



RWE Reflections

## “Deliver, Deliver, Deliver”

### The Road to Clean Power

RWE’s UK Country Chair, Tom Glover, reflects on the decisive action taken in the first 100 days of the new Government, and how it cannot afford to lose momentum if it’s to reach clean power by 2030.

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2030



Tom Glover  
RWE UK Country Chair



## Introduction

**Shortly after the election in July, I noted that achieving clean power by 2030 – one of the Government’s five Missions – was incredibly ambitious, but as a ‘north star’ could help accelerate investment and deployment of clean energy.**

In mid-October, the Government reached the 100 days milestone, and the early signs have been promising. Concrete actions taken to date include the removal of the de-facto ban on new onshore wind in England, establishment of the Onshore Wind Industry Taskforce, a relaunch of the Solar Taskforce, and confirmation of financial support for the first phase of carbon capture projects.

The increased budget for the sixth Allocation Round (AR6) of the Contracts for Difference (CfD) scheme also signalled a clear commitment, and RWE were pleased to secure contracts for three onshore and three solar projects in the auction. Likewise, we strongly welcomed the establishment of a Clean Power Mission Control in the Department of Energy Security and Net Zero to provide a ‘one stop shop’ to troubleshoot, negotiate and break down barriers to deliver clean power as a signal of the Government’s relentless focus on its goal.

But action over the last 100 days must only be the start.

With 2030 in sight, we cannot lose momentum. Industry and government need to work in partnership. And as the UK’s leading power generator and a leading renewables developer, RWE is well-placed: we invested €3 billion net in new green energy infrastructure projects in the UK between 2021-23 and have ambitions to invest around €8 billion net in the years 2024-30.

As well as decarbonising our energy system and guaranteeing UK energy security, the transition could also be a vehicle for delivering economic growth and transforming our communities. ‘Clean energy’ is one of eight sectors identified in the Government’s proposed Industrial Strategy. Because the UK has a clear comparative advantage in clean technologies such as offshore wind and carbon capture & storage (CCS), investment in these technologies also has the potential to bring significant socio-economic benefits in terms of jobs and economic growth.

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# Accelerated renewables deployment

**The wider benefits of investment in clean energy became clear to me during my recent visit to the Siemens Gamesa factory in Hull. Blades for our 1.4 GW Sofia offshore wind farm, each measuring 108 metres long, are being manufactured there.**

To see these impressive turbine blades being produced, ready to be installed at Sofia, is a fantastic demonstration of the true value that offshore wind can bring to coastal communities, such as Hull. The potential for job creation within the renewable supply chain is huge - not just with companies like Siemens Energy - but right across the supply chain. Sofia alone is supporting 8,800 UK jobs throughout its development and construction phases, with over 50% of our investment in the project being directly within the UK.

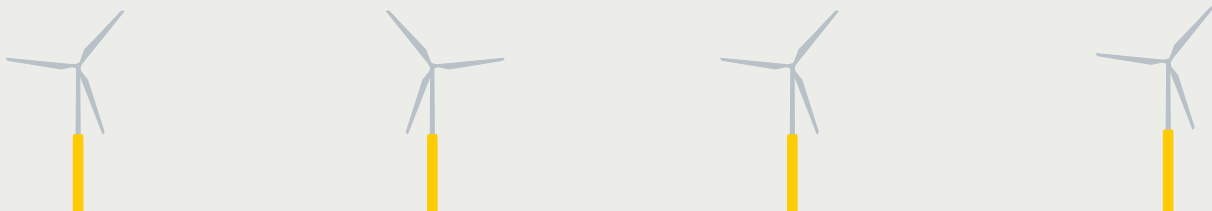
But the community benefits don't stop at creating jobs. Independent analysis by Aurora Energy Research, commissioned by RenewableUK, shows that an electricity system dominated by offshore wind by 2035 could save billpayers around £68 a year compared to alternatives using gas or electricity imports via interconnectors.

## A call to auction

With clear benefits for both taxpayers and consumers, now is the time to accelerate investment in renewables. To achieve this, we need to see a step change in deployment - however, in the most recent renewables auction (Allocation Round 6), only around one-third of the eligible new offshore projects were successful. It is therefore imperative that next year's auction - AR7 - maximises the available pipeline of projects, at the same time as offering value for money for billpayers.

For offshore wind, there are likely only two further auctions which can realistically deliver operational projects by 2030. For onshore wind and solar there are perhaps three. Time is critical - and it's therefore imperative that the AR7 auction opens in Spring 2025 as planned.

