would phase out coal. [...] Our international reputation is being shredded by the fact that we are moving ahead on this basis.<sup>313</sup>

He also said that the steel industry has little interest in new coal and that the UK has no control over how exported coal is used.<sup>314</sup>

Lord Callanan responded that a full prohibition on coal extraction would likely impact extensions in existing operational mining and stated that there is still demand for coking coal. He said that the governments felt that the phasing out of coal was “a more proportionate response to moving away from coal use than a complete prohibition on coal extraction.”<sup>315</sup>

Amendment 272A was [disagreed on division](#) with 186 votes in favour and 214 votes against.

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<sup>312</sup> [HL Deb 12 September 2023](#) c765.

<sup>313</sup> [HL Deb 12 September 2023](#). c799-800

<sup>314</sup> [HL Deb 12 September 2023](#). c800

<sup>315</sup> [HL Deb 12 September 2023](#) c807

## 20.2

## Commons consideration of Lords message: 18 October 2023

The Commons [considered the Lords message on 18 October 2023 on amendment 274B](#).

The Minister said that the amendment was unnecessary as the government had already committed to consulting on the barriers to community energy:

On 5 September I set out the Government’s commitment to consult on the barriers that the sector faces when developing projects. As a part of that process, we are involving the community energy sector in designing the consultation, through our community energy contact group. The group has already had constructive discussion on this work at its meeting earlier this month. [...] We therefore think it is unnecessary, and of no additional value, to put the specifics of it in primary legislation.

[...]

The amendment would place an additional obligation on the Government to bring forward proposals to remove these barriers within a specific timeframe. As I just said, we cannot be sure what barriers will be raised in the consultation, or what the proper response to those barriers should be, until we have carried it out. We therefore cannot create a legislative obligation to remove barriers within a six-month timeframe when we are not aware of the nature of the barriers and have not yet properly analysed them.<sup>316</sup>

Alan Whitehead (Lab) referred to the Minister’s comments as a “disappointing and specious defence” and highlighted strong cross-party support for community energy.<sup>317</sup>

Wera Hobhouse (LD), Dave Doogan (SNP) and Chris Skidmore (Con) also spoke in favour of the clause.<sup>318</sup> Chris Skidmore noted that the importance of empowering communities was a key finding from his [Independent Review of Net Zero](#).<sup>319</sup>

The Lords amendment 274B was [disagreed on division](#), with 293 votes in favour and 181 votes against.

The Bill was reprinted as [HL Bill 176](#) showing the Commons disagreement with the Lords amendment and reason.

<sup>316</sup> [HC Deb 18 October 2023](#) c352-3

<sup>317</sup> [HC Deb 18 October 2023](#) c355

<sup>318</sup> [HC Deb 18 October 2023](#) c359; c357; c355

<sup>319</sup> [HC Deb 18 October 2023](#) c355

## 20.3

# Lords consideration of Commons amendments: 24 October 2023

The Lords [consideration of Commons amendments took place on 24 October 2023](#), focusing on amendment 274B.

Baroness Boycott said that it was a source of “great regret that the Government find themselves unable to agree to my simple and incredibly uncontroversial amendment” but said that she did not wish to delay the Bill further.<sup>320</sup> Baroness Boycott and Baroness Bennett (Green) both urged the government to open the consultation and take action promptly, and asked the government to commit to removing barriers to community energy.<sup>321</sup>

With regards to the timing of the consultation, Lord Callanan said that he cannot give a specific date but that he hopes “it will not be too long now”:

Officials need to continue their discussions with the community energy sector about the content of the consultation before we can launch it. I confirm absolutely that officials are working closely with the Community Energy Contact Group—I have met it myself—and we are keen to get on with this as quickly as possible.<sup>322</sup>

He said that the government could not commit to removing barriers until it knew what they were, but that the House “can be reassured that we are committed to the consultation and keen to see the community energy sector go forward”.<sup>323</sup>

The Lords non-insistence on their amendment 274B was agreed without division.

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<sup>320</sup> [HL Deb 24 October 2023](#) c512

<sup>321</sup> [HL Deb 24 October 2023](#) c512; c513

<sup>322</sup> [HL Deb 24 October 2023](#), c513

<sup>323</sup> [HL Deb 24 October 2023](#), c514

## 21

## Royal Assent

The Bill was given Royal Assent on 26 October 2023, meaning that it is now an Act of Parliament; the [Energy Act 2023](#).<sup>324</sup>

Following Royal Assent, the government issued a press release, [New laws passed to bolster energy security and deliver net zero \(26 October 2023\)](#) summarising the policy areas covered by the Act.

Energy Security Secretary Claire Coutinho said:

The Energy Act is the largest piece of energy legislation in a generation. It will boost investment in clean energy technologies and support thousands of skilled jobs across the country.

It lays the foundations for greater UK energy independence, making us more secure against tyrants like Putin, and helps us to power Britain from Britain.

The Act also supports our new approach to make sure that families don't feel a disproportionate financial burden as we transition to net zero, and forms a central part of our efforts to keep people's bills affordable in the long-term.<sup>325</sup>

## 21.1

### Timeline for actions required under the Energy Act 2023

Within a period of six months of the Act passing, the government must:

- Open a consultation on a revenue certainty scheme for sustainable aviation fuel producers.

Within a period of eighteen months of the Act passing, the government must:

- Lay before Parliament a report on progress made towards the development of a sustainable aviation fuel revenue certainty scheme.

The Act contains other technical provisions on the commencement of Parts of the Act.

<sup>324</sup> [HL Deb 26 October 2023 \[Royal Assent\]](#)

<sup>325</sup> DESNZ, [New laws passed to bolster energy security and deliver net zero](#), 26 October 2023

## 22

## Annex: Table of clause number changes

As the Energy Bill progressed through Parliament, the addition or removal of clauses at various stages changed the clause numbering. The table below provides a guide to clause number changes. Clauses refer to provisions in the Bill and sections refer to provisions in the Act.

For example, clause 65 on the hydrogen levy when the bill was introduced is section 69 in the final Act,

Clauses 1 to 60 kept the same numbers throughout. Changes to clause numbering in this table start from the introduction of a new clause 61.

| <a href="#">HL Bill 39 (as introduced)</a>                | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130 (Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a> |
|-----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| Part 1: Licensing of carbon dioxide transport and storage |                                                      |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| Chapter 1: Licensing of activities                        |                                                      |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| General functions                                         |                                                      |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| 1                                                         | 1                                                    | 1                                                  | 1                                                        | 1                                                                     | 1                                                                      | 1                                                        |
| Licensable activities                                     |                                                      |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| 2                                                         | 2                                                    | 2                                                  | 2                                                        | 2                                                                     | 2                                                                      | 2                                                        |
| 3                                                         | 3                                                    | 3                                                  | 3                                                        | 3                                                                     | 3                                                                      | 3                                                        |
| 4                                                         | 4                                                    | 4                                                  | 4                                                        | 4                                                                     | 4                                                                      | 4                                                        |
| 5                                                         | 5                                                    | 5                                                  | 5                                                        | 5                                                                     | 5                                                                      | 5                                                        |

