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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

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The following abbreviations are used to show a Member's party affiliation:

Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
Lab Co-op	Labour and Co-operative Party
LD	Liberal Democrat
Non-afl	Non-affiliated
PC	Plaid Cymru
UUP	Ulster Unionist Party

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House of Lords

Wednesday 7 September 2022

3 pm

Prayers—read by the Lord Bishop of Oxford.

Government: Ministerial Changes

3.07 pm

Baroness Smith of Basildon (Lab): My Lords, I am grateful for the opportunity to lead the tributes to the noble Baroness, Lady Evans of Bowes Park, and thank her for her service as Leader of your Lordships' House. It was very soon after taking her seat as our youngest female Member that she took up her post in the Government Whips' Office. I doubt she realised then that her next government role would be as the youngest woman to become the Leader of your Lordships' House and that she would go on to become the longest serving Leader of this House since 1951; she was in post for more than six years.

Her term of office coincided with difficult times for both the country and this House. Controversial legislation, Brexit and then Covid, which led to both remote and hybrid working, all brought challenges. At times those challenges frayed the normal courtesies this House prides itself on, but I hope we have now been able to work through those to a better way of working today.

Leadership is never easy, and being Leader of the Lords, while an honour that is both fascinating and rewarding, can at times be frustrating and exhausting. Unlike other Cabinet positions, in many ways it is a dual role: as a political leader and representative of the Government in this place, but also as a representative of this House in government. She and I have sat through many, many, many meetings together. I am sure she would agree that some were perhaps more enjoyable than others. But even at times of disagreement, I never doubted her commitment to helping ensure that this House fulfils its valuable constitutional role as a revising and scrutiny Chamber—a role not always welcomed by Governments.

On a personal note, I thank her for her kindness to me, both when my husband was in hospital and, very importantly—I look at the noble Lord, Lord True, as I say this—for sharing the government car for official functions.

Noble Lords: Oh!

Baroness Smith of Basildon (Lab): I hope he appreciates that, after all these years, a precedent has been set for these arrangements.

The noble Baroness in her maiden speech told the House of her passion for education, particularly state education. As she returns to the Back Benches, I sincerely hope that we shall hear more from her on this and other issues.

I also take this opportunity to pay tribute to the noble Earl, Lord Howe, and thank him for his long service to this House as Deputy Leader. His courtesy and respect for your Lordships and this place is legendary, and we will miss him in this role.

Last, but most certainly not least, I genuinely welcome the noble Lord, Lord True, to his new role as the Leader of your Lordships' House. As we say in Essex, we already have form, having enjoyed many exchanges on Cabinet Office business and constitutional issues over the past few years. I am grateful to him for our initial conversation today and I look forward to a productive relationship in the interests on this House on a wider range of issues, within this Chamber and beyond—but hopefully, never on Zoom.

3.10 pm

Lord Newby (LD): My Lords, from these Benches I join the noble Baroness, Lady Smith, in paying tribute to the work of the noble Baroness, Lady Evans, as Leader of your Lordships' House.

In the Lords, the role of the Leader, the other party leaders and the Convenor is very different from that of our counterparts in the Commons. For, although we have to engage in robust exchanges across the Floor of your Lordships' House, we also play a major role in managing how the House functions, whether via the House of Lords Commission, in the appointment of senior staff or, at times, in the management of business on the Floor of the House. We therefore regularly have to set aside party differences and work collegiately for what we see as the benefit of the House.

During the noble Baroness's tenure as Leader, this collaborative approach was needed as never before in responding to the pandemic. In a matter of weeks, we were able to transform our working practices so that the House was able to continue to function with the involvement of Peers from across the country, even though they were unable in most cases to be physically present.

In driving through these—for us—revolutionary changes in a very short timescale, the noble Baroness, Lady Evans, played an energetic and leading role. In doing so, she displayed the qualities that made her an extremely good working colleague. She was very open to new ideas, but not uncritically; she judged them on their merits. She was decisive, which is not a universal character trait among politicians. She was inclusive, and her door was metaphorically always open for me when I wished to raise a concern. She showed good judgment—by which I of course mean that she often agreed with what I was proposing. She was unpompous and had a great sense of humour. In dealing with difficult issues, not least our response to the pandemic, these were extremely endearing qualities. On issues such as R&R, she followed the common view of your Lordships' House about how to proceed, against the views of some of her senior colleagues in the Commons. She was a champion of your Lordships' House in government.

But, in saying farewell to the noble Baroness, it is a pleasure to welcome the noble Lord, Lord True, to his new position. I think it fair to say that the noble Lord's default position as far as Liberal Democrats are concerned is not always one of benevolence and enthusiasm. Given his experience in Richmond, that is perhaps understandable. However, in my dealings with him on legislation, I find that he is consultative, straightforward and thoughtful, and I am sure that he will bring these

[Lord Newby]
qualities to his new role as Leader. He has an encyclopaedic knowledge of how the House works, and I am sure he will be a doughty defender of its traditions. I look forward to working with him.

When Sir John Major lost the 1997 general election, he immediately went to The Oval for some immersive cricket therapy. The noble Baroness, Lady Evans, is a great cricket fan. I therefore hope that, with The Oval test starting tomorrow, she will be able to follow Sir John's example, take comfort in the fact that she will no longer have to worry about the workings of your Lordships' House and the foibles of its Members and spend a relaxing few days enjoying the cricket.

3.14 pm

Lord Judge (CB): My Lords, on behalf of the Cross Benches, I associate myself with both tributes that have been paid. We have had a Leader who has led us in very tumultuous times. I will give noble Lords a roll call of these: ignoring the most recent appointments, in her time as our Leader we have had no less than five Lord Chancellors, four Foreign Secretaries, four Chancellors of the Exchequer, three Home Secretaries and two Prime Ministers—and we believe that we live in a very stable system.

As the noble Baroness, Lady Smith, touched on, the noble Baroness, Lady Evans, has had to cope with the Brexit debate, in which there was a huge amount of emotion and passion, including very contradictory emotion and passion. She had to lead the House at a time when, in my view—although I will probably be shouted down by the Brexiteers for saying this—the majority of the House was against her Government's view and against her.

In the course of the Covid problems and lockdown, there were a number of noble Lords—a significant proportion of this House—who took the view that the draconian powers that were being taken by the Government were unacceptable. It is fair to say, from my own assessment of when I was here, that the majority of those came from her own party—

Lord Forsyth of Drumlean (Con): They were right.

Lord Judge (CB): I will not comment on what the noble Lord, Lord Forsyth, has just said, because if I did, I would tell him that he was wrong.

We are obviously indebted to the noble Baroness. I will take up what the noble Lord, Lord Newby, has just said, but in a broader context because, as the Convenor of the Cross Benches, I do not have a party-political affiliation. I have been an observer for three years of the way in which the then Leader of the House, the Leader of the Opposition and the leader of the Lib Dems—alongside the Government Chief Whip, the Labour Chief Whip and the Lib Dem Chief Whip—have worked together, notwithstanding huge political differences, to ensure that the interests of the House were well served or, at any rate, to the best that they could possibly manage. It is very salutary to be in that corridor and to realise how much work is being done by them personally, and by their offices, to ensure that the oils of this engine are efficient and quiet. Very rarely did I hear voices raised, and when I did that was fine too—it is part of a working relationship.

We obviously should be grateful to the noble Baroness, Lady Evans—and we are. Beyond that, the whole House must recognise that being the Leader, as the noble Lord, Lord True, will be, of this particular bunch of individuals—all of whom are opinionated, sometimes rightly and other times wrongly; all with views about everything, some of which are very strong indeed—is a terrific job to have to do. Unfortunately, when things do not work out, the blame falls on the Leader. So I thank the noble Baroness, Lady Evans, on behalf on the Cross Benches.

I will add a word of welcome to the noble Lord, Lord True. On behalf of the Cross Benches, I say that it is wonderful to have someone now in this important appointment who actually understands the constitution. I ask the noble Lord to forgive me for giving him a patronising lecture in advance of starting, but from our point of view the important thing that the Leader of the House must do, today and for next two years, or for however long he is the Leader, is to ensure that his colleagues in the Cabinet understand that the sovereignty of Parliament includes not ignoring the views of the House of Lords and recognising that it is subject to the sensible limitations called the conventions, which have been hallowed over the years. We wish him all the very best of luck—not merely in office but as he tries to explain this to his Cabinet colleagues.

3.19 pm

The Lord Bishop of Oxford: My Lords, it is a joy to listen to these tributes. I associate myself with them and, on behalf of the Lords spiritual, add our thanks and appreciation to the noble Baroness for her service over this last six years. It is a happy thing that so many of my colleagues are also here to join in that tribute. It has been my privilege to serve in this House through the whole of the noble Baroness's tenure. I believe that she has brought the gifts of stability and acuity to her leadership and that the House has functioned well in that time. So far as I can judge, she has increased the respect in which this House is held in the wider nation and country.

As others have said, this has been a particularly turbulent period for Parliament, politically and practically, with the outworking of Brexit and the pandemic requiring the House to adopt remote and then hybrid working. The noble Baroness has been a consistent, calm and steadying presence throughout, with a real sharpness and grasp of the issues, combined with a deep courtesy and respect for tradition. The House owes her a debt of deep gratitude for steering us through this time.

I also take this opportunity to give thanks to the service of the noble Lord, Lord Ashton. His and the noble Baroness's doors have always been open to the Lords spiritual, and we are grateful for the welcome that they have shown to new arrivals on the Bishops' Benches, the Convenor and the Archbishop of Canterbury in making it possible to host his annual debate.

We also welcome most sincerely the noble Lord, Lord True, to his post and look forward to working with him in his new role in the coming months and years.

3.21 pm

The Lord Privy Seal (Lord True) (Con): My Lords, of course I echo the tributes made so eloquently to my noble friend Lady Evans of Bowes Park, which I shall not be able to match. I wholeheartedly add my own, and am only sad that she is not here to hear the warmth of feeling towards her in the House—but I am sure that she knows that, and has known it, and will see it in *Hansard*.

My noble friend served your Lordships' House as Leader for six years, and did so with determination, tenacity and always great good humour. I can bear out what was said—that she consistently and forcefully made the case for your Lordships' House within government. I have to say that, having had the benefit of being on a Cabinet committee with her, I heard some pretty robust language there when she has been defending your Lordships' House and its place in our national life. She always defended this place. On a personal level, as noble Lords have already said, she has been a source of great support not only to many of my noble friends but to people across the House. She has provided leadership and morale in difficult times.

Even from my noble friend's earliest days in the House as a Government Whip, as has been alluded to, when she came leaping forward from being a junior Whip, she acted without fear or favour. I remember an occasion when the late Lord Ashdown of Norton-sub-Hamdon was not abiding by the speaking limit in debate. Despite his concerted attempts to continue, the noble Baroness finally quelled him. Anybody who knew the great Paddy Ashdown will know that it was not very easy to quieten him down.

My noble friend's sheer dedication was very much the reason for her longevity in the role. She was the youngest Leader in modern times and, as the noble and learned Lord said, it was daunting. Imagine being so young and looking all this august and fearful company and having to lead. She was the first Leader to serve under two different Prime Ministers since Lord Shepherd and the longest-serving female Leader, as well as the longest-serving Leader of the House since the first Viscount Addison, who left office in 1951. Even Viscount Addison beat her by only 31 days. To think that she slogged away for six years and then missed that record by only 31 days—I wonder whether she will ever forgive me.

As other noble Lords have said, it has been a turbulent time, with Brexit and Covid and all the more recent events with the war. The House has lived through exceptional times. I totally agree with what the noble Lord, Lord Newby, said about the experience of Covid and the sudden and different ways in which we had to operate, which was not something that many Peers liked. The thing I hated most since I became a Minister was sitting at my table, trying to answer questions.

My noble friend led and she was instrumental in seeing that the work of the House should and must go on. The hybridisation of the House was one of the most dramatic and sudden changes in history. She led that and led the way in ensuring the House could function safely and embrace the technology and, while many of us were comfortable at home, she and her team were here in Parliament every single day that the House was sitting. For that continuity, I think we all owe a debt of gratitude.

