

Government Response to the Climate Change Committee's 2023 Annual Progress Report - CCSA Briefing Note

9th November 2023

Overview

On Thursday the 26th of October, DESNZ published a report titled [Responding to the Climate Change Committee's \(CCC\) 2023 Annual Progress Report to Parliament](#), in response to the Climate Change Committee's (CCC) [Progress in reducing UK emissions 2023 report to parliament](#), published in June 2023.

The CCC's report highlighted a lack of urgency, leadership and sound policy frameworks, and called for a reform of the planning system and the delivery of the UK's commitments to net zero along with a coherent public engagement strategy. Key messaging from this report is presented in the CCSA's [briefing note](#).

In response to the CCC's 2023 Annual Progress Report, the Government:

- Reiterated its main objectives for the transition to net zero on climate security, energy security, consumer security, and economic security while also reiterating the commitment to cut emissions by at least 68% by 2030 (compared to 1990 levels).
- Demonstrated the actions that the Government will be taking forward in relation to the CCC's priority and other recommendations, including a series of actions on CCUS, Hydrogen and Engineered Greenhouse Gas Removals (GGRs).
- Demonstrated the progress being achieved towards reaching net zero against the metrics as outlined in the Net Zero Strategy.

Overall, the Government emphasises the progress made since March's [Powering Up Britain](#) publications. It is taking forward 85% of the CCC's priority recommendations, many of which are already in progress, and is acting on the majority of the remaining 273 recommendations. The vast majority of recommendations regarding CCUS are either in process or in planning.

However, Government deemed it inadvisable to publish a detailed timeline of each stage of Track 1 and 2 of the CCUS Cluster Sequencing Programme, as recommended by the CCC, due to concerns that this would jeopardise ongoing project negotiations and commercial confidentiality. In addition, in reference to the expansion process for the Track 1 clusters, Government responds that it will be selecting projects to fill the available capacity anticipated to available "in and around 2030". Given Track 2 is due online by 2030 and the Track 1 expansion plans are due imminently, this wording raises questions on the rigidity of timelines.

The CCUS vision report, ICC and Waste ICC Contracts, an update to the GGR Business model and a Hydrogen Networks Pathway and Production Roadmap are key publications due by the end of 2023 that the Government points towards in addressing to the CCC's recommendation.

[Key responses on CCUS, Hydrogen and Engineered Removals](#)

Government reiterates its commitment to CCUS, hydrogen and GGRs in playing a key role in the transition to net zero. Specifically, the Government describes its approach towards CCUS as "pragmatic and

proportionate” by recognising that some industries are harder to decarbonise than others, which unless acknowledged, undermines production in the UK compared to cheaper and decarbonised production abroad. While the CCC noted that the UK has lost its global leadership position on climate action, Government reiterates its ambition for the UK to be a global leader in the transition to net zero by delivering on the recommended key priorities.

The Government outlined the progress that has been achieved on CCUS, Hydrogen and GGRs so far:

1. Committed funding:

- **£20 billion committed to the development of the CCUS industry** over the next 20 years as outlined in 2023 Spring Budget.
- **£171 million awarded as part of the Industrial Decarbonisation Challenge** to 9 projects located in 5 industrial clusters in March 2021. These projects are in progress and **on track to be completed in 2024.**

2. Legislation:

- **The Energy Act gained royal assent** on the 26th of October 2023 which included various provisions which support the **expansion of CCUS** and the **development of low carbon industrial clusters.**

3. Jobs and skills:

- Responding to calls from the Green Jobs Taskforce, the **Green Jobs Delivery Group was established in May 2022** to coordinate action and dictate clear plans to grow a green workforce in sectors key to the Net Zero transition, including CCUS and Hydrogen.
- The Government has declared that there will be a continued role for the oil and gas industry especially in relation **to jobs with transferrable skills that will be crucial to the development of the CCUS industry.**

4. Power system:

- The Government does not intend to determine in detail the exact configuration of the electricity system at this stage in order to maintain a flexible approach. However, it highlighted that **power CCUS and hydrogen to power will be part of delivering ambitions.**

5. Infrastructure:

- Oil and gas assets will remain **crucial to national infrastructure planning** as well as for the **development of the CCUS sector.**

6. Hydrogen:

- The Government consulted on the **high-level design of the hydrogen production business models between August and November 2022.**
- In August 2023, the Government published the **Hydrogen Production Business Model (HPBM)** contract and the **Low Carbon Hydrogen Agreement (LCHA).**
- The Government has introduced provisions in the Energy Act intended to **support the design of hydrogen-related business models by 2025.**

The Government highlighted the following upcoming key actions which will shed a light on further development of CCUS, Hydrogen and GGRs:

1. The **CCUS Vision Report** will be published later this year.
2. The first **Spatial Plan for Infrastructure** will be published as part of new reforms to energy infrastructure, boosting industry confidence in Government's commitment to net zero infrastructure.
3. **The UK ETS is being reviewed and updated** to help companies decarbonise as efficiently as possible and will align with net zero targets from 2024. **GGRs and high-emitting sectors are planned to be included in the UK ETS**, subject to consultation and agreement with the UK ETS Authority.
4. **Business Model Development:**
 - Track-2 process is under further development. The Government has selected the **Viking and Acorn T&S projects to participate in the Track-2 process**, however final assessments and decisions are still being considered.
 - The Government will also launch a process later this year to begin further **expansion of the Track-1 clusters beyond initial deployment** in order to identify projects that are able to fill the available storage and network capacity anticipated to be available in 2030.
 - Updated **Industrial Carbon Capture (ICC) and Waste ICC Contracts** were published October 2023 addressing considerations noted in December 2022. They remain in draft form and are subject to further revisions.
 - The Government intends to proceed with the development of a greenhouse gas removal (GGR) Business Model, applicable to a range of technologies, subject to affordability and value for money. **An update to the GGR business model will be published later this year** which will cover model design and eligibility criteria.
 - **The Power BECCS business model is being developed** and the Government remains committed to the objective of deploying at least 5 MtCO₂ per year of engineered removals by 2030.
5. **The Green Jobs Delivery Group will deliver and publish a Net Zero and Nature Workforce Action Plan by Summer 2024** which will help provide the skilled workforce needed for the net zero transition, including for the creation of new careers in emergent industries such as CCUS and Hydrogen.
6. The Government will publish a **Hydrogen Networks Pathway alongside a Production Roadmap by the end of 2023** which will set out the next steps for the development of hydrogen transport and storage (T&S) infrastructure in the UK.
7. The Government is finalising funding mechanisms to support their commitment to achieve **up to 10GW of hydrogen production capacity**. In addition, Government will provide **further guidance on hydrogen production, transport and storage** in due course.
8. **Hydrogen for heating is no longer a priority for the Government**. Instead, Government will continue feasibility studies for hydrogen to play a role in slower time demand and only in specific locations.
9. **£150 million is being invested into the Green Future Fellowships** which will support development of breakthrough green technologies.