| HL Bill 39 (as introduced)                            | HL Bill 86 (as amended in Committee) | HL Bill 130 (as amended on Report) | HL Bill 130(Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee) | Energy Act 2023 (c. 52) (section number) |
|-------------------------------------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| 6                                                     | 6                                    | 6                                  | 6                                       | 6                                                     | 6                                                      | 6                                        |
| Grant and conditions of licences                      |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 7                                                     | 7                                    | 7                                  | 7                                       | 7                                                     | 7                                                      | 7                                        |
| 8                                                     | 8                                    | 8                                  | 8                                       | 8                                                     | 8                                                      | 8                                        |
| 9                                                     | 9                                    | 9                                  | 9                                       | 9                                                     | 9                                                      | 9                                        |
| 10                                                    | 10                                   | 10                                 | 10                                      | 10                                                    | 10                                                     | 10                                       |
| 11                                                    | 11                                   | 11                                 | 11                                      | 11                                                    | 11                                                     | 11                                       |
| 12                                                    | 12                                   | 12                                 | 12                                      | 12                                                    | 12                                                     | 12                                       |
| 13                                                    | 13                                   | 13                                 | 13                                      | 13                                                    | 13                                                     | 13                                       |
| 14                                                    | 14                                   | 14                                 | 14                                      | 14                                                    | 14                                                     | 14                                       |
| 15                                                    | 15                                   | 15                                 | 15                                      | 15                                                    | 15                                                     | 15                                       |
| Interim power of Secretary of State to grant licences |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 16                                                    | 16                                   | 16                                 | 16                                      | 16                                                    | 16                                                     | 16                                       |
| Termination of licence                                |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 17                                                    | 17                                   | 17                                 | 17                                      | 17                                                    | 17                                                     | 17                                       |
| Transfer of licences                                  |                                      |                                    |                                         |                                                       |                                                        |                                          |

| HL Bill 39 (as introduced)                      | HL Bill 86 (as amended in Committee) | HL Bill 130 (as amended on Report) | HL Bill 130(Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee) | Energy Act 2023 (c. 52) (section number) |
|-------------------------------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| 18                                              | 18                                   | 18                                 | 18                                      | 18                                                    | 18                                                     | 18                                       |
| 19                                              | 19                                   | 19                                 | 19                                      | 19                                                    | 19                                                     | 19                                       |
| Appeal from decisions of the economic regulator |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 20                                              | 20                                   | 20                                 | 20                                      | 20                                                    | 20                                                     | 20                                       |
| 21                                              | 21                                   | 21                                 | 21                                      | 21                                                    | 21                                                     | 21                                       |
| 22                                              | 22                                   | 22                                 | 22                                      | 22                                                    | 22                                                     | 22                                       |
| 23                                              | 23                                   | 23                                 | 23                                      | 23                                                    | 23                                                     | 23                                       |
| 24                                              | 24                                   | 24                                 | 24                                      | 24                                                    | 24                                                     | 24                                       |
| 25                                              | 25                                   | 25                                 | 25                                      | 25                                                    | 25                                                     | 25                                       |
| Information                                     |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 26                                              | 26                                   | 26                                 | 26                                      | 26                                                    | 26                                                     | 26                                       |
| 27                                              | 27                                   | 27                                 | 27                                      | 27                                                    | 27                                                     | 27                                       |
| Other functions of the economic regulator       |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 28                                              | 28                                   | 28                                 | 28                                      | 28                                                    | 28                                                     | 28                                       |
| 29                                              | 29                                   | 29                                 | 29                                      | 29                                                    | 29                                                     | 29                                       |
| 30                                              | 30                                   | 30                                 | 30                                      | 30                                                    | 30                                                     | 30                                       |

| <a href="#">HL Bill 39 (as introduced)</a>       | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130(Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a> |
|--------------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| 31                                               | 31                                                   | 31                                                 | 31                                                      | 31                                                                    | 31                                                                     | 31                                                       |
| Enforcement                                      |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 32                                               | 32                                                   | 32                                                 | 32                                                      | 32                                                                    | 32                                                                     | 32                                                       |
| False statements                                 |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 33                                               | 33                                                   | 33                                                 | 33                                                      | 33                                                                    | 33                                                                     | 33                                                       |
| Criminal liability and procedure                 |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 34                                               | 34                                                   | 34                                                 | 34                                                      | 34                                                                    | 34                                                                     | 34                                                       |
| 35                                               | 35                                                   | 35                                                 | 35                                                      | 35                                                                    | 35                                                                     | 35                                                       |
| Chapter 2: Functions with respect to competition |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 36                                               | 36                                                   | 36                                                 | 36                                                      | 36                                                                    | 36                                                                     | 36                                                       |
| 37                                               | 37                                                   | 37                                                 | 37                                                      | 37                                                                    | 37                                                                     | 37                                                       |
| 38                                               | 38                                                   | 38                                                 | 38                                                      | 38                                                                    | 38                                                                     | 38                                                       |
| Chapter 3: Reporting requirements                |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 39                                               | 39                                                   | 39                                                 | 39                                                      | 39                                                                    | 39                                                                     | 39                                                       |
| 40                                               | 40                                                   | 40                                                 | 40                                                      | 40                                                                    | 40                                                                     | 40                                                       |
| 41                                               | 41                                                   | 41                                                 | 41                                                      | 41                                                                    | 41                                                                     | 41                                                       |

| <a href="#">HL Bill 39 (as introduced)</a>       | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130(Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a> |
|--------------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| Chapter 4: Special administration regime         |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| Transport and storage administration orders      |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 42                                               | 42                                                   | 42                                                 | 42                                                      | 42                                                                    | 42                                                                     | 42                                                       |
| 43                                               | 43                                                   | 43                                                 | 43                                                      | 43                                                                    | 43                                                                     | 43                                                       |
| Application and amendment of the Energy Act 2004 |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 44                                               | 44                                                   | 44                                                 | 44                                                      | 44                                                                    | 44                                                                     | 44                                                       |
| 45                                               | 45                                                   | 45                                                 | 45                                                      | 45                                                                    | 45                                                                     | 45                                                       |
| Licence modifications                            |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 46                                               | 46                                                   | 46                                                 | 46                                                      | 46                                                                    | 46                                                                     | 46                                                       |
| Powers to modify enactments                      |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 47                                               | 47                                                   | 47                                                 | 47                                                      | 47                                                                    | 47                                                                     | 47                                                       |
| 48                                               | 48                                                   | 48                                                 | 48                                                      | 48                                                                    | 48                                                                     | 48                                                       |
| Interpretation                                   |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 49                                               | 49                                                   | 49                                                 | 49                                                      | 49                                                                    | 49                                                                     | 49                                                       |
| Chapter 5: Transfer schemes                      |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 50                                               | 50                                                   | 50                                                 | 50                                                      | 50                                                                    | 50                                                                     | 50                                                       |

| <a href="#">HL Bill 39 (as introduced)</a>                          | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130(Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a>                                   |
|---------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| 51                                                                  | 51                                                   | 51                                                 | 51                                                      | 51                                                                    | 51                                                                     | 51                                                                                         |
| 52                                                                  | 52                                                   | 52                                                 | 52                                                      | 52                                                                    | 52                                                                     | 52                                                                                         |
| Chapter 6: Miscellaneous and general                                |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                                                            |
| 53                                                                  | 53                                                   | 53                                                 | 53                                                      | 53                                                                    | 53                                                                     | 53                                                                                         |
| 54                                                                  | 54                                                   | 54                                                 | 54                                                      | 54                                                                    | 54                                                                     | 54                                                                                         |
| 55                                                                  | 55                                                   | 55                                                 | 55                                                      | 55                                                                    | 55                                                                     | 55                                                                                         |
| Part 2: Carbon dioxide capture, storage etc and hydrogen production |                                                      |                                                    |                                                         |                                                                       |                                                                        | Part 2: Carbon dioxide capture, storage etc and hydrogen production, transport and storage |
| Chapter 1: Revenue support contracts                                |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                                                            |
| Key definitions                                                     |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                                                            |
| 56                                                                  | 56                                                   | 56                                                 | 56                                                      | 56                                                                    | 56                                                                     | 56                                                                                         |
| Provision of revenue support under certain contracts                |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                                                            |
| 57                                                                  | 57                                                   | 57                                                 | 57                                                      | 57                                                                    | 57                                                                     | 57                                                                                         |