My noble friend is always fun to be with, and that is a very important quality in politics. I hope we in this House never forget, for all the gravity and seriousness of the things we deal with, the importance of fun, fairness and respect. She is an exceptionally generous and kindly person, as has been said and as many can testify. I offer, with all others who have spoken, our thanks to her and best wishes for the next chapter of her life.

I would also like to take a moment, as others have, to pay tribute to the outgoing Government Chief Whip, my noble friend Lord Ashton of Hyde. He will hate this because he is not that sort of person, but the role of Chief Whip is not for the faint of heart and he has undertaken it with characteristic compassion and diligence. I know I speak for the whole House when I wish him the very best for the future. We look forward to seeing him around the House—especially on voting days, Henry.

Finally, I thank those from across the House who have spoken to me, sent messages of support and been kind today about my appointment. However, I say emphatically that this is not a time to talk about me, and particularly not a time for me to talk about me—in any case, that is not something I am ever very keen on doing. I will do my utmost, I pledge to noble Lords, to uphold the ethos and traditions of this House that I love. I want this House, on all sides, to be a happy and comfortable place where, for all our differences—passionate and proper differences—every Peer feels that their views are valued. I look forward to working with noble Lords across the House to meet those responsibilities.

3.27 pm

The Lord Speaker (Lord McFall of Alcluith): My Lords, I join with colleagues in thanking the noble Baroness, Lady Evans, for her dedicated service. I acknowledge her as the longest serving Leader of the House in almost 70 years. I became Senior Deputy Speaker shortly after she took office in 2016 and enjoyed working with her both in that role and now as Lord Speaker. Since 2019, I have also had the pleasure of working with the noble Lord, Lord Ashton, and in particular I worked closely with both as we adapted our procedures during the Covid-19 pandemic. I am grateful to the noble Baroness and the noble Lord, and indeed to the noble Earl, Lord Howe, for their warm and constructive engagement across the years. I offer them my best wishes for the future.

Ukraine
Question

3.28 pm

Asked by ***Lord Coaker***

To ask Her Majesty's Government what assessment they have made of the current military situation in Ukraine.

The Minister of State, Ministry of Defence (Baroness Goldie) (Con): My Lords, the United Kingdom remains very concerned by Russia's illegal and unprovoked invasion of Ukraine and is tracking it very closely. We are liaising closely with Ukraine to understand its evolving priorities as we continue to support it in its fight. To date, we have committed £2.3 billion of military support, including lethal and non-lethal materiel, and to delivering training to thousands of armed forces of Ukraine personnel.

Lord Coaker (Lab): I start by saying that it is good to see the current Defence Secretary still in place. I also welcome the Prime Minister's early call to the Ukrainian President. I ask specifically, following the helpful update that the Minister has just given us, about the forthcoming conference in Germany on Thursday. The Defence Secretary, in his Statement, told the other place that at that conference he hoped that money for the new international fund for Ukraine, currently at €420 million, would be added to. He also hoped that a number of measures, including ammunition supply, would be agreed to, to support a longer-term strategy for our support for Ukraine. What specifically are our objectives now for this conference and for the longer term? In particular, can the Minister reassure us around the crucial maintenance of European and NATO unity with respect to their policy and Ukraine?

Baroness Goldie (Con): I thank the noble Lord for his kind remarks about the Secretary of State. I think the value of that continuity at this critical time is obvious to all, and I will relay those good wishes to him. As the noble Lord indicated, the meeting tomorrow at Ramstein is important. The Secretary of State will meet counterparts from literally dozens of like-minded partner nations to discuss our ongoing support for Ukraine. We are approaching autumn, which will be followed by winter; we anticipate that demands may slightly change in character and want to make sure that we are suitably positioned in the United Kingdom and with our partner nations to respond to them. I reassure the noble Lord that the aim of the conference is to cohere and co-ordinate the international effort to support Ukraine, and to send a clear message that the international community is united politically and practically and continues to devote itself with resolution, resolve and tenacity to this task of supporting Ukraine. We are also ensuring, with our partner nations, that we work with industry to sustain and maintain support to Ukraine.

Lord King of Bridgwater (Con): My Lords, is it not clear that the importance of supporting Ukraine at this time is that, were that in any way to fail, it would not be the end of Mr Putin's ambitions? One would have the gravest concern for the future of the Baltic states as well, which could quite clearly be part of a future agenda were we not to succeed in supporting Ukraine.

Baroness Goldie (Con): I totally agree. That is a widely held assessment which is indicative of why NATO partners and members and the wider partnership of nations which wish to support Ukraine and defeat President Putin in his illegal incursion into Ukraine are very clear that we have to work to secure the security of the Baltic states, as my noble friend indicated. He will be aware that extensive co-operation now exists on a military basis up there, not least the forward presence, and training continues to ensure that our friends in that area are reassured that we are cognisant of risk and want to do our part to assist them.

Baroness Smith of Newnham (LD): My Lords, in her response on the Statement on Monday evening, the Minister pointed out that we are working as closely as possible with our allies on Ukraine. It was suggested in the *Financial Times* that the EU would invite the UK to join the European security summit in Prague. If it does so, will Her Majesty's Government accept the invitation to keep those dialogues going, as they are just as important in a European context as NATO discussions?

Baroness Goldie (Con): The noble Baroness's colleague posed the same question to me on Monday evening. I was able to pledge that I would take that matter back and have done so. I have referred it to officials; it will essentially be an FCDO responsibility. We have been very clear as a Government that we want to co-operate with all those who are sympathetic to supporting Ukraine.

Lord Houghton of Richmond (CB): My Lords, given the state of the ground conflict in Ukraine, I will ask a domestic question on reserves. In doing so, I declare an interest as the president of the Reserve Forces' and Cadets' Associations. It is quite clear from the ground situation that both Russian and Ukrainian ground forces are sustained as combat effective only through the massive mobilisation of reserve forces. Compare that with our domestic situation, where the current policy, confirmed by a Minister in the other place earlier this year, is that the Army Reserve will be reduced over the next 10 years by 10%. Can the Minister confirm that this is still the policy and that there will be some urgent revisitation of it?

Baroness Goldie (Con): I cannot perhaps give the noble and gallant Lord the specific reassurance he seeks, but he will understand that, with a new Government and the constant presence of threats confronting us, we constantly review what we think our need will be and what we think will be our required capability. He will be aware that there is an exciting programme for the reservists to be much more of a united force with our regular service personnel. He raises an important point; I cannot answer him specifically but it is an area of opportunity.

Lord West of Spithead (Lab): My Lords, as an intelligence practitioner, to me it is quite clear that the vast majority of the information coming from the Russians and Ukraine is propaganda and untrue. Basing any judgment on any of it is wrong. This will be a long war and, as it goes on, Putin will become more desperate. Have we established red teams to look at the various possible things that Putin might do as he

becomes more desperate, so that we can think through what reactions we should take as a nation and as an alliance?

Baroness Goldie (Con): I never cease to be amazed at the noble Lord's gamut of experience and expertise. Frigates I am familiar with—intelligence, less so. At the heart of his question is an important point. He will be aware that the MoD has, perhaps unusually, been releasing intelligence. Defence intelligence will continue to provide public intelligence updates on the conflict via social media. These updates have consistently challenged the Russian false narrative and have provided the public with proper transparency of the events surrounding Russia's unlawful invasion of Ukraine. We shall continue to take measured decisions about what we can release to counter the misinformation, the disinformation and, quite simply, the wilful dissemination of propaganda, and we will do that in a responsible fashion.

Lord Lancaster of Kimbolton (Con): My Lords, the training of Ukrainian soldiers here in the United Kingdom has been a tremendous success and we are about to reach our initial limit. Further to the question asked by the noble and gallant Lord, Lord Houghton, I should declare my interest as director of reserves at United Kingdom Strategic Command, and there are probably lessons for training our own reserves in what we have done for the Ukrainians. Given the success of the training, will the Government now commit to extending it to another 10,000 or 20,000 Ukrainians, not least because it will send a very clear message to Russia that we, the United Kingdom, are in it for the long haul when it comes to supporting Ukraine?

Baroness Goldie (Con): I will say to my noble friend that the right honourable Ben Wallace, the Secretary of State, in responding to the Statement in the other place, confirmed that we were not working to some fixed schedule; we are working in relation to training the armed forces of Ukraine on the basis of what they want, when they want it, and we will endeavour to support that need. The training we are providing is actually providing the UK Armed Forces with a great learning opportunity, because our troops are learning what our enemy does in the latest battlefield situation and how we should deal with it, so there is a mutual benefit.

Lord Alton of Liverpool (CB): My Lords, the noble Baroness will have seen that, in the last day, President Zelensky has supported the call by the UN safety agency that a safety zone should be put around the Zaporizhzhia nuclear power station, and that it has warned that the risk of catastrophe is accelerating. What are we doing to support the cause of President Zelensky and what more can be done?

Baroness Goldie (Con): We engage regularly with Ukraine across a wide range of issues, not least the power station and the concerns surrounding it. We are awaiting a report from the recent inspection; that will be produced at United Nations level and it will then be for a concerted response to determine how best to keep that area secure, and how to assist the Ukrainian population in that vicinity.

NHS: Access to Treatments

Question

3.38 pm

Asked by ***Lord Hunt of Kings Heath***

To ask Her Majesty's Government what steps they are taking to improve access to treatments for NHS patients.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Kamall) (Con): To improve access to treatment, the Government have committed to spend over £8 billion from 2022 to 2025, and this in addition to the £2 billion elective recovery fund and £700 million targeted investment fund made available last year. This funding is increasing capacity through community diagnostic centres and surgical hubs, supporting hospitals to prioritise treating the patients waiting longest, as well as accessing capacity via the independent sector. We are also making it easier for patients to choose treatment at different providers with shorter waiting times.

Lord Hunt of Kings Heath (Lab): My Lords, the noble Lord will be aware that access to the NHS, whether in primary care, the ambulance service, A&E or discharge, has become worse and worse. All the organisations that submitted evidence this week said that the core issue is workforce. I declare my interest as a member of the GMC. Can the Minister explain why has the number of medical training places this year been drastically reduced to 7,500 compared to 10,500 for last two years, and 9,500 in the pre-Covid year? The Medical Schools Council has said that we should have 14,500 medical places. How can the Minister justify 7,500?

Lord Kamall (Con): We are looking at a number of different things when it comes to doctors across the service. One is clearly opening new medical schools in areas which are underserved: sometimes we have doctors, but not in the right areas. We are also looking at overseas recruitment but, on the specific issues, we are having discussions—let us put it that way—on the cap. That is constantly being debated and I will take that back to the department.

Baroness Blackwood of North Oxford (Con): My Lords, NHS leaders have warned of a life-threatening situation in which clinically vulnerable people are being admitted to hospital after having their energy supplies cut off. This is obviously horrendous for the patients involved, but also risks putting tremendous pressure on NHS systems, which cannot bear that pressure at the moment. I urge the Minister to advise the incoming Health Secretary to take action to prevent the cost of living crisis becoming a health crisis when we can least afford it.

Lord Kamall (Con): My noble friend raises a very important point. It is not just in my department; across government a number of different departments are looking at the impact of the cost of living crisis and higher energy bills. Clearly the NHS, but also individual practitioners and centres within the NHS, will be affected by rising costs. Discussions are going on at the moment. One of the things that my right honourable friend the incoming Secretary of State has said is that she is very clear on the priorities—ABCDD: ambulances, backlog, care, dentists and doctors—but also understands the energy crisis.

Lord Winston (Lab): My Lords, the Minister's Answer to the noble Lord, Lord Hunt, does not seem to address the question. What we are seeing, of course, is a reduction in the number of doctors, whether from retirement and not being replaced or for whatever reason, or from a lack of training. Are the Government intending to reduce the number of doctors, as they have been doing, and how do they intend to substitute for proper medical care by a doctor, which is what patients want to see?

Lord Kamall (Con): The noble Lord raised a number of different points, which I will try to respond to. One issue is that, although we are recruiting more doctors, at the same time clearly there are doctors who are looking to leave. There is a demographic of people reaching a certain age, and one of the issues is pensions and whether they hit the limit. Those discussions are going on. There are also lots of discussions going on about how we can improve retention of those staff who feel overworked and have had enough.

