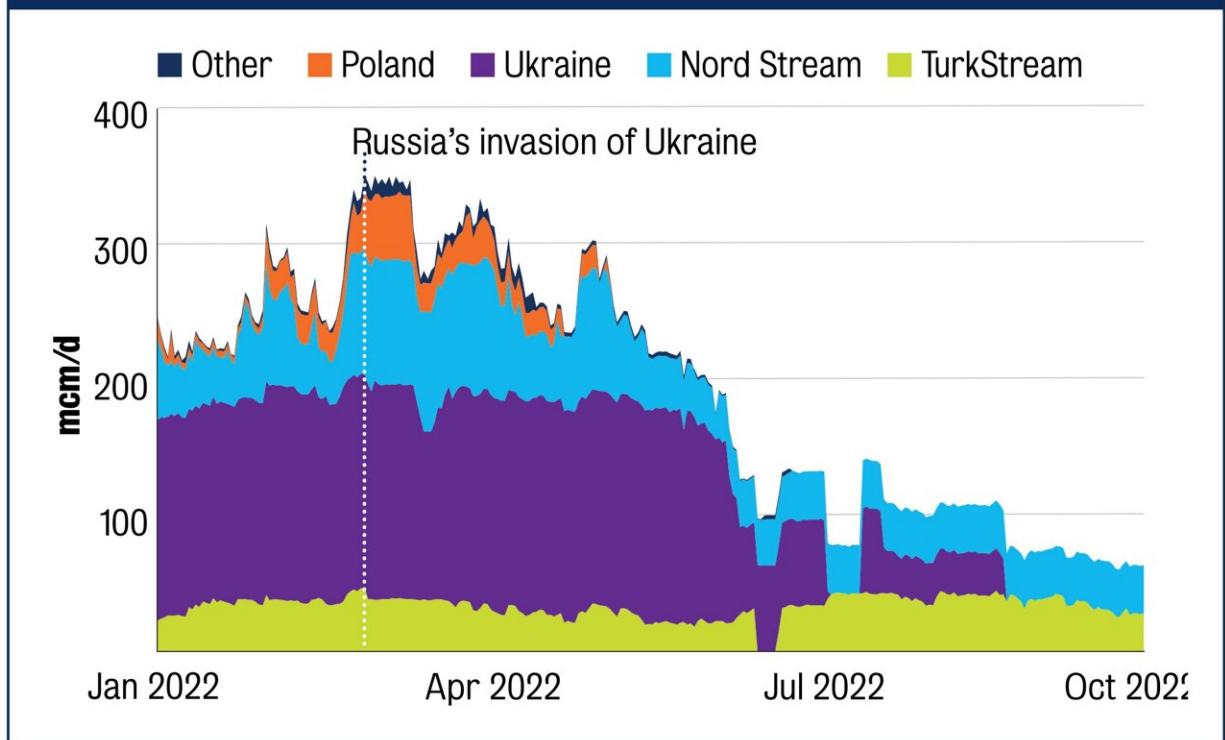


# Publicly owned energy firm can stop UK losing out on green transition and jobs, report says

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**FIGURE 1:** Natural gas pipeline flows from Russia to the European Union and Turkey since January 2022



Credit: *The role of public power: The potential for a publicly owned energy business in Britain* (2023)

A publicly owned energy company is needed to develop a homegrown green industry in the UK, at a time when the country is trailing internationally in the shift to a low-carbon economy, a new report by energy economist Nick Butler says.

A former group vice president for policy and strategy development at BP and subsequently senior policy adviser in No 10 Downing Street, Butler argues the passing of the Inflation Reduction Act in the US and the proposed EU Net Zero Industry Act leave the UK lagging behind its major competitors in creating a green industrial economy, and potentially missing out on the jobs it will bring.

Published by the Policy Institute at King's College London, the report—which will be launched at an event with shadow climate secretary Ed Miliband on Tuesday—says the "uncomfortable but inescapable fact" is that, with a few honorable exceptions, the UK has been "painfully slow" to develop the businesses capable of delivering the green transition.

For example, it highlights that not one of the world's 20 largest wind turbine manufacturers is based in the UK, and that the main elements of the Hinkley Point nuclear reactor are designed and built in France. Meanwhile, energy grid technology is dominated by Chinese companies and by the recently joint venture between Hitachi and ABB.

Other than Rolls Royce's small modular reactors, there is no clear existing or potential British leader in any significant strand of the [low-carbon](#) economy, the report says.

The crucial role for a new national energy company is to ensure that the vital elements of the supply chains relevant to the energy transition agenda are protected, and that where the UK does continue to rely on the international market, it has diverse sources of supply, the report

recommends.

That will provide a degree of resilience against disruption in supplies from one particular area, or the manipulation of trade flows at times as part of wider political disputes.

A publicly owned energy company, along the lines of the Labour party's proposal for Great British Energy (GBE), could focus investment on a number of key areas and help ensure that most of the jobs created by that investment are located in Britain, the report argues.

Instead of creating a new generating company that produces [green energy](#), it proposes that the retail side of the energy market should be controlled through a new, stronger regulator, with GBE established as a strategic investor that draws in private capital as well as [public funding](#) to create a low-carbon industrial base in Britain.

The aim would not be to create a "monolithic nationalized industry", but instead to stimulate the creation of a dynamic mixed economy, with investment focused on the following priorities:

- Developing the infrastructure required to make supplies of low-carbon energy available to potential consumers.
- Boosting energy grid storage capacity, to soften the peaks and troughs of demand, and make use of excess supplies of renewable power currently wasted.
- Supporting consumers through targeted loan schemes to help households and businesses obtain new equipment such as electric vehicles or heat pumps.
- A major program of electrification, potentially through the railway network, which is only partially electrified, mainly because of a lack of funding for upgrades.
- Developing hydrogen as the next stage in the green transition in

- parts of the economy where the use of electricity is not viable.
- Supporting energy schemes that allow local communities to create networks. (For example, in Norway, 90 percent of electricity production capacity is owned by local and regional entities.)
  - Developing an energy grid across the North Sea, in a market stretching from Norway and the Baltic to Scotland, the East of England and Northern Europe, helping to enhance energy security for all concerned.

The report says a carbon tax or windfall levies on the profits of existing energy companies would be an insufficiently secure base from which to build a new company, and that GBE should instead use whatever [public funds](#) are available to leverage private investment in support of its objectives.

These objectives should include reducing the UK's current dependence on imports, as well as developing the skills needed to ensure the energy transition is a source of new high-quality jobs, and that research and development continues to keep the country at the leading edge of scientific and engineering advances and supports their commercialization.

The report also warns that GBE must not be seen as a partisan venture, and that the company will require experienced and qualified staff and management who should be appointed on the basis of their expertise and knowledge rather than their political allegiance.

And while the report acknowledges the track record of publicly owned businesses, and in particular those associated with industry, is weak and often negatively perceived by the public, it says the current system is now breaking down, and that only strategic government intervention can create a low-carbon industrial sector capable of delivering net zero.

Nick Butler, energy economist and visiting professor at the Policy Institute at King's College London, said, "The measures being promoted to stimulate low industrial activity in the US, the EU and China leave Britain exposed. The UK's move towards net zero will be dependent on imports unless we take action to build our own low-carbon industrial base. A new company supported by public funding, but also capable of leveraging private funds, is urgently needed to fill the gap."

**More information:** Report: [www.kcl.ac.uk/policy-institute ... -of-public-power.pdf](http://www.kcl.ac.uk/policy-institute...-of-public-power.pdf)

Provided by King's College London

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