| <a href="#">HL Bill 39 (as introduced)</a> | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130(Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a>                       |
|--------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Duties of revenue support counterparty     |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                                                |
| 58                                         | 58                                                   | 58                                                 | 58                                                      | 58                                                                    | 58                                                                     | 58                                                                             |
| Carbon dioxide transport and storage       |                                                      |                                                    |                                                         |                                                                       |                                                                        | Carbon dioxide capture, storage and hydrogen production, transport and storage |
| 59                                         | 59                                                   | 59                                                 | 59                                                      | 59                                                                    | 59                                                                     | 59                                                                             |
| 60                                         | 60                                                   | 60                                                 | 60                                                      | 60                                                                    | 60                                                                     | 60                                                                             |
|                                            |                                                      |                                                    |                                                         |                                                                       | Hydrogen transport                                                     |                                                                                |
|                                            |                                                      |                                                    |                                                         |                                                                       | 61                                                                     | 61                                                                             |
|                                            |                                                      |                                                    |                                                         |                                                                       | 62                                                                     | 62                                                                             |
|                                            |                                                      |                                                    |                                                         |                                                                       | Hydrogen storage                                                       |                                                                                |
|                                            |                                                      |                                                    |                                                         |                                                                       | 63                                                                     | 63                                                                             |
|                                            |                                                      |                                                    |                                                         |                                                                       | 64                                                                     | 64                                                                             |
| Hydrogen production                        |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                                                |
| 61                                         | 61                                                   | 61                                                 | 61                                                      | 61                                                                    | 65                                                                     | 65                                                                             |

| <a href="#">HL Bill 39 (as introduced)</a> | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130(Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a> |
|--------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| 62                                         | 62                                                   | 62                                                 | 62                                                      | 62                                                                    | 66                                                                     | 66                                                       |
| Carbon capture                             |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 63                                         | 63                                                   | 63                                                 | 63                                                      | 63                                                                    | 67                                                                     | 67                                                       |
| 64                                         | 64                                                   | 64                                                 | 64                                                      | 64                                                                    | 68                                                                     | 68                                                       |
| Hydrogen levy                              |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 65                                         | 65                                                   | 65                                                 | 65                                                      | 65                                                                    | 69                                                                     | 69                                                       |
| 66                                         | 66                                                   | 66                                                 | 66                                                      | 66                                                                    | 70                                                                     | 70                                                       |
|                                            |                                                      | 67                                                 | 67                                                      | 67                                                                    | 71                                                                     | 71                                                       |
| 67                                         | 67                                                   | 68                                                 | 68                                                      | 68                                                                    | 72                                                                     | 72                                                       |
| Allocation of contracts                    |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 68                                         | 68                                                   | 69                                                 | 69                                                      | 69                                                                    | 73                                                                     | 73                                                       |
| 69                                         | 69                                                   | 70                                                 | 70                                                      | 70                                                                    | 74                                                                     | 74                                                       |
| 70                                         | 70                                                   | 71                                                 | 71                                                      | 71                                                                    | 75                                                                     | 75                                                       |
| 71                                         | 71                                                   | 72                                                 | 72                                                      | 72                                                                    | 76                                                                     | 76                                                       |
| 72                                         | 72                                                   | 73                                                 | 73                                                      | 73                                                                    | 77                                                                     | 77                                                       |
| 73                                         | 73                                                   | 74                                                 | 74                                                      | 74                                                                    | 78                                                                     | 78                                                       |

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|----------------------------------------|--------------------------------------|------------------------------------|------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| 74                                     | 74                                   | 75                                 | 75                                       | 75                                                    | 79                                                     | 79                                       |
|                                        |                                      | 76                                 | 76                                       | 76                                                    | 80                                                     | 80                                       |
| General provision about counterparties |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 75                                     | 75                                   | 77                                 | 77                                       | 77                                                    | 81                                                     | 81                                       |
| 76                                     | 76                                   | 78                                 | 78                                       | 78                                                    | 82                                                     | 82                                       |
| Information and advice                 |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 77                                     | 77                                   | 79                                 | 79                                       | 79                                                    | 83                                                     | 83                                       |
|                                        | Enforcement                          |                                    |                                          |                                                       |                                                        |                                          |
|                                        | 78                                   | 80                                 | 80                                       | 80                                                    | 84                                                     | 84                                       |
| Consultation                           |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 78                                     | 79                                   | 81                                 | 81                                       | 81                                                    | 85                                                     | 85                                       |
| Transfer schemes                       |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 79                                     | 80                                   | 82                                 | 82                                       | 82                                                    | 86                                                     | 86                                       |
| 80                                     | 81                                   | 83                                 | 83                                       | 83                                                    | 87                                                     | 87                                       |
| General                                |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 81                                     | 82                                   | 84                                 | 84                                       | 84                                                    | 88                                                     | 88                                       |

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|------------------------------------------------------------|--------------------------------------|-------------------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
|                                                            | 83                                   | 85                                              | 85                                      | 85                                                    | 89                                                     | 89                                       |
|                                                            |                                      | 86                                              | 86                                      | 86                                                    | 90                                                     | 90                                       |
|                                                            | 84                                   | 87                                              | 87                                      | 87                                                    | 91                                                     | 91                                       |
| Chapter 2: Decommissioning of carbon storage installations |                                      |                                                 |                                         |                                                       |                                                        |                                          |
| Financing of costs of decommissioning etc                  |                                      |                                                 |                                         |                                                       |                                                        |                                          |
| 82                                                         | 85                                   | 88                                              | 88                                      | 88                                                    | 92                                                     | 92                                       |
| 83                                                         | 86                                   | 89                                              | 89                                      | 89                                                    | 93                                                     | 93                                       |
|                                                            |                                      |                                                 |                                         |                                                       |                                                        | 94                                       |
| Abandonment of carbon storage installations                |                                      | Abandonment of carbon storage installations etc |                                         |                                                       |                                                        |                                          |
| 84                                                         | 87                                   | 90                                              | 90                                      | 90                                                    | 94                                                     | 95                                       |
| Change of use relief                                       |                                      |                                                 |                                         |                                                       |                                                        |                                          |
| 85                                                         | 88                                   | 91                                              | 91                                      | 91                                                    | 95                                                     | 96                                       |
| 86                                                         | 89                                   | 92                                              | 92                                      | 92                                                    | 96                                                     | 97                                       |
| 87                                                         | 90                                   | 93                                              | 93                                      | 93                                                    | 97                                                     | 98                                       |
| Chapter 3: Strategy and policy statement                   |                                      |                                                 |                                         |                                                       |                                                        |                                          |
| 88                                                         | 91                                   | 94                                              | 94                                      | 94                                                    | 98                                                     | 99                                       |