**RWE's Sofia offshore wind farm is supporting 8,800 UK jobs throughout its development and construction phases**



**We believe there are three relatively quick and simple reforms to the CfD that would ensure the required capacity is procured by 2030:**

# 1

**Establish a clear schedule of capacity targets per auction aligned to the 2030 Clean Power ambition.** Not only would this ensure deployment remains on track with targets, it would provide much needed transparency and certainty to investors and the supply chain.

# 2

**Reform and revise the CfD parameters,** including load factors and reference prices, to ensure they are market reflective, allowing the budget to stretch much further.

# 3

**Increase the length of the CfD contract, from 15 to at least 25 years.** Many new wind and solar projects are now planning to operate for 30 years or more. Longer contracts allow for more certainty over revenues and reduce financing costs, therefore enabling lower strike prices.



# Balancing renewable ambition with security of supply

**While renewables such as wind and solar will play a central role in meeting clean power in 2030 - firm, flexible capacity will continue to be required to balance the grid and ensure security of supply.**

RWE already plays a crucial role in providing this flexibility and security to the UK power system, and we're exploring technologies such as carbon capture and hydrogen combustion to allow our stations to provide this flexibility at the same time as reducing emissions. We are actively developing four CCS projects which, altogether, could produce enough flexible, low-carbon electricity to meet the peak Winter demand of up to over 5 million households.

## Capturing CCS's potential

Earlier this month, the Government reaffirmed their commitment to developing CCS by confirming £21.7 billion of funding, over 25 years, to the two Track-1 Carbon Capture and Storage (CCS) clusters Hynet (North West England and North Wales) and the East Coast Cluster (Teesside and the Humber). This is a welcome step forward in providing a clear signal to industry, recognising how CCS can decarbonise our industrial heartlands and protect energy security.

To ensure industry can deploy carbon capture at scale, it is imperative that the forthcoming Spending Review commits to funding the next phases of projects & stores. Government must also provide a framework to enable non-pipeline transportation of carbon via shipping.

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As well as playing a major role in our domestic decarbonisation efforts in the UK, carbon shipping presents a significant international trade and export opportunity. The UK's geography means that we are uniquely well-placed - utilising existing expertise on the UK continental shelf and decades of oil and gas experience in the North Sea.

However, even with the right investment and policy decisions, it will not be possible to deploy power CCS and hydrogen combustion at scale before 2030. Therefore, at least in the short-term unabated gas will continue to play a crucial role in providing firm, flexible capacity as 'back-up' to renewables.

Our analysis suggests that, assuming the Government's stretching renewable targets are met, installed firm, flexible capacity could be 30-35 GW. The majority of this is likely to be unabated gas, but running far fewer hours of the year, comprising just 5% of generation, compared with 35% in 2023.





## Working in partnership: from spreadsheet to delivery

**In developing a challenging yet credible pathway to 2030, it is important that Government works in partnership with industry to take ambitions from the 'spreadsheet' to 'delivery'.**

### Consultation is key

I have already noted the establishment of 'Mission Control' within DESNZ as a clear signal of intent from government. The work of Mission Control will be supported by the newly established 'Clean Power 2030 Advisory Council', comprising experts including those with prior experience of delivering energy projects.

To ensure the pathway to 2030 is deliverable, it is also imperative that government also consult closely and in detail with industry experts who are currently tasked with developing and deploying the critical projects required for 2030. Such close collaboration is required to ensure the realities of project delivery are fully understood.