In addition, at certain levels, for example primary care, it does not always have to be a doctor that the patient sees. It could be a practice nurse or a physiotherapist. There is also more emphasis on the Pharmacy First programme, whereby people can get advice from pharmacies, unless they actually need to see a doctor.

Baroness Brinton (LD): My Lords, for elective surgery, it does need to be a doctor that the patient sees. On Monday, a patient waiting for a long-delayed hip operation was told by his doctor about the delay. He thought he heard "18 months' delay": the doctor corrected him. It is 80 months' delay in that particular area. This is the workforce problem that other Peers have already raised. What are the Government going to do? Setting up emergency elective places does not solve the problem when there are not enough doctors to go around at the moment.

Lord Kamall (Con): If we look at elective care, we have seen a record number of referrals. We are also seeing more people receiving treatment. Of those on the waiting list, 16% are waiting for in-patient surgery. A lot of those on the waiting list are waiting for diagnostics. We have the surgical hubs and community diagnostic centres. On top of that, the two-year waiting list has been virtually eliminated, except difficult cases and those who need complex treatment. The next target is to eliminate the 18-month waiting list by 2023. It is a concerted effort right across the system, looking at a number of innovative solutions.

Lord Laming (CB): My Lords, some of the conversations that we have had show that the availability of services in the NHS depends to a large degree on efficient access to social care provision. Could the Minister tell the House what the Government are doing to sort out the social care problem in this country, which is getting worse?

Lord Kamall (Con): The noble Lord is absolutely right. There are a number of issues to do with social care. One of the reasons, frankly, is that it has been treated for far too long as a Cinderella service. One of the things we are doing is registration—there is a debate in the care community about whether it should be a voluntary or compulsory register; it is voluntary to start—to make sure that we really understand the sector. No one really has an overall picture of the care sector, and there is a range of different qualifications, which are quite often inconsistent. If we can get all that together, understand what is out there and understand the qualifications, we can make it a proper vocation and career for people. That is what we are doing at the moment.

Baroness Morgan of Huyton (Lab): My Lords, I urge the Minister to talk to the new Secretary of State and urge her, after 12 years, to actually start governing rather than campaigning. As we have just heard, a series of headlines—ABCD and all the rest—may tick some boxes for the media but does not change the system. The fundamental issue is social care and there is still no plan to change that.

Lord Kamall (Con): I am afraid I shall have to disagree. I ask noble Lords to think about what we have been doing with the Health and Care Act: for the first time, we are talking about properly integrating health and care together. They will be completely connected from the beginning of life and all the way through life. We also had the paper on integration and we are taking a number of different steps to make sure that social care is no longer the Cinderella service, but properly joined up all the way through people's lives.

Lord Bellingham (Con): My Lords, the Minister will be aware that access for NHS patients depends on hospitals that are fit for purpose and structurally sound. Is he aware a number of hospitals around the country, built in the 1970s, have leaking roofs and ceilings that are being propped up, including the Queen Elizabeth Hospital in King's Lynn in my old constituency? Can he tell the House about plans to announce the new phase of rebuilt and new hospitals?

Lord Kamall (Con): This is something that the previous Secretary of State, who had a very short term in office, considered. When he was looking at the priorities, one of the issues for him was the hospital programme—how we make it more streamlined and modular, and how we simplify the whole process of building new hospitals. Sometimes, these will be hospitals based on old models; at other times, this will mean things such as surgical hubs, which, whatever is happening elsewhere, will focus specifically on the conditions that need to be treated.

Baroness Merron (Lab): My Lords, the QualityWatch report by the Nuffield Trust and the Health Foundation found that the record waiting lists we now see cannot be attributed to the pandemic, as has so often been suggested in this House. What is the Minister's response to this report's findings?

Lord Kamall (Con): The Government are well aware of the waiting list problem. In fact, we have virtually eliminated two-year waiting lists, except for some of those difficult cases. The targets, working with various partners across the system, is to make sure that we eliminate 18-month waits by April 2023. When we look at this, those waiting 18 months or longer will be reviewed every three months at a minimum. Diagnosis and treatment of patients will be prioritised according to clinical urgency, then length of wait. NHS England has introduced six categories of prioritisation and is regularly reviewing those to make sure that patients are treated appropriately.

Baroness Butler-Sloss (CB): Why have the Government reduced the number of doctors being trained and when will this be changed?

Lord Kamall (Con): A number of noble Lords have already asked that question. I will take it back to department and get an answer.

Baroness Fox of Buckley (Non-Afl): My Lords, could I ask the Minister to read and circulate an article from Saturday's *Guardian* by Merope Mills, a devastating account of the preventable death of the journalist's 14 year-old daughter, Martha? Would the Minister note that Ms Mills, an erstwhile, uncritical NHS cheerleader, stressed that this

"had nothing to do with insufficient resources or overstretched doctors and nurses … austerity or cuts, or a health service under strain"?

Can the Government recognise that this crisis goes far deeper than simply listing numbers, money or technical solutions?

Lord Kamall (Con): The noble Baroness is absolutely right that it is not just about money, although money does play an important role; it is also about processes and efficiency. In my conversations with people who have been in the NHS or medical services for years, many have commented that we still have the same old model: you go to see a GP, you hope to see them for five or 10 minutes and then you are referred to someone in secondary care. There is a much more efficient way of doing that in this day and age. We have to look at the whole model of both health and social care and modernise it.

North Sea Gas

Question

3.49 pm

*Asked by **Lord Rooker***

To ask Her Majesty's Government what progress they have made to reopen storage capacity for North Sea gas that has been closed since 2017.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): My Lords, Great Britain has 1.5 billion cubic metres of gas storage capacity, which equates to approximately five days of peak January demand. Energy security is an absolute priority for the Government, and therefore we welcome Centrica taking the necessary steps to reopen the Rough storage facility this winter, which is its commercial decision. Last week, the North Sea Transition Authority granted its approval to Centrica to open Rough. Centrica has also received approvals from the Health and Safety Executive and Ofgem.

Lord Rooker (Lab): I thank the Minister for what I consider to be quite a positive Answer. However, does he agree that it is not alarmist to point out the bad decision of the then Chief Secretary, a former Shell employee, in 2017 to refuse the public contribution to maintaining the modest amount of gas storage in the Rough field? On the other hand, if it can be reopened this winter, Centrica was not telling the truth in 2017 about the safety and economic aspects of it. They cannot both be right. Is it not the case that we relied on the stock market and just in time, and this has cost the UK dear? We have a very low level of storage, as the Minister said, and Rough would give us an extra 10 days, compared to Italy which has 157 days. We are miles behind, and it is much better to have some security rather than the minimal amount that we have now. My final question is: can we stay part of the EU system for gas networks, if only for the fact that Ireland gets its gas via the UK?

Lord Callanan (Con): The noble Lord has made a number of points that deserve an answer. First, it was a commercial decision for Centrica to close the Rough storage facility. Secondly, the reason that the UK has traditionally had lower levels of underground storage than the likes of Italy or Germany is precisely because 45% of our own capacity is from our own domestic resources, which is essentially a huge gas storage facility. We also have 20% of all the LNG unloading facilities in Europe, and in fact the UK has been taking the opportunity during the summer to help the EU, including Germany and other countries, to refill their storage capacities using our LNG import facilities, because they did not have enough of them. So it is a complicated picture, but energy security is a great priority for us, and we are well placed for it.

Lord Bridges of Headley (Con): My Lords, I want to pick up on the final point that my noble friend just made and on the point that the noble Lord made in his question on the role of the interconnectors. I am sure that my noble friend will have read the Economic Affairs Committee report on energy which was published at the end of July. One of our main conclusions on the short-term issues was:

"There is no agreement in place between the UK and its European partners to manage energy supply emergencies. The Government should urgently seek an agreement with its … partners on energy cooperation."

This concern has been echoed by many in the industry during the summer. Can my noble friend please tell us whether such an agreement is now in place and whether,

[Lord Bridges of Headley]
as was pointed out earlier, the British Government will be sending a Minister to the emergency energy summit on Friday in Prague?

Lord Callanan (Con): As I intimated in my previous answer, we are co-operating closely with the European Union, and as I said, throughout the summer, in the quiet months, the UK's LNG terminals—we have 20% of the entire European capacity—have been working overtime precisely to help our European friends to refill their storage capacity in time for the winter months. Therefore, security is a top priority for us, and of course we work very closely with other suppliers such as Norway, with LNG suppliers, and with our European friends.

Lord Teverson (LD): My Lords, it is incredible to me that Centrica, a private company, was just able to close our national gas storage facility without, it would seem, any consultation or intervention by the Government. What will stop that happening again in two or three years' time?

Lord Callanan (Con): We have received proposals from Centrica, which we are closely examining at the moment. I point out that the market in 2017 was in a very different position. A number of independent reports were produced by experts at the time, supporting that decision from Centrica. However, the situation is very different now, which is why it is now looking at reopening it.

Lord McNicol of West Kilbride (Lab): My Lords, following on from that answer, I welcome the Government's approach to reopening the gas storage facility in the North Sea. However, as the Minister just touched on, questions persist with regard to the safety of Rough wells, and these concerns, as he mentioned, are shared by many, including energy consultants and safety experts. This raises real concerns over the safety of reopening without extensive remedial work. Can the Minister say what measures the Government are putting in place to ensure the safety of both the facility and the workers, to make sure that they are protected?

Lord Callanan (Con): As I said, the facility was closed in 2017 for commercial reasons, and that was not a decision for BEIS or Ministers at the time. The Government understand that Centrica is seeking all the necessary regulatory approvals to reopen the facility. The decisions to grant any and all approvals are of course taken by independent safety regulators; health and safety is their top priority.

Baroness Worthington (CB): My Lords, we are in the process of discussing an Energy Bill. I am sure the Government are correct when they say they take energy security very seriously. However, we are 85% dependent on gas for heating our homes and we in Britain have some of the leakiest homes. Just because we produce 45% does not mean we will actually be able to afford to buy it, so we need more intervention. In the Bill, there is a power to intervene in the market to secure core fuels. However, that applies only to oil products: petrol and diesel. Is it time to consider gas as a core fuel?

Lord Callanan (Con): Gas is clearly a very important fuel. As I said, our sources of supply are diverse. We have 45% from our own North Sea production; we have secure supplies from Norway; we have 20% of the entire EU capacity of LNG storage regasification facilities. So we are well served, but we are not complacent about these matters. We keep a very close eye on what is a fast-evolving situation and take energy security as our top priority.

Lord Cormack (Con): My Lords, my noble friend Lord Bridges asked a very specific question about representation in Prague at the end of this week. My noble friend did not reply to that. Can he tell the House whether the UK will indeed be represented?

Lord Callanan (Con): I do not know the answer to that question.

Lord Watts (Lab): My Lords, is it not the case that it is not up to a private energy company to decide whether it provides a facility to safeguard British gas to the customers? It is the Government's responsibility, and it is the Government who have failed to make sure that there is sufficient gas in case of an emergency.

Lord Callanan (Con): We have not failed to make sure there is sufficient gas in case of emergency. As I just said, we get 45% of our supplies from our domestic sources; we have extensive LNG terminals; we have a good relationship with Norway, which has another part of the North Sea and supplies gas to the UK. We are much better served than the rest of the European Union in these matters.

Lord Roberts of Llandudno (LD): Is the Minister really serious about this, and will what he advocates be in the plan which we receive tomorrow? There is so much concern, not only among ordinary families, who are desperately concerned in many cases, but among businesses. Only this morning, I had a message from a local businessman in my town of Conwy. He said that the amount his energy is going to cost this coming year is six times what it was in the past year, from £148,000 to £790,000. When we have businesses that are going to breach nearly £1 million to keep their business going, no wonder there is great consternation. What will the plan be about tomorrow?

Lord Callanan (Con): I totally agree with the noble Lord. Of course, the issue of energy security is completely different from the issue of being able to afford it, and we are all, of course, all too painfully aware of the tremendous increases in gas prices in particular that have taken place recently. There will be important announcements tomorrow. The noble Lord will understand that I cannot tell him what they are at this stage, but he will not have long to wait to find out.

Baroness Altmann (Con): My Lords, following on from the questions of my noble friends Lord Bridges and Lord Cormack, I ask my noble friend to relay back to his department the concerns that have been expressed about the UK's potential non-attendance at the meeting on Friday, and perhaps report back to interested Peers whether it is possible for the UK to be represented in the middle of an energy crisis in a meeting that is so important?