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|--------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| 89                                         | 92                                                   | 95                                                 | 95                                                      | 95                                                                    | 99                                                                     | 100                                                      |
| 90                                         | 93                                                   | 96                                                 | 96                                                      | 96                                                                    | 100                                                                    | 101                                                      |
| 91                                         | 94                                                   | 97                                                 | 97                                                      | 97                                                                    | 101                                                                    | 102                                                      |
| Chapter 4: Carbon dioxide storage licences |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 92                                         | 95                                                   | 98                                                 | 98                                                      | 98                                                                    | 102                                                                    | 103                                                      |
| 93                                         | 96                                                   | 99                                                 | 99                                                      | 99                                                                    | 103                                                                    | 104                                                      |
| 94                                         | 97                                                   | 100                                                | 100                                                     | 100                                                                   | 104                                                                    | 105                                                      |
| 95                                         | 98                                                   | 101                                                | 101                                                     | 101                                                                   | 105                                                                    | 106                                                      |
|                                            |                                                      |                                                    |                                                         |                                                                       | Chapter 5: Carbon storage information and samples                      |                                                          |
|                                            |                                                      |                                                    |                                                         |                                                                       | Introductory                                                           |                                                          |
|                                            |                                                      |                                                    |                                                         |                                                                       | 106                                                                    | 107                                                      |
|                                            |                                                      |                                                    |                                                         |                                                                       | Requirements relating to information and samples                       |                                                          |
|                                            |                                                      |                                                    |                                                         |                                                                       | 107                                                                    | 108                                                      |
|                                            |                                                      |                                                    |                                                         |                                                                       | 108                                                                    | 109                                                      |
|                                            |                                                      |                                                    |                                                         |                                                                       | 109                                                                    | 110                                                      |

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|----------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
|                            |                                      |                                    |                                         |                                                       | 110                                                    | 111                                      |
|                            |                                      |                                    |                                         |                                                       | 111                                                    | 112                                      |
|                            |                                      |                                    |                                         |                                                       | 112                                                    | 113                                      |
|                            |                                      |                                    |                                         |                                                       | 113                                                    | 114                                      |
|                            |                                      |                                    |                                         |                                                       | Enforcement of sanctionable requirements               |                                          |
|                            |                                      |                                    |                                         |                                                       | 114                                                    | 115                                      |
|                            |                                      |                                    |                                         |                                                       | 115                                                    | 116                                      |
|                            |                                      |                                    |                                         |                                                       | 116                                                    | 117                                      |
|                            |                                      |                                    |                                         |                                                       | 117                                                    | 118                                      |
|                            |                                      |                                    |                                         |                                                       | 118                                                    | 119                                      |
|                            |                                      |                                    |                                         |                                                       | 119                                                    | 120                                      |
|                            |                                      |                                    |                                         |                                                       | 120                                                    | 121                                      |
|                            |                                      |                                    |                                         |                                                       | 121                                                    | 122                                      |
|                            |                                      |                                    |                                         |                                                       | 122                                                    | 123                                      |
|                            |                                      |                                    |                                         |                                                       | 123                                                    | 124                                      |
|                            |                                      |                                    |                                         |                                                       | General                                                |                                          |

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|----------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
|                            |                                      |                                    |                                         |                                                       | 124                                                    | 125                                      |
|                            |                                      |                                    |                                         |                                                       | 125                                                    | 126                                      |
|                            |                                      |                                    |                                         |                                                       | 126                                                    | 127                                      |
| Chapter 5: General         |                                      |                                    |                                         |                                                       | Chapter 6: General                                     |                                          |
| 96                         | 99                                   | 102                                | 102                                     | 102                                                   | 127                                                    | 128                                      |
| 97                         | 100                                  | 103                                | 103                                     | 103                                                   | 128                                                    | 129                                      |
|                            |                                      |                                    |                                         |                                                       | Part 3: Licensing of hydrogen pipeline projects        |                                          |
|                            |                                      |                                    |                                         |                                                       | Introductory                                           |                                          |
|                            |                                      |                                    |                                         |                                                       | 129                                                    | 130                                      |
|                            |                                      |                                    |                                         |                                                       | Designation in relation to hydrogen pipeline projects  |                                          |
|                            |                                      |                                    |                                         |                                                       | 130                                                    | 131                                      |
|                            |                                      |                                    |                                         |                                                       | 131                                                    | 132                                      |
|                            |                                      |                                    |                                         |                                                       | 132                                                    | 133                                      |
|                            |                                      |                                    |                                         |                                                       | Grant etc of gas transporter licence                   |                                          |
|                            |                                      |                                    |                                         |                                                       | 133                                                    | 134                                      |

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|------------------------------------|--------------------------------------|------------------------------------|------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
|                                    |                                      |                                    |                                          |                                                       | 134                                                    | 135                                      |
|                                    |                                      |                                    |                                          |                                                       | Modification of gas transporter licence                |                                          |
|                                    |                                      |                                    |                                          |                                                       | 135                                                    | 136                                      |
|                                    |                                      |                                    |                                          |                                                       | 136                                                    | 137                                      |
|                                    |                                      |                                    |                                          |                                                       | 137                                                    | 138                                      |
|                                    |                                      |                                    |                                          |                                                       | Information                                            |                                          |
|                                    |                                      |                                    |                                          |                                                       | 138                                                    | 139                                      |
|                                    |                                      |                                    |                                          |                                                       | Conditions of gas transporter licences                 |                                          |
|                                    |                                      |                                    |                                          |                                                       | 139                                                    | 140                                      |
|                                    |                                      |                                    |                                          |                                                       | Other                                                  |                                          |
|                                    |                                      |                                    |                                          |                                                       | 140                                                    | 141                                      |
|                                    |                                      |                                    |                                          |                                                       | 141                                                    | 142                                      |
| Part 3: New technology             |                                      |                                    |                                          |                                                       | Part 4: New technology                                 |                                          |
| Chapter 1: Low-carbon heat schemes |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 98                                 | 101                                  | 104                                | 104                                      | 104                                                   | 142                                                    | 143                                      |
| 99                                 | 102                                  | 105                                | 105                                      | 105                                                   | 143                                                    | 144                                      |

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|--------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| 100                                        | 103                                                  | 106                                                | 106                                                     | 106                                                                   | 144                                                                    | 145                                                      |
| 101                                        | 104                                                  | 107                                                | 107                                                     | 107                                                                   | 145                                                                    | 146                                                      |
| 102                                        | 105                                                  | 108                                                | 108                                                     | 108                                                                   | 146                                                                    | 147                                                      |
| 103                                        | 106                                                  | 109                                                | 109                                                     | 109                                                                   | 147                                                                    | 148                                                      |
| 104                                        | 107                                                  | 110                                                | 110                                                     | 110                                                                   | 148                                                                    | 149                                                      |
| 105                                        | 108                                                  | 111                                                | 111                                                     | 111                                                                   | 149                                                                    | 150                                                      |
| 106                                        | 109                                                  | 112                                                | 112                                                     | 112                                                                   | 150                                                                    | 151                                                      |
| 107                                        | 110                                                  | 113                                                | 113                                                     | 113                                                                   | 151                                                                    | 152                                                      |
| Chapter 2: Hydrogen grid conversion trials |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 108                                        | 111                                                  | 114                                                | 114                                                     | 114                                                                   | 152                                                                    | 153                                                      |
| 109                                        | 112                                                  | 115                                                | 115                                                     | 115                                                                   | 153                                                                    | 154                                                      |
| Chapter 3: Miscellaneous                   |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
|                                            |                                                      |                                                    |                                                         |                                                                       | Hydrogen                                                               |                                                          |
|                                            |                                                      |                                                    |                                                         |                                                                       | 154                                                                    | 155                                                      |
| Fusion energy                              |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 110                                        | 113                                                  | 116                                                | 116                                                     | 116                                                                   | 155                                                                    | 156                                                      |

