

Energy UK Explains: Net Zero Duty – What is it & what does it mean?

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Key Points

The Government has amended the Energy Bill (currently in parliament) to give the Secretary of State for Energy (SoS) and the energy regulator, Ofgem, a statutory duty to consider net zero in delivering their responsibilities. This is supported by Energy UK and others across the business community, both within and outside of the energy sector.

To ensure that the United Kingdom seizes on the opportunities presented by the transition to Net Zero, the Government and regulators need the ability to better assess and reflect the long-term environmental, economic, and fiscal growth impacts of its decisions.

There is much progress to be made if we are to achieve our legally-binding Net Zero 2050 target. This new duty requiring the consideration of Net Zero should empower the regulator and SoS to make strategic decisions, as well providing certainty, clarity and accountability.

Energy UK welcomes and supports the Government's amendment [NC52 – Principle Objectives of Secretary of State and GEMA](#). We are, therefore, advocating for the Government's amendment to be accepted at Committee Stage and to be included in the legislation when it receives Royal Assent.

What is a statutory duty?

- Ofgem and the SoS operate on the basis of statutory duties as set out in the Gas Act (1986) and Electricity Act (1989).
- Their current duties are based around reducing greenhouse gas emissions, ensuring security of energy supply, and protecting current and future consumers interests in relation to gas and electricity supply.

What is missing from the current duties?

- The current duties do not require the regulator or the SoS to consider the long-term cost implications of Net Zero when making policy or regulatory decisions.
- The impact of this omission is that Ofgem and the SoS continue to deliver on the basis of near-term energy costs, without recognising the cost, carbon, or environmental and climate impacts for future consumers of delayed action towards Net Zero.

How will this duty help deliver Net Zero?

- Decision-making processes take into account how each action will deliver on not just near-term cost but also long-term impacts, in the context of the UK's Net Zero target. This should result in a more strategic approach in delivering our energy infrastructure between now and 2050.
- This decision will also likely significantly improve the case for investment in the UK energy sector, currently impacted by domestic policy decisions such as the Electricity Generator Levy and more attractive conditions in other countries (for example under the USA Inflation Reduction Act).
- This will further enable investment for the long-term to meet our growing demand for connections to the country's energy networks, helping to address the significant backlog of projects unable to connect to the grid and enabling more consumers and businesses to decarbonise when they wish to.