Lord Callanan (Con): To be honest, this Question was the first I have heard of this meeting. I do not know the answer. I do not even know if we have been invited to it, but I will find out.

Lord Sikka (Lab): My Lords, the Rough gas storage facility was closed because the Government refused to subsidise the repairs, which means that the Government made the decision. I therefore have two questions for the Minister. First, was a cost-benefit analysis conducted from an energy security and public interest perspective? If so, will he now publish it?

Lord Callanan (Con): Indeed, the reports written at the time were published. There was one report by Cambridge academics studying precisely this matter. It is easy to be wise after the event. If that facility had been retained, the cost would have gone on to gas bill payers—Peers in many parts of the House are criticising us for the high level of prices—and that would have been an additional cost. That was the decision taken at the time. The world looks very different now, so we have received proposals from Centrica, and we are closely examining them. These are important matters; we take the security of supply incredibly seriously; and we will look at it.

Disabled People: Personal Assistants

Question

4 pm

Asked by ***Baroness Thornton***

To ask Her Majesty's Government what steps they will take to address the reported shortage of working age disabled people's personal assistants, needed to enable them to work and live independently.

The Parliamentary Under-Secretary of State, Department of Health and Social Care (Lord Kamall) (Con): Personal assistants are invaluable in supporting people to live independently. The Government have in place a range of measures to support recruitment and retention, including delivering a national recruitment campaign, providing a £462.5 million boost for recruitment last winter and ongoing work with the Department for Work and Pensions to promote carers in adult social care. We are also investing £500 million to support and develop the social care workforce, including personal assistants, to address long-term barriers to recruitment and retention.

Baroness Thornton (Lab): I thank the Minister for that Answer. The lack of PAs is a serious emergency and is creating huge anxiety for the working-age disabled, who need and have a legal right to be economically and social active. What seems to have happened is that the market for and availability of people who want and value this kind of job have vanished. Welcome as they were, none of the measures that the Minister mentioned address that emergency. For example, one no-cost action that would help—it would not solve the problem, but it would help—would be for PAs to be recognised as skilled workers and be made eligible for work in the UK, since more than 32% of them vanished as a result of Brexit. Are the Minister and his colleagues meeting the disabled groups that are very concerned about this matter?

Lord Kamall (Con): I thank the noble Baroness for raising those issues. As she will recognise, some of them fall between DWP and the Department of Health, so I can take the second question back to DWP on her behalf. We recognise this issue as part of the wider social care sector but one issue with bringing people in from overseas—as many noble Lords will know, I am in favour of recruiting from overseas—is that personal assistants are often employed by individuals and, sadly, under the Home Office rules, they are not considered sponsors. When this was raised with me yesterday, I asked for it to be looked into in more detail and was assured that more conversations will be going on. It is a reasonable suggestion; we just need to have those conversations with the relevant department.

The Lord Speaker (Lord McFall of Alcluith): My Lords, we have a remote contribution from the noble Baroness, Lady Campbell of Surbiton.

Baroness Campbell of Surbiton (CB) [V]: My Lords, I have contributed to your Lordships' House for 15 years because I am supported by PAs. Without them, thousands of disabled people could not work. Can the Minister explain how the Government are honouring their commitment to support disabled people's UN convention rights to live independently, given the current PA employment crisis? Does he agree that fixing social care must include many different ways of attracting motivated PAs? Will he meet me and disabled experts to discuss solutions to this crisis?

Lord Kamall (Con): The noble Baroness makes a welcome point and clearly demonstrates the usefulness of and real need for personal assistants; indeed, I have met and had conversations with her and her personal assistant. This is part of the wider issues around employing and getting more people into social care, as well as professionalisation. At the moment, some of the initiatives to professionalise a service do not extend to personal assistants, partly because of the way they are employed. When I asked why we cannot harmonise between personal assistants and other people in the care sector, I was told that conversations are going on. I will have to take this back to the department and DWP to get an answer for the noble Baroness.

The Lord Speaker (Lord McFall of Alcluith): My Lords, we now have a virtual contribution from the noble Baroness, Lady Thomas of Winchester.

Baroness Thomas of Winchester (LD) [V]: My Lords, the Minister has partly replied, but can he say a bit more about Home Office bureaucracy which is holding up the recruitment of care workers from overseas?

Lord Kamall (Con): One issue that I think noble Lords across the House agree on is a suggestion made by the noble Baroness, Lady Thornton. If we want to make sure that we have the right number of workers, we should improve training over here, but there will clearly be a skills gap in this country and therefore we need to look overseas. Sadly, as I said earlier, under the Home Office rules at the moment, individual employers do not count as sponsors. Officials in the department are having conversations with DWP to look at whether that can be rectified, or whether there is a way to find a trusted sponsor.

Baroness Donaghy (Lab): My Lords, working-age people with disabilities are virtually prisoners in their own homes. We are not talking about improving skills or having conversations. When disability is supposed to be a subject where people are treated as normal citizens who want and can go out to work with sufficient support, we are looking for some answers from the Government about how they can do so. Why are the Government only having conversations, after 12 years?

Lord Kamall (Con): The Government have been committed to ensuring that there is equality for disabled people, including plenty of initiatives in other sectors—transport, building new homes and offices, and retrofitting—but the issue of personal assistance is a particularly difficult one in the context of social care having been treated as a Cinderella service for years. Some of the initiatives that we are putting in place, such as the proper qualifications and recruitment from overseas, sadly do not yet apply to personal assistants because of the rules. We are looking at those barriers and hopefully will be able to tackle them.

Lord Polak (Con): My Lords, I am a member of the Adult Social Care Committee in your Lordships' House, chaired by the noble Baroness, Lady Andrews. We are looking at the invisibility of the unpaid carer, but it was timely that yesterday we went to Real, a charity in Tower Hamlets. It was a humbling and educational experience in which the difficulties and issues within the social care system for disabled people were brought to us. The difficulty of accessing PAs was very clear. My noble friend the Minister highlighted the problem in one of his answers. He said that maybe we need go to DWP or maybe we need it to be here. It needs to be coherent. To help those people, it needs to be one person, one Minister, one department dealing with this matter.

Lord Kamall (Con): My noble friend makes a very important point. I have found this to be the case with a number of initiatives that I have been working on in my department. Quite often, I will have a joint meeting on an issue—with someone from BEIS, for example—and I then realise that they have to go and talk to someone else outside of the room. When I have been involved in such initiatives, I have always insisted that whoever else across government has a role or interest in them is in the room with us. This is clearly another example of what should be happening. It should be jointly DHSC and DWP. Rather than thinking about whose responsibility it is, we should work together to find a common solution.

Lord Addington (LD): My Lords, does the Minister agree that if we are dealing with this, it will need every department involved, as has already happened? Will he also ensure that the Treasury leads, because if you are denying that person the chance to work, you are also denying yourself their taxation? Can he go to the heart of government and say, "Get your act together and bring your friends along as well"?

Lord Kamall (Con): The noble Lord makes an important point about who should be in that room when we are talking about all these issues. Generally, across government, there are a number of joint initiatives in terms of ensuring that we hit our target of equality for disabled people, but as other noble Lords have pointed out, this issue falls between DWP and DHSC. I was surprised when I was briefed on this about where it fell. It clearly must be people in the same room.

Baroness Watkins of Tavistock (CB): My Lords, it was a pleasure earlier to hear the new Health Secretary say that this is the kind of example that she would want to resolve—she did not use a particular one. Could the new integrated care boards not be the trusted sponsor for such personal assistance in each area? It would be straightforward and simple to introduce.

Lord Kamall (Con): On the face of it, that sounds a very sensible suggestion, so let me take it back to the department, and if I am still here, I will respond.

Baroness Uddin (Non-Afl): My Lords, I very much welcome this Question, at a time when my family has just started experiencing the hard stuff of social care. It is completely absent from many people's lives because they are stuck in hospitals and not able to leave. People who are already in employment will be suffering exactly the same problems and issues with personal assistance. The Minister has been in his post for a long time, and we have all been requesting that he listen to what many of us with long-standing experience have said. What will he do now?

Lord Kamall (Con): I first pay tribute to the long-standing experience of the noble Baroness and to the many conversations we have had on this. That this Question has been asked will raise and highlight the issue. It also allows me to go back to the department, kick a few desks, as it were—without being accused of harassment or violence—and make sure that government can look at this in a joined-up way.

Pakistan: Flood Relief

Private Notice Question

4.10 pm

Asked by ***Baroness Manzoor***

To ask Her Majesty's Government what financial and humanitarian assistance they are providing to the Government of Pakistan in light of extensive recent flooding in that country.

The Minister of State, Foreign, Commonwealth and Development Office (Lord Ahmad of Wimbledon) (Con): My Lords, the United Kingdom was the first country to support Pakistan with financial assistance, providing an immediate £1.5 million towards water and sanitation, cash assistance and primary healthcare. In response to the joint UN and Pakistan Government's $160 million appeal, we have now increased the value of our assistance to £16.5 million, which is around $19 million. Of this, £5 million has gone to the Disasters Emergency Committee's Pakistan floods appeal; the rest is being worked through and allocated to UN funds and NGOs on the ground to support relief and recovery efforts.

Baroness Manzoor (Con): My Lords, I very much thank the Government and my noble friend for his Answer, but he will appreciate that we can do much more. The situation in Pakistan is devastating. A third of Pakistan is under water—an area the size of the UK. About half of the country's crops have been washed away, creating significant food shortages. Thousands of people have been injured, and many displaced and killed, due to the significant impact of climate change.

As the Minister knows, Pakistan contributes to less than 1% of the planet's greenhouse gases. Can he say what the Government are doing about the pledges repeatedly made at climate summits regarding compensation for countries such as Pakistan, where there is an impact from climate change? How is that being activated and addressed? Will he keep the House updated?

Lord Ahmad of Wimbledon (Con): My Lords, first, I totally agree with my noble friend's assessment. She is correct: a territory one and a half times the size of the United Kingdom is currently under water in Pakistan. I have been engaging directly with the Pakistani authorities, Ministers, officials and high commissioners, as has our high commissioner on the ground, in making assessments. We have also been engaging directly with the UN over the last few days and since the tragedy took place. It is catastrophic; there is no better word for it.

On the specific point about climate change, issues of mitigation and adaptation continue and need to be addressed in Pakistan in the medium and long term. That is why, last year at COP, the United Kingdom committed £55 million for this purpose in working directly with Pakistan. We are the primary voice, as we hand over the COP baton to Egypt, in ensuring that countries keep to the pledges they have made.

Lord Collins of Highbury (Lab): My Lords, yesterday in the Commons the chair of the International Development Committee pointed out that

> "Climate change, fertiliser costs and conflict all pose a serious threat to food production and distribution globally."—[*Official Report*, Commons, 6/9/22; col. 96.]

In welcoming the Government's reallocation of £16 million of existing aid to Pakistan, she asked Vicky Ford, the Minister, how it will contribute to addressing the long-term food insecurity Pakistan faces, and what programmes would be cut as a consequence. She failed to answer the chair of the International Development Committee yesterday, and I hope the Minister will answer today. What cuts will be made to existing programmes to give this welcome and needed support to Pakistan in this crisis?

Lord Ahmad of Wimbledon (Con): My Lords, on Pakistan's specific needs and requirements, I have already indicated that £16.5 million has been allocated in response to the direct needs identified by the Pakistani Government. Within the allocations we make for that part of the world, we have the flexibility to respond to a humanitarian crisis such as this. As the Minister who currently oversees that, I grasped this situation immediately to ensure that those moneys could be allocated. On the medium-long term, there will be additional requirements, and my noble friend has already alluded to some on which we could work with Pakistan, such as reconstruction and climate mitigation. I will certainly be happy to update the House on the future support we will be giving to Pakistan in this respect.

Lord Purvis of Tweed (LD): My Lords, the suffering of the people of Pakistan is immense, particularly that of women and children. The health needs of the population will be not only immediate but medium and long term. I therefore welcome the reallocation of the £16.5 million, but I have to inform the House that UK support for the people of Pakistan, which was £378 million in 2020, has been cut this year by 88% to just £43 million. Just two years ago, the health component of that was £69 million. This year, it is zero. Will the Minister please go back to the new Foreign Secretary and the new Minister for Development and get the health component restored, at least for the women and children of Pakistan, who are desperately in need?