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|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
|                                                                    |                                      | Renewable transport fuel obligations |                                         |                                                       |                                                        | Renewable and sustainable fuel           |
|                                                                    |                                      | 117                                  | 117                                     | 117                                                   | 156                                                    | 157                                      |
|                                                                    |                                      |                                      |                                         |                                                       |                                                        | 158                                      |
|                                                                    |                                      |                                      |                                         |                                                       |                                                        | 159                                      |
| Removals of greenhouse gases                                       |                                      |                                      |                                         |                                                       |                                                        |                                          |
| 111                                                                | 114                                  | 118                                  | 118                                     | 118                                                   | 157                                                    | 160                                      |
| Part 4: Independent system operator and planner                    |                                      |                                      |                                         |                                                       | Part 5: Independent system operator and planner        |                                          |
| Independent System Operator and Planner: functions and designation |                                      |                                      |                                         |                                                       |                                                        |                                          |
| 112                                                                | 115                                  | 119                                  | 119                                     | 119                                                   | 158                                                    | 161                                      |
| 113                                                                | 116                                  | 120                                  | 120                                     | 120                                                   | 159                                                    | 162                                      |
| General duties                                                     |                                      |                                      |                                         |                                                       |                                                        |                                          |
| 114                                                                | 117                                  | 121                                  | 121                                     | 121                                                   | 160                                                    | 163                                      |
| 115                                                                | 118                                  | 122                                  | 122                                     | 122                                                   | 161                                                    | 164                                      |
| 116                                                                | 119                                  | 123                                  | 123                                     | 123                                                   | 162                                                    | 165                                      |

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|----------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| Licences                                     |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 117                                          | 120                                                  | 124                                                | 124                                                     | 124                                                                   | 163                                                                    | 166                                                      |
| 118                                          | 121                                                  | 125                                                | 125                                                     | 125                                                                   | 164                                                                    | 167                                                      |
| 119                                          | 122                                                  | 126                                                | 126                                                     | 126                                                                   | 165                                                                    | 168                                                      |
| 120                                          | 123                                                  | 127                                                | 127                                                     | 127                                                                   | 166                                                                    | 169                                                      |
| 121                                          | 124                                                  | 128                                                | 128                                                     | 128                                                                   | 167                                                                    | 170                                                      |
| Advice, analysis and information             |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 122                                          | 125                                                  | 129                                                | 129                                                     | 129                                                                   | 168                                                                    | 171                                                      |
| 123                                          | 126                                                  | 130                                                | 130                                                     | 130                                                                   | 169                                                                    | 172                                                      |
| 124                                          | 127                                                  | 131                                                | 131                                                     | 131                                                                   | 170                                                                    | 173                                                      |
| Transfers, pensions and financial assistance |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 125                                          | 128                                                  | 132                                                | 132                                                     | 132                                                                   | 171                                                                    | 174                                                      |
| 126                                          | 129                                                  | 133                                                | 133                                                     | 133                                                                   | 172                                                                    | 175                                                      |
| 127                                          | 130                                                  | 134                                                | 134                                                     | 134                                                                   | 173                                                                    | 176                                                      |
| 128                                          | 131                                                  | 135                                                | 135                                                     | 135                                                                   | 174                                                                    | 177                                                      |
| Other                                        |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |

| <a href="#">HL Bill 39 (as introduced)</a>               | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130(Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a> |
|----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| 129                                                      | 132                                                  | 136                                                | 136                                                     | 136                                                                   | 175                                                                    | 178                                                      |
| 130                                                      | 133                                                  | 137                                                | 137                                                     | 137                                                                   | 176                                                                    | 179                                                      |
| 131                                                      | 134                                                  | 138                                                | 138                                                     | 138                                                                   | 177                                                                    | 180                                                      |
| 132                                                      | 135                                                  | 139                                                | 139                                                     | 139                                                                   | 178                                                                    | 181                                                      |
| Part 5: Governance of gas and electricity industry codes |                                                      |                                                    |                                                         |                                                                       | Part 6: Governance of gas and electricity industry codes               |                                                          |
| Key definitions for Part                                 |                                                      |                                                    |                                                         |                                                                       |                                                                        | Key definitions for Part 6                               |
| 133                                                      | 136                                                  | 140                                                | 140                                                     | 140                                                                   | 179                                                                    | 182                                                      |
| 134                                                      | 137                                                  | 141                                                | 141                                                     | 141                                                                   | 180                                                                    | 183                                                      |
| 135                                                      | 138                                                  | 142                                                | 142                                                     | 142                                                                   | 181                                                                    | 184                                                      |
| Licensing and selection of code manager                  |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 136                                                      | 139                                                  | 143                                                | 143                                                     | 143                                                                   | 182                                                                    | 185                                                      |
| 137                                                      | 140                                                  | 144                                                | 144                                                     | 144                                                                   | 183                                                                    | 186                                                      |
| 138                                                      | 141                                                  | 145                                                | 145                                                     | 145                                                                   | 184                                                                    | 187                                                      |
| 139                                                      | 142                                                  | 146                                                | 146                                                     | 146                                                                   | 185                                                                    | 188                                                      |
| 140                                                      | 143                                                  | 147                                                | 147                                                     | 147                                                                   | 186                                                                    | 189                                                      |

| <a href="#">HL Bill 39 (as introduced)</a>             | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130(Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a> |
|--------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| Strategic direction statement for designated documents |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 141                                                    | 144                                                  | 148                                                | 148                                                     | 148                                                                   | 187                                                                    | 190                                                      |
| 142                                                    | 145                                                  | 149                                                | 149                                                     | 149                                                                   | 188                                                                    | 191                                                      |
| Modifications and directions                           |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 143                                                    | 146                                                  | 150                                                | 150                                                     | 150                                                                   | 189                                                                    | 192                                                      |
| 144                                                    | 147                                                  | 151                                                | 151                                                     | 151                                                                   | 190                                                                    | 193                                                      |
| 145                                                    | 148                                                  | 152                                                | 152                                                     | 152                                                                   | 191                                                                    | 194                                                      |
| 146                                                    | 149                                                  | 153                                                | 153                                                     | 153                                                                   | 192                                                                    | 195                                                      |
| General objectives and reports                         |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 147                                                    | 150                                                  | 154                                                | 154                                                     | 154                                                                   | 193                                                                    | 196                                                      |
| 148                                                    | 151                                                  | 155                                                | 155                                                     | 155                                                                   | 194                                                                    | 197                                                      |
| Other                                                  |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 149                                                    | 152                                                  | 156                                                | 156                                                     | 156                                                                   | 195                                                                    | 198                                                      |
| 150                                                    | 153                                                  | 157                                                | 157                                                     | 157                                                                   | 196                                                                    | 199                                                      |
| 151                                                    | 154                                                  | 158                                                | 158                                                     | 158                                                                   | 197                                                                    | 200                                                      |
| 152                                                    | 155                                                  | 159                                                | 159                                                     | 159                                                                   | 198                                                                    | 201                                                      |

| <a href="#">HL Bill 39 (as introduced)</a>    | <a href="#">HL Bill 86 (as amended in Committee)</a> | <a href="#">HL Bill 130 (as amended on Report)</a> | <a href="#">HL Bill 130(Rev) (as amended on Report)</a> | <a href="#">Bill 295 2022-23 (as brought from the House of Lords)</a> | <a href="#">Bill 340 2022-23 (as amended in Public Bill Committee)</a> | <a href="#">Energy Act 2023 (c. 52) (section number)</a> |
|-----------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| Part 6: Market reform and consumer protection |                                                      |                                                    |                                                         |                                                                       | Part 7: Market reform and consumer protection                          |                                                          |
|                                               |                                                      |                                                    |                                                         |                                                                       | Principle objectives of Secretary of State and GEMA                    |                                                          |
|                                               |                                                      |                                                    |                                                         |                                                                       | 199<br>(Replaces previous clause 271)                                  | 202                                                      |
| Competition                                   |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 153                                           | 156                                                  | 160                                                | 160                                                     | 160                                                                   | 200                                                                    | 203                                                      |
| 154                                           | 157                                                  | 161                                                | 161                                                     | 161                                                                   | 201                                                                    | 204                                                      |
| Multi-purpose interconnectors                 |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 155                                           | 158                                                  | 162                                                | 162                                                     | 162                                                                   | 202                                                                    | 205                                                      |
| 156                                           | 159                                                  | 163                                                | 163                                                     | 163                                                                   | 203                                                                    | 206                                                      |
| 157                                           | 160                                                  | 164                                                | 164                                                     | 164                                                                   | 204                                                                    | 207                                                      |
| 158                                           | 161                                                  | 165                                                | 165                                                     | 165                                                                   | 205                                                                    | 208                                                      |
| 159                                           | 162                                                  | 166                                                | 166                                                     | 166                                                                   | 206                                                                    | 209                                                      |
| 160                                           | 163                                                  | 167                                                | 167                                                     | 167                                                                   | 207                                                                    | 210                                                      |

