

Insights

UPDATE ON UK ENERGY REFORMS

Dec 06, 2023

SUMMARY

The Government's energy infrastructure reform programme continues to gather pace following publication of multiple important documents this autumn. In this Insight we discuss the recent progress and new announcements setting out further actions and steps identified to deliver these reforms.

It's fair to say that the challenges around planning and delivery for major infrastructure have kept the UK government incredibly busy over the last few years and an active programme of reform is already underway.

Activity spiked in November 2023 with a flurry of announcements and further reforms on energy infrastructure published in multiple documents alongside the UK Chancellor's Autumn Statement, giving those working in this sector much to digest and chew over.

Driving this programme of ongoing reforms, is the pressing need for new energy infrastructure to deliver the government's energy security and climate change objectives and particularly the scale and pace needed for electrification of activities. New large-scale renewable and low carbon energy generation infrastructure is needed along with upgraded connections to the distribution and transmission network.

The documents published alongside the Autumn Statement comprise awaited consultation responses, new Action Plans, a new policy paper on speeding up infrastructure delivery and the long awaited publication of the updated Energy NPS to be designated in 2024. Together, they set out and build on the existing energy reform programme and identify the actions and steps needed for delivery.

The emerging theme from these documents, when looked at collectively, is an intention to deliver a much more coordinated and strategic whole systems approach to the planning of generation and network infrastructure, through a faster and more efficient system with more central government oversight.

The individual documents deal with different elements of the reform in detail. Below we highlight some key points.

ENERGY NATIONAL POLICY STATEMENT (NPS)

The new suite of [energy NPS documents](#) (comprising updates to the five energy NPSs namely EN-1-EN-5, but not the nuclear NPS EN-6 (for which a consultation on revisions will be launched shortly)) were laid before Parliament on 22 November 2023 and will be designated in early 2024 – and together they will mark a very important milestone.

These updates have been a long time in the making (the original NPSs were designated in 2011 and the initial update consultation was in 2021) and introduce a stronger needs case balanced with environmental and community impacts, and an extension (since March 2023) to the critical national priority ('CNP') designation for all types of low carbon generation and transmission energy infrastructure.

Ultimately, designation of the NPSs should give project promoters more confidence in bringing projects forward, assist with scheme design and provide a clearer basis for decision-makers to take consenting decisions.

ACCELERATION OF TRANSMISSION INFRASTRUCTURE AND GRID CONNECTIONS

Much work has been carried out to address the delays in the build time of new transmission infrastructure and grid connections which has culminated in publication of the [Transmission Acceleration Action Plan](#) (which doubles as the government's response to the Electricity Network Commissioner's (Nick Winser's) report in August 2023 on how to halve build time for transmission infrastructure from 14 years to 7 years) and the [Connections Action Plan](#) (which aims to reform the connections process to enable viable projects to connect in a timely and cost-effective manner).

In the Transmission Acceleration Action Plan the government endorses all 43 of Winser's recommendations, going further in some cases, and identifies eight key areas of actions to halve the build time. These actions (which also appear in the new policy paper Speeding Up Infrastructure Delivery referred to below) include:

- a more strategic spatial planning approach to be achieved through a Strategic Spatial Energy Plan (to be developed with the government and the Electricity System Operator/Future System Operator);
- planning reforms;
- building the capability and capacity of local authorities through publication of updated guidance and more funding to support engagement in the DCO process;

- a new community benefits package for communities who host transmission infrastructure to be separate to the planning process (further details of which are set out in the [government's response](#) to its consultation on community benefits);
- improved governance with a new ministerially led forum reporting to the Prime Minister or Chancellor with strategic oversight and strengthened cross-government co-ordination (further details are set out in the new policy paper below).

NEW POLICY PAPER ON SPEEDING UP INFRASTRUCTURE DELIVERY

This [policy paper](#) outlines the new approach to infrastructure reform which brings together the actions identified in the range of documents referred to above and published alongside the Autumn Statement and explains why further changes are needed to the existing reform programme (as set out in the [National Infrastructure Strategy](#) (2020), [Transforming Infrastructure Performance Roadmap](#) (2021), [British Energy Security Strategy](#) (2022), the [NSIP Action Plan](#) (2023) and the 2023 [consultation on operational changes to the NSIP system](#)).

Based around four themes of speed, certainty, simplicity and delivery, this paper sets out the government's focus is on a set of short term reforms and immediate actions to speed up infrastructure delivery and longer term reforms.

This paper broadly reaffirms the government's commitment to existing and ongoing reforms and those made in the Transmission Acceleration Plan, most of which are expected to be in place by spring 2024. These include introduction of a new fast-track consenting option, improvements to the services of PINS and other agencies, improving capability and capacity of local authorities, completion of the review of key NPS documents and commissioning a new study on how to standardise the process of updating future NPS, introduction of cost recovery for pre-application services from PINS and other statutory consultees, updated guidance to improve the quality of applications, publication of more NSIP and environmental data, digital transformation and improvements in central government oversight of projects through creation of a 'Star Chamber' and a new ministerially led forum. The paper reports that:

"We will create a Star Chamber at the heart of government to drive infrastructure delivery: the government recognises the importance of maintaining strategic oversight of the consenting and delivery of NSIPs, which represent up to £30 billion of investment in the UK every year. We will therefore put in place a ministerially led forum at the centre of government. This forum will report to the Prime Minister or Chancellor of the Exchequer and build on existing structures in place to strengthen cross-government co-ordination of infrastructure delivery. It will have strategic oversight of major infrastructure projects, including those captured by the NSIP regime (such as electricity generation projects over 50MW in England). With the biggest infrastructure pipeline in decades, government needs to be at the forefront – driving delivery in a consistent and structured manner."

The Star Chamber and its cross-government co-ordination is to be welcomed, and amongst other interfaces it will be interesting to see how it functions opposite the National Infrastructure Commission and its work.

Longer term proposals that look beyond 2030 focus mainly on road and rail infrastructure, along with a review of the consultation process, post consent changes and improvements to the process of judicial review.

WHAT NEXT?

Delivering energy infrastructure projects involves multiple strands, but the new approach and package of reforms which seeks to draw them together by taking a whole systems strategic approach and further committing to delivering existing reform proposals, is taking the system in the right direction.

Publication of the documents summarised in this Insight and the number of reports and consultations over the last few years (with more to come) demonstrates this is not an easy task. To deliver the reforms needed to meet the energy security and climate change objectives and commitments, will require all the cogs to work together. On paper the reform programme looks comprehensive and promising, but as always adequate funding is one of the most crucial elements to delivery.

There is a lot of change all proposed at once – and notwithstanding the seemingly positive policy drivers, it will surprise no-one that there will be a bedding down period of transition, where all parties participating in these processes have to adjust to the uncertainties of what the changes mean. That is likely to mean a period where programme and risk profiles have to be recalibrated, before the policy benefits are seen.

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James Parker

London

james.parker@bclplaw.com

[+44 \(0\) 20 3400 4132](tel:+442034004132)



Clare Eccles

London

clare.eccles@bclplaw.com

[+44 \(0\) 20 3400 4267](tel:+442034004267)

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