Lord Ahmad of Wimbledon (Con): My Lords, the noble Lord is correct in that, over the past 12 to 24 months we have been looking at reallocating primary funds to the support that we identify is needed, particularly for women and girls. However, the tragedy that has struck Pakistan means that we need to look at what support can be provided. The noble Lord is right to point out the health concerns and requirements. I assure him that I have already made the case very clearly to the new Foreign Secretary—like my noble friend Lord Kamall, there is the question of whether I continue in this role—and to the previous Foreign Secretary and Prime Minister, about the need for medium and long-term support for Pakistan.

Baroness Warsi (Con): I am grateful for the work the Government have done in response to the disaster that has struck Pakistan, and to my noble friend for leading on this work. He will be aware that when

[Baroness Warsi]
Pakistan was flooded in 2010, at the height of government cuts and in the midst of austerity, our flood response alone was four times what is has been to date in 2022. By all indications, the floods in Pakistan today are four times worse than in 2010. I look forward to what my noble friend has to say about the medium to long-term support we can give to Pakistan as it approaches a harsh winter.

Lord Ahmad of Wimbledon (Con): My Lords, my noble friend speaks with great insight; indeed, I understand that she visited Pakistan very recently. Of course, it is clear that the challenges are immense: there is no doubt about that. I have spoken directly to Pakistani Ministers, including Hina Rabbani Khar, to identify the specific immediate needs and the medium to long-term needs. There is a need for infrastructure investment in bridges. More than 3,500 kilometres of road have been swept away. In the previous response, the funding my noble friend alluded to included infrastructure support for bridges, for example. Those needs are being identified. I spoke to Deputy Secretary-General Amina Mohammed at the end of last week and I have been direct contact with Secretary-General António Guterres, who is visiting Pakistan tomorrow. There will be another assessment of immediate, medium and long-term needs. We are engaging directly with the UN and other authorities in that respect, and as I said earlier to the noble Lord, Lord Collins, I will update the House.

Lord Alton of Liverpool (CB): My Lords, I join the noble Baroness, Lady Warsi, in thanking the Minister for the personal and deep interest he has taken in this. I declare my interest as co-chair of the All-Party Parliamentary Group on Pakistani Minorities and vice-chair of the country group on Pakistan.

My first question concerns Sind province, where Lake Manchar is in danger of overflowing and 100,000 people have already been displaced. It has already had to be breached in order to stop an even more catastrophic situation emerging. What news can the Minister give us about that? My second question concerns children and follows on from a point made by the noble Lord, Lord Purvis. UNICEF pointed out yesterday that 30% of water systems have been damaged, 17,500 schools have been damaged or destroyed, 16 million children have been affected, and 3 million children are in need of humanitarian assistance and are at risk of water-borne diseases such as cholera, and of drowning or malnutrition. Children are always most at risk after terrible catastrophes such as this. What priority are we giving to trying to ensure that their critical needs are met?

Lord Ahmad of Wimbledon (Con): My Lords, on the noble Lord's point about Lake Manchar, we are watching that situation very carefully. He is of course correct that various efforts have been made to prevent the lake destroying the neighbouring lands, which are already flooded. I am fearful, given the forecasts. This was a catastrophic event; it was not just the monsoon rains but the glaciers that caused the flooding—the two things happened together. As the Minister in Pakistan, Hina Rabbani Khar, told me, it is the most vulnerable of communities, including children, who have been impacted. That is why we are working with NGOs on the ground and directly with UN agencies, and making our own assessments through the high commissioner, to identify the immediate needs in terms of sanitation, water and medicine in order to avert disease spreading. We are also looking at the medium-term needs of those vulnerable communities in particular to identify how, ultimately, once the floods have receded and some order is restored, we can get children back in school.

Lord Howell of Guildford (Con): My Lords, these floods are of course unprecedented, as my noble friend has rightly pointed out. Eight feet of water over hundreds of miles of land means mass drownings and the wiping out of whole villages, as he well knows. He has done very well in taking the lead on this. Has the Commonwealth come into this at all? Pakistan is a member of the Commonwealth—we sometimes forget that—and this would seem to be a time when mobilising all the wealthier members of the Commonwealth should be considered in order to support anything we are doing to bring decisive help on a global scale to tackle this ghastly horror.

Lord Ahmad of Wimbledon (Con): My Lords, my noble friend is correct: we need to make sure that we leverage all levers. I have mentioned the United Nations, and the Commonwealth is of course a very important institution. Some of Pakistan's near neighbours are members of the Commonwealth and have stood up support. Other members of the Commonwealth which are part of the industrialised nations have also lined up support. What is important, as I have said to the Pakistanis, is a detailed assessment of exactly what is required. That is why, with the DEC standing up its funding requirements, the immediate need is to ensure that funding can be allocated to the specific priorities. I will be speaking to other Commonwealth members as well as the wider UN family to ensure that Pakistan's needs are met not just for the short term but the medium and long term.

Lord Kerr of Kinlochard (CB): Given the scale of this disaster and our many links to Pakistan, is it very good that the Disasters Emergency Committee is running an appeal. I commend the Government for agreeing to match the funds raised by the appeal. However, when I last looked, the Government had put a ceiling of £5 million on the extent to which they would match-fund. Given the scale of the tragedy, that seems a very low ceiling. I hope that the Government will be ready to raise it.

Lord Ahmad of Wimbledon (Con): My Lords, as I said earlier, we are making assessments, and I hear what the noble Lord has said about the current £5 million ceiling. According to my most recent figures, the DEC fund has already raised in excess of £16 million, which includes our match funding. Of course, as we look at Pakistan's priorities, the Foreign Secretary and I will certainly be considering what else we can give priority to, including further DEC funding support.

Baroness Young of Old Scone (Lab): The Minister rightly pointed out that this catastrophe has multiple causes. Will he undertake to tell the new Environment Secretary and Business Secretary that this sort of Armageddon will increasingly occur across the world as a result of climate change, and that we must not take our eye off the ball on climate change during the current energy price crisis?

Lord Ahmad of Wimbledon (Con): My Lords, I assure the noble Baroness that the points she raises are very valid. It is not just about a cross-government approach to climate change, but a global approach. That is why I am fully supporting, engaging with and will continue to engage with the current COP President, Alok Sharma. Prior to this catastrophe, in my role as Minister with responsibility for north Africa, I spoke directly to Egypt, which will hold the COP presidency, to ensure that the commitments mentioned earlier to meeting the challenges of climate change are kept. The United Kingdom very much stands at the forefront of that. We allocated £11.6 billion of climate finance funding. That support is not just pledged but delivered in a way that focuses on the specific issues. Looking at the lay of the land in Pakistan, important long-term investments need to be made in respect of adaptation and mitigation.

Baroness Mobarik (Con): My Lords, rich countries promised to help finance lower income countries to deal with the impacts of climate change because of a recognition of their responsibility for historic carbon emissions. However, the target of £100 billion of climate finance by 2020 has never been reached. Does my noble friend agree that Pakistan should have its debt repayments suspended with immediate effect to ensure that much-needed resources are not sent out of the country at this time, as the human and economic costs the country faces are truly astronomical? Finance delivered in the past has been in the form of loans, not grants. Can we exert any pressure on the international community to do away with this debt?

Lord Ahmad of Wimbledon (Con): My Lords, I know that the IFIs, including the IMF, are working with Pakistan on its current situation. My noble friend will know from her own insights that Pakistan has just agreed a programme with the IMF that was important, as I am sure she agrees, to ensure the economic stability of Pakistan for the medium term. This catastrophe was not foreseen but it could certainly have been mitigated, and that is why my noble friend talks about emissions and contributions.

It is important to look at the here and now. What can be put in place? What support can be offered to Pakistan? As we have seen in previous crises, including when we were gripped by the Covid pandemic, the decision was taken internationally to freeze debt interest repayment. I am sure that all the authorities concerned—the IFIs and the international organisations—are looking at the different proposals. The United Kingdom will also make sure its voice is heard.

Strategic Litigation Against Public Participation (Freedom of Expression) Bill [HL]

First Reading

4.27 pm

A Bill to make provision about individual expression on matters of public interest, for participation in debates on matters of public interest and for discouraging the use of litigation as a means of limiting expression on matters of public interest.

The Bill was introduced by Lord Thomas of Gresford, read a first time and ordered to be printed.

Flags (Northern Ireland) (Amendment) (No. 2) Regulations 2022

Health and Social Care Act (Northern Ireland) 2022 (Consequential Amendments) Order 2022

Motions to Approve

4.28 pm

Moved by ***Lord Caine***

That the regulations and order laid before the House on 15 and 23 June be approved.

Relevant document: 6th Report from the Secondary Legislation Scrutiny Committee. Considered in Grand Committee on 5 September.

Motions agreed.

Energy Bill [HL]

Committee (2nd Day)

Relevant document: 4th Report from the Constitution Committee

4.29 pm

Clause 57: Revenue support contracts

Amendment 39

Moved by ***Lord Lennie***

39: Clause 57, page 51, line 39, at end insert—

"(d) a carbon capture use revenue support contract."

Member's explanatory statement

See the explanatory statement for the amendment at page 3, line 11.

Lord Lennie (Lab): My Lords, my amendment in this group is a re-run of part of the Committee's discussion on Monday, and it refers to Clauses 57 and 63. It is all about the "U" in "CCUS". More precisely, it is about the exclusion of carbon usage from the listed regulated activities in the Bill. Clauses 57 and 63

[Lord Lennie]
are concerned with revenue support contracts and the designation of carbon capture counterparties. Under Clause 57, regulations would explicitly set out

"a transport and storage revenue support contract … a hydrogen production revenue support contract … or … a carbon capture revenue support contract".

There is nothing about a carbon usage revenue support contract. Similarly, in Clause 63, this Government restrict themselves to "carbon capture", and there is nothing covering carbon usage. So I would welcome an explanation of these apparent omissions from the Minister when he responds.

I turn briefly to the amendment in the name of my noble friend Lady Liddell. She is right to seek to have direct air-sourced carbon covered by the Bill. Direct air capture is not in itself new, but what is new is the likelihood of a massive expansion in the years ahead, as we move towards achieving net zero. The International Energy Agency website is hugely informative on this, and I recommend it to all noble Lords who are interested.

Direct air capture removes CO_2 from the atmosphere, thereby offering a solution for legacy emissions. The first large-scale direct air-capture plant is set to begin operating in the United States by the middle of this decade, and Europe and Canada are set to follow. Direct air capture provides part of the solution to a strategy that sees a balancing of emissions being released with emissions being removed. It is not restricted simply to the removal of carbon from the atmosphere; its application ranges from beverages, with which we are all familiar, to future aviation fuels, helping to reduce emissions from travelling across and between continents. DAC is not the same as traditional carbon capture and storage, with which we are familiar. It is genuinely innovative and requires the attention of this Energy Bill, as my noble friend Lady Liddell will explain.

Baroness Liddell of Coatdyke (Lab): My Lords, I support Amendment 49 and the introduction given by my noble friend. First, I apologise for not being around on Monday; being here was outwith my control. But I watched the debate, and my noble friend Lord Foulkes did a wonderful job. I first did a double act with him in the September of 1974, when we educated the Scottish public about devolution. Since that point, I have been lost in awe of him, not just for his knowledge but for his energy. I was recently at a significant birthday party, and the amount that that man can do is quite amazing. However, I am here today to address the carbon capture and storage issues.

I should declare an interest: I am the honorary president of the Carbon Capture and Storage Association, and I have been involved in the interest in carbon capture and storage since it was called "clean coal technology"—which gives my age away now as well.

As my noble friend Lord Foulkes pointed out, the Carbon Capture and Storage Association has been very helpful to us in drafting some of these amendments. One of the reasons why it is important to take it into account is that although an awful lot of us have been around carbon capture and storage for a long time, I do not think that most people realise the extent to which the Carbon Capture and Storage Association has changed. In the past year, there has been an exponential growth in membership, and it is coming from a lot of companies that are at the cutting edge of technology.