| HL Bill 39 (as introduced)                                 | HL Bill 86 (as amended in Committee) | HL Bill 130 (as amended on Report) | HL Bill 130(Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee) | Energy Act 2023 (c. 52) (section number) |
|------------------------------------------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| Domestic gas and electricity tariff cap                    | -                                    | -                                  | -                                       | -                                                     | -                                                      | -                                        |
| 161                                                        | -                                    | -                                  | -                                       | -                                                     | -                                                      | -                                        |
|                                                            |                                      |                                    |                                         |                                                       | Support for energy-intensive industries                |                                          |
|                                                            |                                      |                                    |                                         |                                                       | 208                                                    | 211                                      |
|                                                            |                                      |                                    |                                         |                                                       | 209                                                    | 212                                      |
| Electricity storage                                        |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 162                                                        | 164                                  | 168                                | 168                                     | 168                                                   | 210                                                    | 213                                      |
| Reduction targets: carbon emissions and home-heating costs |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 163                                                        | 165                                  | 169                                | 169                                     | 169                                                   | 211                                                    | 214                                      |
| Smart meters                                               |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 164                                                        | 166                                  | 170                                | 170                                     | 170                                                   | 212                                                    | 215                                      |
| Part 7: Heat networks                                      |                                      |                                    |                                         |                                                       | Part 8: Heat networks                                  |                                          |
| Chapter 1: Regulation of heat networks                     |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 165                                                        | 167                                  | 171                                | 171                                     | 171                                                   | 213                                                    | 216                                      |
| 166                                                        | 168                                  | 172                                | 172                                     | 172                                                   | 214                                                    | 217                                      |

| HL Bill 39 (as introduced)                         | HL Bill 86 (as amended in Committee) | HL Bill 130 (as amended on Report) | HL Bill 130(Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee) | Energy Act 2023 (c. 52) (section number) |
|----------------------------------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| 167                                                | 169                                  | 173                                | 173                                     | 173                                                   | 215                                                    | 218                                      |
| 168                                                | 170                                  | 174                                | 174                                     | 174                                                   | 216                                                    | 219                                      |
|                                                    |                                      |                                    |                                         |                                                       |                                                        | 220                                      |
| 169                                                | 171                                  | 175                                | 175                                     | 175                                                   | 217                                                    | 221                                      |
| 170                                                | 172                                  | 176                                | 176                                     | 176                                                   | 218                                                    | 222                                      |
| 171                                                | 173                                  | 177                                | 177                                     | 177                                                   | 219                                                    | 223                                      |
| 172                                                | 174                                  | 178                                | 178                                     | 178                                                   | 220                                                    | 224                                      |
| 173                                                | 175                                  | 179                                | 179                                     | 179                                                   | 221                                                    | 225                                      |
| Chapter 2: Heat network zones                      |                                      |                                    |                                         |                                                       |                                                        |                                          |
| Zones regulations                                  |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 174                                                | 176                                  | 180                                | 180                                     | 180                                                   | 222                                                    | 226                                      |
| Heat Network Zones Authority and zone coordinators |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 175                                                | 177                                  | 181                                | 181                                     | 181                                                   | 223                                                    | 227                                      |
| 176                                                | 178                                  | 182                                | 182                                     | 182                                                   | 224                                                    | 228                                      |
| Identification, designation and review of zones    |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 177                                                | 179                                  | 183                                | 183                                     | 183                                                   | 225                                                    | 229                                      |

| HL Bill 39 (as introduced)                       | HL Bill 86 (as amended in Committee) | HL Bill 130 (as amended on Report) | HL Bill 130 (Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee) | Energy Act 2023 (c. 52) (section number) |
|--------------------------------------------------|--------------------------------------|------------------------------------|------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| 178                                              | 180                                  | 184                                | 184                                      | 184                                                   | 226                                                    | 230                                      |
| 179                                              | 181                                  | 185                                | 185                                      | 185                                                   | 227                                                    | 231                                      |
| Heat networks within zones                       |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 180                                              | 182                                  | 186                                | 186                                      | 186                                                   | 228                                                    | 232                                      |
| 181                                              | 183                                  | 187                                | 187                                      | 187                                                   | 229                                                    | 233                                      |
| Enforcement                                      |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 182                                              | 184                                  | 188                                | 188                                      | 188                                                   | 230                                                    | 234                                      |
| 183                                              | 185                                  | 189                                | 189                                      | 189                                                   | 231                                                    | 235                                      |
| Records, information and reporting               |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 184                                              | 186                                  | 190                                | 190                                      | 190                                                   | 232                                                    | 236                                      |
| Interpretation                                   |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 185                                              | 187                                  | 191                                | 191                                      | 191                                                   | 233                                                    | 237                                      |
| Part 8: Energy smart appliances and load control |                                      |                                    |                                          |                                                       | Part 9: Energy smart appliances and load control       |                                          |
| Chapter 1: Introductory                          |                                      |                                    |                                          |                                                       |                                                        |                                          |
| 186                                              | 188                                  | 192                                | 192                                      | 192                                                   | 234                                                    | 238                                      |
| Chapter 2: Energy smart appliances               |                                      |                                    |                                          |                                                       |                                                        |                                          |

| HL Bill 39 (as introduced)             | HL Bill 86 (as amended in Committee) | HL Bill 130 (as amended on Report) | HL Bill 130(Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee) | Energy Act 2023 (c. 52) (section number) |
|----------------------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| 187                                    | 189                                  | 193                                | 193                                     | 193                                                   | 235                                                    | 239                                      |
| 188                                    | 190                                  | 194                                | 194                                     | 194                                                   | 236                                                    | 240                                      |
| 189                                    | 191                                  | 195                                | 195                                     | 195                                                   | 237                                                    | 241                                      |
| 190                                    | 192                                  | 196                                | 196                                     | 196                                                   | 238                                                    | 242                                      |
| 191                                    | 193                                  | 197                                | 197                                     | 197                                                   | 239                                                    | 243                                      |
| 192                                    | 194                                  | 198                                | 198                                     | 198                                                   | 240                                                    | 244                                      |
| Chapter 3: Licensing of load control   |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 193                                    | 195                                  | 199                                | 199                                     | 199                                                   | 241                                                    | 245                                      |
| 194                                    | 196                                  | 200                                | 200                                     | 200                                                   | 242                                                    | 246                                      |
| 195                                    | 197                                  | 201                                | 201                                     | 201                                                   | 243                                                    | 247                                      |
| 196                                    | 198                                  | 202                                | 202                                     | 202                                                   | 244                                                    | 248                                      |
| 197                                    | 199                                  | 203                                | 203                                     | 203                                                   | 245                                                    | 249                                      |
| Part 9: Energy performance of premises |                                      |                                    |                                         |                                                       | Part 10: Energy performance of premises                |                                          |
|                                        |                                      | 204                                | 204                                     | 204                                                   | -                                                      | -                                        |
| 198                                    | 200                                  | 205                                | 205                                     | 205                                                   | 246                                                    | 250                                      |
| 199                                    | 201                                  | 206                                | 206                                     | 206                                                   | 247                                                    | 251                                      |