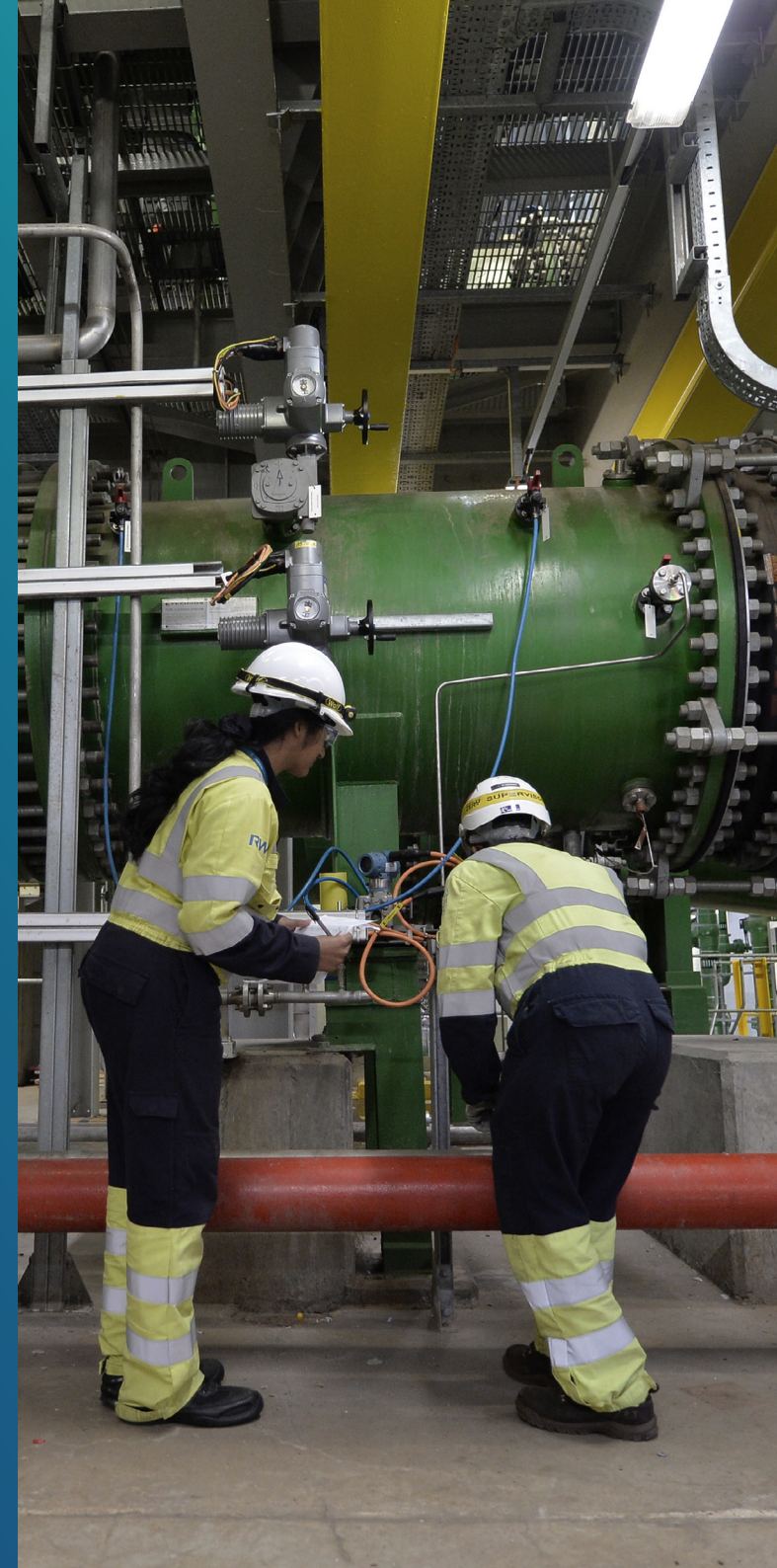
Without consented projects, we cannot drive growth. The Government's focus on breaking down barriers in the planning process is therefore welcome.

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However, at RWE we fully recognise that consent cannot be at the expense of public support. It's therefore important that developers continue to consult with local communities in a way that is both meaningful, and conveys the benefits that investment can bring to host communities.

More generally on planning – there is a need to address the lack of resource across the publicly funded bodies involved in the process. In her maiden speech, the Chancellor announced 300 additional planning officers to support local authorities. Whilst this is welcome, this is equivalent to less than one officer per local planning authority (LPA) in England.

Therefore, we recommend the Government build on this first step by launching a formal review into resourcing across the full suite of bodies involved in the process (including LPAs, statutory consultees, the Planning Inspectorate and government departments) to ensure it is fit for purpose.



## Crowd 'in' not 'out'

It is clear government wants to play a constructive, strategic role in the economy, and it will shortly set out its approach in the forthcoming Industrial Strategy. They propose to do this through new institutions such as the National Wealth Fund (NWF) and Great British Energy.

There is certainly a role for an entity such as the NWF in facilitating long-term investment in strategic assets such as ports to ensure the UK can deliver on its clean energy goals. Furthermore, GB Energy could have a role in unlocking critical investment, but it must ensure in doing so it does not simply 'crowd out' the private sector, i.e. by ensuring additionality.

We would welcome clarity on the mandate on GB Energy to ensure that this is the case.

Furthermore, GBE's partnership with the Crown Estate has the potential to help overcome some of the barriers that currently hold back the delivery of offshore wind projects through a more co-ordinated and efficient approach. The shape of this partnership will be critical: it needs to retain the significant expertise that has been built up over 20 years by global developers such as RWE, crowding in, rather than out, their knowledge and experience.

# Looking ahead to the next 1000 days

**We have welcomed the early decisions and interventions we have seen from the Government over the last 100 days.**

It's important the Government do not lose momentum, and capitalise on this fast start in order to unlock a green economy, thereby supporting high-quality jobs and thriving local communities across the country.

With 2030 less than six years away, there must be a relentless focus on delivery, with the public and private sector working hand-in-hand to drive investment and economic growth.