Our concern addressed in Amendment 49 is that Clause 63 is restrictive. We have been helped very much by the Minister's department in looking at where we can go from this stage onwards, and it is unfortunate that the way this clause has been drafted means that the shortlisted projects that can be available during phase 2 are limited to industrial power generation and hydrogen. However, there are UK companies now developing engineered greenhouse gas removal technologies—GGRs—which are keen to connect to the CO_2 transport and storage network. At lot of these are small companies that are moving, and there is uncertainty. Many noble Lords in the Chamber today have been around carbon capture for quite some time but do not realise the extent to which new people are coming into the field. The carbon emissions committee made the point that carbon capture and storage is now a necessity, not an option.

We are waiting for the business model for these new companies to be developed; they want to join in the process in due course. It is that ability to see them join the process that is behind this amendment. It is not nit-picking; it is seeking to find a route that allows them to move forward. These technologies currently include bioenergy with carbon capture and storage, and direct air capture, which would be excluded from the process if we did not have an amendment such as this.

This will prepare the Bill for the future. It ensures that we are future-proofing and that we have the ability to move rapidly in a way that would allow the inclusive use of all technologies that can remove CO_2 from the atmosphere, not just those which capture from a commercial or industrial source. I commend Amendment 49, and make no apology for saying that we will come back at fairly regular intervals with amendments—probably small in size—which seek to take into account the new companies that are looking to enter into carbon capture and storage.

Lord Howell of Guildford (Con): My Lords, I am very pleased that the mover and seconder of this amendment have mentioned direct air capture, because sometimes there is confusion between carbon capture and storage and the actual absorption of carbon out of the atmosphere on an enormous scale. Frankly, this is where the big impact will be made in future.

I know that we have made efforts with carbon capture and storage on and off over the years. There is a theoretical idea that finding a way to cheaply cap every chimney of the 9,000 coal-fired stations across Asia and Africa and pipe away the carbon might solve some problems and make a small impact on the overall rising greenhouse gases. However, the most sizeable absorption of carbon that is already in the atmosphere is through direct air capture and climate recovery.

Schemes are already being developed with the input and encouragement of Imperial College and other sources—and in other countries—for developing direct air capture on an absolutely enormous scale. Of course,

we cannot do this alone; this is part of an international rescue, if you like, in a way that really begins to give some hope that emissions can be offset so that we can start getting some leverage and control on the overall carbon in the atmosphere. Without this, we will undoubtedly miss all the Paris targets and everyone throughout the world will face very dramatic and increased climate violence, very cold winters and very hot summers.

So I hope that the Minister will indicate that this area is in the Government's mind and that the development of huge carbon sinks can commence—for instance, in deserts across the world that have already been designated as uninhabited areas. Carbon can be sunk into gigantic lakes the size of Wales or Dubai, or four times the size of London. These vast new developments would offset the overacidity of the ocean. These things can be done. Carbon can be captured and used. CO_2 is a fantastic promoter and fertiliser of food on a colossal scale, and if we are moving into an era of world food shortage, covered areas fed by carbon from huge carbon sinks will really begin to make some impact on the scene.

The other development for carbon sinks is that we could just plant a lot of trees, but that is not very good. Trees are moderate absorbers of carbon although, of course, if they go up in flames they put all the carbon back into the atmosphere straightaway. The real development comes from mangrove groves, which are 16 times more absorbent of CO_2 than other trees. They can be promoted along with saltwater and freshwater lakes in areas where there is a lot of sun and where electricity is therefore virtually costless. Of course, this is at or near the equator. These are the schemes that will save us all and which our Government should be leading in developing by thinking about and backing the necessary legislation. Please, can we have a little more thought on this excellent amendment and the ideas behind it?

Viscount Hanworth (Lab): I wish to express my support for Amendments 39 and 49. I have been looking for a place to make my interjection, which ought to have been encapsulated in an amendment, but perhaps I should propose an amendment at Report. However, now is as good a time as any to air my suggestions.

Aviation contributes significantly to emissions of carbon dioxide. These emissions do not approach the level attributable to road transport but, nevertheless, they must be eliminated. It may be possible to replace short-haul aircraft with aircraft that depend on battery power, but long-haul aviation cannot be electrified. It will continue to depend on liquid fuels. It has been suggested that the fuel could be liquefied hydrogen, but this seems be impractical. Conventional hydrocarbon fuels have an energy density that greatly exceeds that of hydrogen, which is difficult to store in a liquid state and demands considerable storage space. Jet engines that burn hydrogen have not yet been developed.

It seems that hydrocarbon fuels must continue to be used in long-haul aviation. Eventually, this will be acceptable only if the carbon element of these fuels can be sequestered from the atmosphere and the hydrogen element of the fuels becomes green hydrogen. When such fuels are burned, their carbon element will be returned to the atmosphere. Moreover, the use of green hydrogen, as opposed to the so-called blue hydrogen derived from the steam reformation of methane, will mean that no emissions of carbon dioxide will come from this source. To manufacture aviation fuels derived from the direct air capture of carbon and from hydrogen generated by electrolysis will require a huge input of energy. Sufficient energy would be available only if we were able to depend on nuclear reactors to provide it. Such synthetic fuels will be costly to produce; unless they are subsidised, they will be unable to compete with petroleum-based fuels or fuels derived from biological feedstocks. However, biofuels have a high opportunity cost, since the production of their feedstock is liable to pre-empt the use of valuable agricultural land. They are therefore best avoided.

We need to support the development of carbon-neutral synthetic aviation fuels. I propose therefore that, in the first instance, they should be allowed to incorporate blue hydrogen as well as carbon not derived from direct air capture but captured from fossil-fuel emissions. In time, both these allowances would be abolished.

Baroness Jones of Moulsecoomb (GP): I have always been very sceptical about carbon capture and storage and direct capture of carbon dioxide from the air, because they are basically unproven technologies. I could say that I am even quite sneery about them, because people constantly use them as justification for not adopting the tried-and-tested solutions of energy reduction, energy efficiency and renewable energy. We are often distracted by shiny technofixes, which give an excuse not to make the tested and sustained reductions in carbon emissions that have to take place. As far as I am concerned, the best carbon capture and storage is coal—we should just leave it in the ground.

That said, I am quite swayed by the argument of the noble Baroness, Lady Liddell, about future-proofing. That is very valid and I am very pragmatic in saying that we need to pursue all solutions to the climate emergency. If carbon capture works and can compete on cost with other carbon reduction measures without creating additional harm or risks, it should absolutely be eligible to compete for revenue support contracts. Of course, it could also help my clean air Bill, which tries to emphasise not polluting the air in the first place. Failing that, if we want clean air—which is incredibly important for all of us and a human right, according to the UN—we have to take every opportunity we can to clean it up.

4.45 pm

Lord Teverson (LD): My Lords, I am slightly sympathetic to the Government on certain of these amendments in certain ways; I expect the Minister will not immediately accept them. First, I re-emphasise my interests in energy storage, as declared in the register. I welcome the noble Baroness, Lady Liddell, back into the conversation. She and the noble Lord, Lord Foulkes, are quite a powerful duo and I am just thankful that they are not both here together—it might be just a little too much, but we might get some movement from the Government if they were.

[LORD TEVERSON]

On carbon use, I have no disagreement with the amendment; it would be positive to include it. In a way, I follow the Minister's hesitation from Monday in saying that if we have carbon use, we have to make very sure that that use is long-term rather than short-term. I am not sure we have got to that point yet in the amendment. I will say that one obvious area where we should be doing this is in building and construction, where we use wood rather than concrete and steel. Many other economies and housing markets across Europe and other parts of the world use those technologies: they are there, they are strong and they capture the carbon in wood for probably a century or more—however long these buildings last. I would be interested in the Minister's—maybe positive—response about how we can make sure that that carbon use sequesters the carbon for a long period.

As for the idea of air capture, I very much agree with the spirit of the noble Lord, Lord Howell. What concerns me, though, is exactly the point that the noble Baroness, Lady Jones of Moulsecoomb, made. Not in this Chamber, clearly, and not among the Members present, but problem with air capture of carbon is that it gives a free ticket out for climate sceptics who say, "Don't worry about any of this stuff because technology is going to solve it. We don't have to worry about energy efficiency and renewables because technology will find a way forward". I very much hope that it will, and there are good signs of that, but the other thing about it—which is why it is not the priority on the scale, if you like—is that it will take out 0.4% of the atmosphere that you have to process. Whereas, if you, as a power station, are using carbon capture, that concentration is hugely greater, so it is a much more efficient process to deal with in the first place. Again, my heart is there in terms of future-proofing, but to me it sends out dangerous signals to the market.

The much bigger issue, which seems to have been forgotten since COP 26, is methane. That is the gas that we need to get out of the atmosphere quickly and effectively. Ever since COP 26, where the Government were very supportive of initiatives to take methane out, science has shown that methane emissions globally are much higher than we expected and very little action has taken place on that since. I see that as a priority, but I will be very interested in the Minister's response.

Baroness Bloomfield of Hinton Waldrist (Con): My Lords, I too welcome the noble Baroness, Lady Liddell, back to these Benches. I look forward to any parties hosted by her and the noble Lord, Lord Foulkes, in future—they sound great fun.

I first turn to Amendment 39 in the names of the noble Lord, Lord Lennie, and the noble Baroness, Lady Blake, which seeks explicitly to include the use of carbon dioxide, given that the Bill refers to carbon capture, usage and storage, or CCUS. The carbon capture revenue support contracts are intended to support the deployment of carbon capture technologies in industrial and commercial activities where there is no viable alternative to achieve deep decarbonisation.

The Bill allows for carbon capture revenue support contracts to be entered into with eligible carbon capture entities. Broadly, a carbon capture entity is a person who carries on activities of capturing carbon dioxide that has been produced by commercial or industrial activities with a view to the storage of carbon dioxide—that is, storage with a view to the permanent containment of carbon dioxide. It is important to emphasise that the provisions in the Bill may therefore allow for support of a broad range of carbon capture applications, including those carbon capture entities that utilise the carbon dioxide resulting in the storage of carbon dioxide with a view to its permanent containment. Decisions as to which carbon capture entities are eligible for support are to be made on a case-by-case basis. Prioritising support for carbon storage is considered essential to help deliver our decarbonisation targets.

I turn now to Amendment 49 in the names of the noble Baroness, Lady Liddell, and the noble Lord, Lord Foulkes, which seeks to ensure that techniques such as direct air carbon capture and storage are included in scope of carbon capture revenue support contracts. I thank my noble friend Lord Howell of Guildford for his remarks in this regard. As part of the *Net Zero Strategy* published last year, the Government set out an ambition to deploy at least 5 megatonnes of carbon dioxide emissions per year of engineered greenhouse gas removal methods, such as direct air capture, by 2030.

We recognise that greenhouse gas removal technologies, commonly referred to as GGRs, such as direct air carbon capture and storage, are considered important for making progress towards net zero. That is why in July we published a GGR business model consultation that sets out the Government's initial views on the design of a business model to attract private investment and enable engineered GGR projects to deploy at scale from the mid-to-late 2020s. The consultation is due to close on 27 September. How direct air carbon capture and storage might be supported by any such business model is still subject to ongoing policy development and consideration. Once we have further developed the policy thinking on this, we can then consider what the appropriate mechanics might be and whether there are any available. We are exploring how early GGR projects could be connected also to the transport and storage network in CCUS clusters and will publish further information in due course.

The questions of the noble Viscount, Lord Hanworth, on carbon-neutral air fuels are not directly covered by my speaking notes, so I shall write to him with more details in due course. It overlaps with another department, so I will write to him and copy it to all Members of the Committee.

I hope that on the basis of my reassurances noble Lords will not press their amendments.

Lord Lennie (Lab): I thank the Minister for her response. First, on what my noble friend Lady Liddell had to say, it is what she did not say about what happened at the party that we want to know. If she gets the opportunity, perhaps she could enlighten us more.

In response to the noble Lord, Lord Teverson, I say that we certainly do not intend direct air capture to be a way of screening climate change sceptics; rather, it is an acceleration of addressing our climate needs. However, I understand that there will be sceptics who would hide behind it.