| HL Bill 39 (as introduced) | HL Bill 86 (as amended in Committee)                 | HL Bill 130 (as amended on Report) | HL Bill 130(Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee) | Energy Act 2023 (c. 52) (section number) |
|----------------------------|------------------------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| 200                        | 202                                                  | 207                                | 207                                     | 207                                                   | 248                                                    | 252                                      |
| 201                        | 203                                                  | 208                                | 208                                     | 208                                                   | 249                                                    | 253                                      |
|                            | Part 10: Energy savings opportunity schemes          |                                    |                                         |                                                       | Part 11: Energy Savings Opportunity Schemes            |                                          |
|                            | Establishment and application of schemes             |                                    |                                         |                                                       |                                                        |                                          |
|                            | 204                                                  | 209                                | 209                                     | 209                                                   | 250                                                    | 254                                      |
|                            | 205                                                  | 210                                | 210                                     | 210                                                   | 251                                                    | 255                                      |
|                            | Assessments, energy savings and emissions reductions |                                    |                                         |                                                       |                                                        |                                          |
|                            | 206                                                  | 211                                | 211                                     | 211                                                   | 252                                                    | 256                                      |
|                            | 207                                                  | 212                                | 212                                     | 212                                                   | 253                                                    | 257                                      |
|                            | 208                                                  | 213                                | 213                                     | 213                                                   | 254                                                    | 258                                      |
|                            | 209                                                  | 214                                | 214                                     | 214                                                   | 255                                                    | 259                                      |
|                            | Administration, enforcement and appeals              |                                    |                                         |                                                       |                                                        |                                          |
|                            | 210                                                  | 215                                | 215                                     | 215                                                   | 256                                                    | 260                                      |
|                            | 211                                                  | 216                                | 216                                     | 216                                                   | 257                                                    | 261                                      |
|                            | 212                                                  | 217                                | 217                                     | 217                                                   | 258                                                    | 262                                      |
|                            | Procedure etc for regulations                        |                                    |                                         |                                                       |                                                        |                                          |

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|-------------------------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
|                                           | 213                                  | 218                                | 218                                     | 218                                                   | 259                                                    | 263                                      |
|                                           | Directions and financial assistance  |                                    |                                         |                                                       |                                                        |                                          |
|                                           | 214                                  | 219                                | 219                                     | 219                                                   | 260                                                    | 264                                      |
|                                           | 215                                  | 220                                | 220                                     | 220                                                   | 261                                                    | 265                                      |
|                                           | Interpretation of Part 10            |                                    |                                         | Interpretation                                        |                                                        |                                          |
|                                           | 216                                  | 221                                | 221                                     | 221                                                   | 262                                                    | 266                                      |
| Part 10: Core fuel sector resilience      | Part 11: Core fuel sector resilience |                                    |                                         |                                                       | Part 12: Core fuel sector resilience                   |                                          |
| Chapter 1: Introduction                   |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 202                                       | 217                                  | 222                                | 222                                     | 222                                                   | 263                                                    | 267                                      |
| 203                                       | 218                                  | 223                                | 223                                     | 223                                                   | 264                                                    | 268                                      |
| Chapter 2: Powers for resilience purposes |                                      |                                    |                                         |                                                       |                                                        |                                          |
| Directions                                |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 204                                       | 219                                  | 224                                | 224                                     | 224                                                   | 265                                                    | 269                                      |
| 205                                       | 220                                  | 225                                | 225                                     | 225                                                   | 266                                                    | 270                                      |
| 206                                       | 221                                  | 226                                | 226                                     | 226                                                   | 267                                                    | 271                                      |
| Corresponding powers to make regulations  |                                      |                                    |                                         |                                                       |                                                        |                                          |

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|------------------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
| 207                                | 222                                  | 227                                | 227                                     | 227                                                   | 268                                                    | 272                                      |
| Information                        |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 208                                | 223                                  | 228                                | 228                                     | 228                                                   | 269                                                    | 273                                      |
| 209                                | 224                                  | 229                                | 229                                     | 229                                                   | 270                                                    | 274                                      |
| 210                                | 225                                  | 230                                | 230                                     | 230                                                   | 271                                                    | 275                                      |
| 211                                | 226                                  | 231                                | 231                                     | 231                                                   | 272                                                    | 276                                      |
| 212                                | 227                                  | 232                                | 232                                     | 232                                                   | 273                                                    | 277                                      |
| 213                                | 228                                  | 233                                | 233                                     | 233                                                   | 274                                                    | 278                                      |
| Appeal against notice or direction |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 214                                | 229                                  | 234                                | 234                                     | 234                                                   | 275                                                    | 279                                      |
| Chapter 3: Enforcement             |                                      |                                    |                                         |                                                       |                                                        |                                          |
| Offences                           |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 215                                | 230                                  | 235                                | 235                                     | 235                                                   | 276                                                    | 280                                      |
| 216                                | 231                                  | 236                                | 236                                     | 236                                                   | 277                                                    | 281                                      |
| 217                                | 232                                  | 237                                | 237                                     | 237                                                   | 278                                                    | 282                                      |
| 218                                | 233                                  | 238                                | 238                                     | 238                                                   | 279                                                    | 283                                      |

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|--------------------------------------------|------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| Enforcement undertakings                   |                                                            |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| 219                                        | 234                                                        | 239                                                | 239                                                      | 239                                                                   | 280                                                                    | 284                                                      |
| Guidance                                   |                                                            |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| 220                                        | 235                                                        | 240                                                | 240                                                      | 240                                                                   | 281                                                                    | 285                                                      |
| 221                                        | 236                                                        | 241                                                | 241                                                      | 241                                                                   | 282                                                                    | 286                                                      |
| Chapter 4: General                         |                                                            |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| Financial assistance                       |                                                            |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| 222                                        | 237                                                        | 242                                                | 242                                                      | 242                                                                   | 283                                                                    | 287                                                      |
| Power to amend thresholds                  |                                                            |                                                    |                                                          |                                                                       |                                                                        |                                                          |
| 223                                        | 238                                                        | 243                                                | 243                                                      | 243                                                                   | 284                                                                    | 288                                                      |
| Interpretation of Part 10                  | Interpretation of Part 11                                  |                                                    |                                                          |                                                                       | Interpretation of Part 12                                              |                                                          |
| 224                                        | 239                                                        | 244                                                | 244                                                      | 244                                                                   | 285                                                                    | 289                                                      |
|                                            | Part 12: Offshore wind electricity generation, oil and gas |                                                    |                                                          |                                                                       | Part 13: Offshore wind electricity generation, oil and gas             |                                                          |
|                                            | Chapter 1: Offshore wind electricity generation            |                                                    |                                                          |                                                                       |                                                                        |                                                          |
|                                            | 240                                                        | 245                                                | 245                                                      | 245                                                                   | 286                                                                    | 290                                                      |