The Minister's response to my amendment seemed to be that the Government would take things on a case-by-case basis as and when they arise and make a judgment on the inclusion or not of carbon usage. She said that DAC was under consideration for the future. Well, the point of the amendment is to try to future-proof this piece of legislation for the mid to long term and I would have thought that including it would be quite within the Bill's remit. With those comments, I beg leave to withdraw my amendment.

Amendment 39 withdrawn.

Amendment 40

Moved by ***Baroness Liddell of Coatdyke***

40: Clause 57, page 52, line 11, leave out "function on any" and insert "relevant function on any relevant"

Member's explanatory statement

This amendment is to ensure powers are appropriately delegated.

Baroness Liddell of Coatdyke (Lab): Thank you very much. This is another one on future-proofing. The amendment says,

"leave out 'function on any' and insert 'relevant function on any relevant'"

person. The reason is that these delegation powers could be interpreted as being broad and non-specific, and it would be some comfort to insert this language to ensure it is clear that the Bill is referring only to the powers relating to revenue support regulations, and that these will be appropriately delegated to a person with the right capabilities. It seems to open a door that makes us feel a little bit uncomfortable and I think it would be a very sound way to go forward to accept the terms of this Amendment 40. I beg to move.

Baroness Blake of Leeds (Lab): I add my welcome to my noble friend Lady Liddell and I am certain that my noble friend Lord Foulkes will be thinking of organising a party to celebrate her return to Westminster.

I cannot add to the comments she made on her amendment. I completely support what she said. I feel that there is a bit of déjà vu here and that we are going over ground we covered in our first session on Monday, but I think it is really important that we emphasise again, through the amendments that my noble friend Lord Lennie and I have put down, how important it is that we have clarity in all aspects of the Bill. I want to emphasise again the need to ensure that all aspects are future-proofed, thereby giving all parties the confidence that matters of probity, security and appropriate appointments are always taken into account in key positions. It is unfortunate that we need to emphasise this aspect, but I think experience will tell us that it is a very necessary part of all the processes that we bring in place.

To recap briefly, in Amendment 42 we would like to insert the phrase "fit and proper". As we have said before, this is not the first time this has been used—it was used in the National Security and Investment Bill. Through this amendment we make sure that it is the responsibility of the Secretary of State personally to deem the individual as fit and proper.

Amendment 44 specifically refers to the need for the hydrogen counterparty to be

"a fit and proper person".

The aim is to make sure that responsibility is very clearly accounted to the Secretary of State.

The explanatory statement for Amendment 64 says:

"If the Secretary of State needs to find a new counterparty, this amendment requires that they must ensure they are a fit and proper person, as with previous amendments in our names".

I do not think that at this point in the state of affairs we can emphasise enough just how important it is to have accountability, clarity and the ability to have straightforward lines of communication.

Lord Teverson (LD): I did not like to address the amendments tabled by the noble Baroness before she had addressed them herself. I welcome the amendment tabled by the noble Baroness, Lady Liddell; I think it adds clarity. I absolutely agree with the amendment that the noble Baroness, Lady Blake, has just gone through. I think "fit and proper" is used many times throughout certainly financial services secondary legislation, and when it comes to hydrogen production it seems to me that this is something that is really key. I look forward to the Minister arguing that people in this position should not be fit and proper people, and I pass over to him.

5 pm

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Callanan) (Con): I thank the noble Lord, Lord Teverson, for his kind invitation to address noble Lords on this subject, and I thank others who have contributed to the debate.

Let me start with Amendment 40, tabled by the formidable Scottish duo of the noble Baroness, Lady Liddell, and the noble Lord, Lord Foulkes. He is sadly not with us today, which is a shame: he always adds to the jollity of the proceedings, but I am sure he will be back with us soon. This amendment seeks to ensure that the conferral of functions on persons by revenue support regulations is appropriately delegated.

Clause 57 sets out the Secretary of State's power to make provision in regulations about revenue support contracts, including the funding of liabilities and costs in relation to such contracts. These are referred to as, as has been said, as the revenue support regulations. Clause 57(7) states that

"revenue support regulations may confer any function on any person."

This is intended to enable persons other than a revenue support counterparty, allocation body or a hydrogen levy administrator to take on a role in the delivery of revenue support contracts and related funding. As with revenue support regulations, such functions would be limited to those about revenue support contracts, including the funding of liabilities and costs in relation to such contracts.

Let me make it clear to the House that Clause 57(7) absolutely does not provide the Secretary of State with a general power to confer any function on any person, outside of the scope of revenue support regulations. It is also worth noting that the selection by the Government of any person to undertake such functions would be

[LORD CALLANAN]
subject to principles of public decision-making. The Government are, of course, duty bound to take only relevant considerations into account when making a decision.

I move on to Amendments 42, 44 and 64, from the noble Lord, Lord Lennie, and the noble Baroness, Baroness Blake, and spoken to by the noble Lord, Lord Teverson. These amendments seek to ensure propriety when conducting the designation exercise and when transferring any relevant property, rights and liabilities. Of course, it goes without saying that I too support ensuring the upmost standards for those wishing to fulfil the role of hydrogen production counterparty.

The Government anticipate that the Low Carbon Contracts Company Ltd, or LCCC, which is the existing counterparty for contracts for difference and the planned counterparty for the dispatchable power agreement, will in fact be the counterparty for the low-carbon hydrogen agreement, subject of course to successful completion of administrative and legislative arrangements. That is also the case for the industrial carbon capture contracts. In taking the decision to proceed with the LCCC as the counterparty to the low-carbon hydrogen agreement, the Secretary of State considered, among other things, its ability to deliver the required functions and experience and track record in contract management. These considerations would of course be made on any future decisions, which would also be subject, as I have said, to the normal principles of public decision-making.

It is worth pointing out—I suppose that this is the Government declaring an interest—that the LCCC is wholly owned by the Secretary of State for BEIS and is governed by its articles of association and a framework document setting out the relationship with the Secretary of State and its guiding principle.

The justification of the noble Lord and the noble Baroness for the inclusion of "fit and proper" was its apparent precedent in what was the National Security and Investment Bill, yet this phrasing does not in fact appear in the Act as made. Therefore, with the reassurances and information that I have been able to provide to noble Lords, I hope that the noble Baroness will feel able to withdraw her amendment.

Baroness Liddell of Coatdyke (Lab): Given that explanation, I am prepared to withdraw the amendment.

Amendment 40 withdrawn.

The Deputy Chairman of Committees (Lord Geddes) (Con): We come to Amendment 41. Lord Callanan?

Lord Callanan (Con): Moved formally. No! I will speak to it.

Baroness Bloomfield of Hinton Waldrist (Con): That was my fault.

Lord Callanan (Con): You just can't get the Whips to support you properly nowadays, can you?

Baroness Bloomfield of Hinton Waldrist (Con): Thanks.

Lord Callanan (Con): I am only joking. My noble friend is brilliant at the job.

Amendment 41

Moved by ***Lord Callanan***

41: Clause 57, page 52, line 21, at end insert "or (Enforcement)."

Member's explanatory statement

This amendment provides for regulations under new clause (Enforcement) to be subject to the affirmative procedure.

Lord Callanan (Con): I will speak to government Amendments 41 and 63 standing in my name. Amendment 63 will enable the Gas and Electricity Markets Authority and the Northern Ireland Authority for Utility Regulation to enforce hydrogen levy requirements imposed on relevant Great Britain and Northern Ireland market participants respectively.

The existing enforcement provisions in the Bill enable regulations to make provision for the levy administrator to, for example, issue notices and charge interest on late payments in respect of market participants who default on levy payments. Amendment 63 complements the existing enforcement provisions. Crucially, it ensures that regulations can make provisions for more robust forms of enforcement and enables enforcement under the terms of the licences held by market participants obliged to pay the levy, such as the possibility of licence revocation. It is critical that the levy is supported by a suite of enforcement measures. This will help reduce the risk of defaults on levy payments and help ensure that the levy administrator can collect the money required to fund the hydrogen business model and cover related costs.

Amendment 41 ensures that regulations made under this new clause will be subject to the affirmative resolution procedure, to ensure sufficient parliamentary scrutiny of these more robust enforcement arrangements. Therefore, I hope they will be acceptable to the House. I beg to move.

Lord Lennie (Lab): My Lords, these government amendments are evidence of the rather chaotic state of the Bill as it has come to us. It is long—300-plus pages, 13 parts, et cetera—and missing this from the original drafting is an oversight by the Government that needs some explanation. Having said that, the amendments allow for an enforcement provision under the new regulations and for these to be subject to the affirmative procedure. We welcome that scrutiny and the ability to enforce regulations that are made. These amendments will also allow revenue support regulators to make provision for the relevant requirements found in the pre-existing enforcement regimes win the Gas Act 1986 and the Electricity Act 1989, as well as, as the Minister said, regulations regarding Northern Ireland. I would be interested to know when the existence of these pre-existing requirements was discovered. I look forward to his response.

Lord Callanan (Con): The noble Lord is correct that a lot of drafting work went in. There is always limited OPC drafting time in government. It is regrettable that these clauses have had to be added, but I hope that I

have provided sufficient explanation for them. The detailed levy design is pending, of course, but they include the enforcement arrangements for the levy. It is crucial that we allow for regulations to make provision for a range of enforcement measures. This provision simply allows regulations to enable the Gas and Electricity Markets Authority and the utility regulator to use their existing enforcement powers to ensure that relevant market participants comply with the obligation to pay the levy. Participants in the energy market are already very familiar with these arrangements.

Amendment 41 agreed.

Clause 57, as amended, agreed.

Clauses 58 to 60 agreed.

Clause 61: Designation of hydrogen production counterparty

Amendment 42 not moved.

Amendment 43

Moved by ***Baroness Liddell of Coatdyke***

43: Clause 61, page 55, line 5, leave out from "of" to end and insert ""low carbon hydrogen production", including (without limitation) compliance with the Low Carbon Hydrogen Standard"

Member's explanatory statement

Regulations must have regard to the Low Carbon Hydrogen Standard in setting objective criteria against which to assess the eligibility of low carbon hydrogen production.

Baroness Liddell of Coatdyke (Lab): I will speak to Amendments 43, 45, 48 and 58. Again, they are trying to cope with some of the wide definitions that are contained within the Bill. I am most impressed with the fact that the Government have defined a *UK Low Carbon Hydrogen Standard*, which was updated in July of this year. It includes guidance and a calculator tool for hydrogen producers to use for greenhouse gas emissions reporting and sustainability criteria. That standard has been designed to demonstrate that low-carbon hydrogen production methods can meet a greenhouse gas emissions test and threshold, and these amendments require the regulations to have regard to that standard when assessing the eligibility of low-carbon hydrogen production. It goes back to what I said beforehand. We are not necessarily nitpicking here; we are seeking to get an amendment into place that allows us to have due regard to low-carbon hydrogen standards in setting objective criteria against which to assess the eligibility of low-carbon hydrogen production. I beg to move.

Baroness Bennett of Manor Castle (GP): My Lords, I will speak to Amendment 46 in my name. As the noble Baroness, Lady Liddell of Coatdyke, clearly set out, this group of amendments is trying to implement something that the Government themselves have established: the *UK Low Carbon Hydrogen Standard: Guidance on Greenhouse Gas Emissions Reporting and Sustainability Criteria*, which I believe dates originally to April and was updated in July. I find myself in the unusual position of saying that I want to enforce something that the Government have established. Experts in this area tell me that the conditions set out in these standards are: the greenhouse gas emissions intensity of hydrogen for it to be considered low carbon; the emissions being considered up to the point of production; and, very importantly, the risk mitigation plan for fugitive hydrogen emissions. There is perhaps not much public awareness of the risk of that, but we need to share and understand it. The criteria are set out there.

I am not particularly attached to the way this is done in my amendment; I was simply trying to put Amendment 46 down to say that, for the subsidies to be available, it must meet the Government's own standard. That seems the simplest way, but I am very happy to be convinced that there are various other ways; other amendments are going in the same direction. I am happy should we still need to get to this on Report to talk to people about what the best way of doing it is, but surely the Government want to enforce their own standards.

Baroness Worthington (CB): My Lords, I will speak to Amendment 47 in my name. I find myself in the unusual position of being more environmentally ambitious than the noble Baroness, Lady Bennett of Manor Castle, in that the standard that my amendment would introduce on hydrogen would be more stringent and would ensure that we are investing in this form of clean energy only if it is truly clean.