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|--------------------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
|                                      | 241                                  | 246                                | 246                                     | 246                                                   | 287                                                    | 291                                      |
|                                      | 242                                  | 247                                | 247                                     | 247                                                   | 288                                                    | 292                                      |
|                                      | 243                                  | 248                                | 248                                     | 248                                                   | 289                                                    | 293                                      |
|                                      | 244                                  | 249                                | 249                                     | 249                                                   | 290                                                    | 294                                      |
|                                      | 245                                  | 250                                | 250                                     | 250                                                   | 291                                                    | 295                                      |
| Part 11:<br>Oil and gas              | Chapter 2: Oil and gas               |                                    |                                         |                                                       |                                                        |                                          |
| Environmental protection             |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 225                                  | 246                                  | 251                                | 251                                     | 251                                                   | 292                                                    | 296                                      |
| 226                                  | 247                                  | 252                                | 252                                     | 252                                                   | 293                                                    | 297                                      |
|                                      |                                      |                                    |                                         |                                                       |                                                        | 298                                      |
| Decommissioning:<br>charging schemes |                                      | Decommissioning: charging          |                                         |                                                       |                                                        |                                          |
| 227                                  | 248                                  | 253                                | 253                                     | 253                                                   | 294                                                    | 299                                      |
| Change in control of licensee        |                                      |                                    |                                         |                                                       |                                                        |                                          |
| 228                                  | 249                                  | 254                                | 254                                     | 254                                                   | 295                                                    | 300                                      |
| 229                                  | 250                                  | 255                                | 255                                     | 255                                                   | 296                                                    | 301                                      |

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|--------------------------------------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|
| Part 12:<br>Civil nuclear sector           | Part 13: Civil nuclear sector                        |                                                    |                                                         |                                                                       | Part 14:<br>Civil nuclear sector                                       |                                                          |
| Chapter 1: Civil nuclear sites             |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 230                                        | 251                                                  | 256                                                | 256                                                     | 256                                                                   | 297                                                                    | 302                                                      |
| 231                                        | 252                                                  | 257                                                | 257                                                     | 257                                                                   | 298                                                                    | 303                                                      |
| 232                                        | 253                                                  | 258                                                | 258                                                     | 258                                                                   | 299                                                                    | 304                                                      |
| 233                                        | 254                                                  | 259                                                | 259                                                     | 259                                                                   | 300                                                                    | 305                                                      |
|                                            |                                                      |                                                    |                                                         |                                                                       | 301                                                                    | 306                                                      |
| Chapter 2: Civil Nuclear Constabulary      |                                                      |                                                    |                                                         |                                                                       |                                                                        |                                                          |
| 234                                        | 255                                                  | 260                                                | 260                                                     | 260                                                                   | 302                                                                    | 307                                                      |
| 235                                        | 256                                                  | 261                                                | 261                                                     | 261                                                                   | 303                                                                    | 308                                                      |
| 236                                        | 257                                                  | 262                                                | 262                                                     | 262                                                                   | 304                                                                    | 309                                                      |
| 237                                        | 258                                                  | 263                                                | 263                                                     | 263                                                                   | 305                                                                    | 310                                                      |
|                                            | Chapter 3: Relevant nuclear pension schemes          |                                                    |                                                         |                                                                       |                                                                        |                                                          |
|                                            | 259                                                  | 264                                                | 264                                                     | 264                                                                   | 306                                                                    | 311                                                      |
|                                            | 260                                                  | 265                                                | 265                                                     | 265                                                                   | 307                                                                    | 312                                                      |
|                                            | 261                                                  | 266                                                | 266                                                     | 266                                                                   | 308                                                                    | 313                                                      |

| HL Bill 39 (as introduced) | HL Bill 86 (as amended in Committee) | HL Bill 130 (as amended on Report) | HL Bill 130(Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee)       | Energy Act 2023 (c. 52) (section number) |
|----------------------------|--------------------------------------|------------------------------------|-----------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|------------------------------------------|
|                            | 262                                  | 267                                | 267                                     | 267                                                   | 309                                                          | 314                                      |
|                            | 263                                  | 268                                | 268                                     | 268                                                   | 310                                                          | 315                                      |
|                            | 264                                  | 269                                | 269                                     | 269                                                   | 311                                                          | 316                                      |
|                            |                                      |                                    |                                         |                                                       | Chapter 4:<br>Great British Nuclear                          |                                          |
|                            |                                      |                                    |                                         |                                                       | Great British Nuclear:<br>designation, status<br>and objects |                                          |
|                            |                                      |                                    |                                         |                                                       | 312                                                          | 317                                      |
|                            |                                      |                                    |                                         |                                                       | 313                                                          | 318                                      |
|                            |                                      |                                    |                                         |                                                       | 314                                                          | 319                                      |
|                            |                                      |                                    |                                         |                                                       | Financial assistance<br>and directions etc                   |                                          |
|                            |                                      |                                    |                                         |                                                       | 315                                                          | 320                                      |
|                            |                                      |                                    |                                         |                                                       | 316                                                          | 321                                      |
|                            |                                      |                                    |                                         |                                                       | Annual report<br>and accounts                                |                                          |
|                            |                                      |                                    |                                         |                                                       | 317                                                          | 322                                      |
|                            |                                      |                                    |                                         |                                                       | 318                                                          | 323                                      |

| HL Bill 39 (as introduced) | HL Bill 86 (as amended in Committee) | HL Bill 130 (as amended on Report) | HL Bill 130 (Rev) (as amended on Report) | Bill 295 2022-23 (as brought from the House of Lords) | Bill 340 2022-23 (as amended in Public Bill Committee) | Energy Act 2023 (c. 52) (section number) |
|----------------------------|--------------------------------------|------------------------------------|------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|------------------------------------------|
|                            |                                      |                                    |                                          |                                                       | Transfers and pension arrangements etc                 |                                          |
|                            |                                      |                                    |                                          |                                                       | 319                                                    | 324                                      |
|                            |                                      |                                    |                                          |                                                       | 320                                                    | 325                                      |
|                            |                                      |                                    |                                          |                                                       | 321                                                    | 326                                      |
|                            |                                      |                                    |                                          |                                                       | 322                                                    | 327                                      |
|                            |                                      |                                    |                                          |                                                       | 323                                                    | 328                                      |
|                            |                                      |                                    |                                          |                                                       | 324                                                    | 329                                      |
| Part 13: General           | Part 14: General                     |                                    |                                          | Part 15: General                                      |                                                        |                                          |
|                            |                                      | 270                                | 270                                      | 270                                                   | -                                                      | -                                        |
|                            |                                      | 271                                | 271                                      | 271                                                   | Disagreed to and replaced by 199                       | -                                        |
|                            |                                      | 272                                | 272                                      | 272                                                   | -                                                      | -                                        |
|                            |                                      | 273                                | 273                                      | 273                                                   | -                                                      | -                                        |
| 238                        | 265                                  | 274                                | 274                                      | 274                                                   | 325                                                    | 330                                      |
| 239                        | 266                                  | 275                                | 275                                      | 275                                                   | 326                                                    | 331                                      |
| 240                        | 267                                  | 276                                | 276                                      | 276                                                   | 327                                                    | 332                                      |

| <a href="#"><u>HL Bill 39 (as introduced)</u></a> | <a href="#"><u>HL Bill 86 (as amended in Committee)</u></a> | <a href="#"><u>HL Bill 130 (as amended on Report)</u></a> | <a href="#"><u>HL Bill 130(Rev) (as amended on Report)</u></a> | <a href="#"><u>Bill 295 2022-23 (as brought from the House of Lords)</u></a> | <a href="#"><u>Bill 340 2022-23 (as amended in Public Bill Committee)</u></a> | <a href="#"><u>Energy Act 2023 (c. 52) (section number)</u></a> |
|---------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 241                                               | 268                                                         | 277                                                       | 277                                                            | 277                                                                          | 328                                                                           | 333                                                             |
| 242                                               | 269                                                         | 278                                                       | 278                                                            | 278                                                                          | 329                                                                           | 334                                                             |
| 243                                               | 270                                                         | 279                                                       | 279                                                            | 279                                                                          | 330                                                                           | 335                                                             |

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