It is a not well understood fact that hydrogen actually has a global warming potential which is not insignificant. When released into the atmosphere, it has the effect of inhibiting the breakdown of methane, which we all know is a powerful greenhouse gas. The latest papers to come out that the Government have produced themselves indicate that, over a 100-year timescale, hydrogen has a global warming potential of 11 times that of CO_2. That is over 100 years, but we are probably concerned about the next 20 years, in which case that rises to it having 33 times as powerful a greenhouse gas effect as CO_2.

When it comes to hydrogen, I know it is often touted as the great white hope and the great solution—in fact, we have had adverts plastered all over Westminster telling us that hydrogen is the answer. However, it has to be considered carefully in context. It is very difficult to produce and to transport, and it is very dangerous to have around the house. In fact, studies have shown that it is potentially between three to four times more likely that someone will be injured from a hydrogen explosion in the home compared to natural gas. Already, natural gas has an unhappily high number of accidents and injuries from its use in the home.

5.15 pm

So we should be under no illusion but that hydrogen in home heating is a last resort. The most obvious thing to do is to use electricity. It is the cleanest and most flexible vector. Heat pumps are by far and away more efficient. I think it has already been mentioned in this debate that it can take up to six times as much electricity to produce the same usable heat from hydrogen as a simple heat pump. This is fundamental to ensuring that we send the right signals in our energy policy. We must seek the most cost-effective and secure system.

[Baroness Worthington]

Let us not get distracted by the lobbyists and vested interests, who will tell us that their particular solution is the right one when it is so clearly not the case. Nineteen independent studies have shown us that electricity is far better for use for heating in the home than using hydrogen.

Turning to my amendment, if we are to use this highly questionable route forward for heating, let us ensure that we introduce very stringent standards. I have been speaking to the Green Hydrogen Organisation, which is a new trade association in Europe concerned with representing green hydrogen companies. It says that the best standard is 1 kilogram of CO_2 equivalent for 1 kilogram of hydrogen, and that is what we should be adopting. We should seek to be as ambitious as possible, driving investment into only the cleanest forms and not being distracted by what would be a very expensive and inefficient, very costly and potentially dangerous solution which is just not needed at this time.

Lord Oates (LD): My Lords, I declare my interest as a member of the UK Hydrogen Policy Commission. I do not disagree with any of the amendments, and having a stringent green hydrogen standard is important. However, it is also important to stress that hydrogen is for use not only in home heating—I share some of the noble Baroness's scepticism about that—and there are very significant uses of hydrogen at present in the chemical industry and as a feedstock in fertilisers. They must clearly be the priority, and we certainly need green hydrogen for that, which is a lot of green hydrogen. Although I absolutely share the ambition on tight standards for green hydrogen, we will definitely need it there, and in some of those hard-to-decarbonise areas such as steel production and the building industry. We should absolutely use it for purposes where electricity is not an easy solution, but let us not talk it down or talk about it as if it is a solution only to home heating, where I agree it probably is not practical.

Baroness Blake of Leeds (Lab): Just to add to that list of uses, I am interested in the development of the hydrogen village, as outlined in the Bill, which is a really interesting example. There are also other uses in transport, for example, which are very well advanced, and we very much look forward to the outcome of those debates.

I do not want to prolong the debate, but the obvious question to me is that a standard has been established and had extensive public consultation and multiple engagement sessions with experts by stakeholder groups, as I understand it. I just wonder why we would want to undermine all that work and complicate the situation by suggesting that the Secretary of State could override the standard. Perhaps the Minister could, in his summing up, give us a very clear explanation of how any changes to the standard and protection might be achieved, to ensure that stakeholders and the public are kept informed, as this is, as we have heard, an area of both enthusiastic response and concern.

Baroness Bloomfield of Hinton Waldrist (Con): I thank the noble Baroness, Lady Liddell, and the noble Lord, Lord Foulkes, for their amendments in this group.

Amendments 43, 45 and 48 seek to ensure that the question of who is an eligible low-carbon hydrogen producer is determined solely by regulations that set objective criteria against which to assess eligibility, and in doing so must reference the low-carbon hydrogen standard.

Amendment 58 seeks to clarify that a low-carbon hydrogen producer must be eligible to receive support, which the other amendments would ensure means that they are compliant with the low-carbon hydrogen standard. Amendment 46 has a similar purpose; I thank the noble Baroness, Lady Bennett, for it and for her encouraging comments about the policy.

Amendment 47 seeks to introduce an emissions standard for low-carbon hydrogen production and would require the Government to target support at areas that cannot benefit from other cleaner, more efficient or cost-effective decarbonisation processes. I thank the noble Baroness, Lady Worthington, for this amendment.

A low-carbon hydrogen producer is defined in Clause 61(8) as

"a person who carries on (or is to carry on) activities of producing hydrogen which in the opinion of the Secretary of State will contribute to a reduction in emissions of greenhouse gases".

The intention of this definition is to ensure that support under hydrogen production revenue support contracts may be provided only in respect of low-carbon hydrogen production that contributes to our decarbonisation ambitions.

Clause 61(3) places a duty on the Secretary of State to make provision in regulations for determining the meaning of "eligible" in relation to a low-carbon hydrogen producer. This approach to defining eligibility in regulations is similar to that taken for low-carbon contracts for difference in the Energy Act 2013. The regulations that define the term "eligible generator" for low-carbon contracts for difference have themselves been updated since they were introduced in 2014 as the industry and technologies have evolved; this has proved a flexible and enduring approach since 2014.

This duty is required as the Secretary of State is only able to direct a hydrogen production counterparty to offer to contract with an eligible low-carbon hydrogen producer. An allocation body will also be able only to give a notification to a hydrogen production counterparty specifying an eligible low-carbon hydrogen producer to offer to contract with. It is not practical to define an eligible low-carbon hydrogen producer in the Bill because eligibility may change over time as the industry and technologies evolve. The Government plan to consult on these regulations by early 2023.

The Government consulted on a UK low-carbon hydrogen standard last year, and a government response was published in April this year. This world-leading standard sets out a greenhouse gas emissions threshold as well as other criteria for hydrogen production to be considered low carbon, and sets out in detail the methodology for calculating the emissions associated with hydrogen production. This includes the steps that producers are expected to take to prove that the hydrogen they produce is compliant.

The standard was developed following a public consultation and multiple engagement sessions with industry and academic experts, including the Hydrogen Advisory Council and its low-carbon hydrogen standard

working group. As set out in the response to the consultation on a low-carbon hydrogen business model, published in April this year, we are proceeding with our proposal to require volumes of hydrogen produced to meet the UK low-carbon hydrogen standard in order to qualify for and receive funding under the business model. The low-carbon hydrogen standard is set out in guidance and we expect it to be updated over time to ensure that it remains fit for purpose and reflects our growing understanding of how new technologies work in practice, including how hydrogen production interacts with the broader energy system. I hope that gives some comfort to the noble Lord, Lord Oates, and the noble Baroness, Lady Blake, that the standard may well change over time as our understanding of the practice grows.

With a focus on investor confidence, our current approach gives a significant degree of certainty about eligibility, which will provide prospective investors and developers with the clarity and transparency that they need to bring projects forward. While the low-carbon hydrogen standard is an integral part of the low-carbon hydrogen regime, direct reference to an emissions standard in this legislation would undermine both the need for the standard to be capable of evolving over time and the need for the legislation to be certain. The approach currently set out in the clause makes best use of regulations for setting eligibility and guidance that can be more responsive to the evolving nature of the low-carbon hydrogen standard.

Amendment 58 seeks to insert "eligible" in Clause 70(1)(b). We do not consider this necessary, as the reference to

"that low carbon hydrogen producer"

in subsection (1)(b) is referring back to the

"eligible low carbon hydrogen producer"

in subsection (1)(a).

The noble Baroness, Lady Worthington, mentioned the production of methane and it being an unhealthy by-product of hydrogen, and that a green hydrogen lobby group which I was not aware had been consulted. I will certainly take that back to the department. We have numbers on the rate of hydrogen per kilogram of greenhouse gas emissions compared with the low-carbon hydrogen standard, but I will be delighted to write to her, rather than befuddle everybody with the science here.

I therefore ask that the noble Baronesses and noble Lords withdraw and not press Amendments 43, 45, 46, 47, 48 and 58, but thank them for helping to test the robustness of the Government's decarbonisation ambitions.

Baroness Bennett of Manor Castle (GP): I am not a lawyer, and nor is the Minister, so I will understand if she wants to write to me. However, my understanding is that, if the Bill says that it complies with the UK low-carbon hydrogen standard, and then that standard was updated, the legal binding would be updated. Maybe we need wording to say that it complies with the UK low-carbon hydrogen standard as presently exists and is updated in the future. I am not sure what the wording should be, but surely if you have a standard that is being updated, saying in the Bill that you will meet that standard does not mean that the 2022 figures are fixed in stone.

Baroness Bloomfield of Hinton Waldrist (Con): I need to take that question back to the department and then write to the noble Baroness.

Baroness Liddell of Coatdyke (Lab): I thank the Minister very much for that very full response. The noble Baroness, Lady Worthington, raised some interesting points that I was not aware of. It would be useful to explore those further as we get towards Report. However, I am content to beg leave to withdraw my amendment.

Amendment 43 withdrawn.

Amendments 44 to 47 not moved.

Clause 61 agreed.

Clause 62: Direction to offer to contract

Amendment 48 not moved.

Clause 62 agreed.

Clause 63: Designation of carbon capture counterparty

Amendment 49 not moved.

Clause 63 agreed.

Clause 64 agreed.

Amendment 50

Moved by ***Lord Oates***

50: After Clause 64, insert the following new Clause—

"Designation of a long duration energy storage counterparty

(1) The Secretary of State may by notice given to a person designate the person to be a counterparty for long duration energy storage revenue support contracts.

(2) A "long duration energy storage revenue support contract" is a contract in relation to which both the following paragraphs apply—

(a) the contract is between a long duration energy storage counterparty and the holder of a licence under section 7;

(b) the contract was entered into by a long duration energy storage counterparty in pursuance of a direction given to it under section 60(1).

(3) A person designated under subsection (1) is referred to in this Chapter as a "long duration energy storage counterparty".

(4) A designation may be made only with the consent of the person designated (except where that person is the Secretary of State).

(5) The Secretary of State may exercise the power to designate so that more than one designation has effect under subsection (1), but only if the Secretary of State considers it necessary for the purposes of ensuring that—

(a) liabilities under a long duration energy storage revenue support contract are met,

(b) arrangements entered into for purposes connected to a long duration energy storage revenue support contract continue to operate, or

(c) directions given to a long duration energy storage counterparty continue to have effect.

(6) As soon as reasonably practicable after a designation ceases to have effect, the Secretary of State must make one or more transfer schemes under section 79 to ensure the transfer of all rights and liabilities under

[Lord Oates]
any transport and storage revenue support contract to which the person who has ceased to be a transport and storage counterparty was a party."

Lord Oates (LD): My Lords, I will speak to Amendments 50 and 51. These are probing amendments to press the Government on their position on revenue support models for long-duration energy storage and the degree to which they recognise the urgency of determining this.

In Committee on Monday, the noble Lords, Lord Moylan and Lord Howell of Guildford, raised this issue of energy storage. Indeed, the noble Lord, Lord Howell, spoke of the Dinorwig pumped-storage plant in Wales, which I believe he opened—or at least he opened its increased capacity—when he was the relevant Minister. He made the point, quite rightly, that it not only provides support when the system needs it—rapidly bringing power on—but even when it is not operating it is saving money because it reduces the margin that is required to be kept on hand to be on call.

5.30 pm

It is clear that long-duration energy storage will be critical to decarbonising the power sector by 2035. I think that is recognised by all who have been involved in this. We currently have long-duration storage capacity of about 26 gigawatt hours, which is principally in the existing four pumped storage plants that we have—two in Wales and two in Scotland—and about two gigawatt hours from long-duration battery storage. We need to increase that capacity significantly.

The Economic Affairs Committee report on energy published this summer quoted the estimates that that capacity needed to rise eightfold to meet those demands. It also called on the Government to

"develop a market model for long-duration energy storage"

as rapidly as possible. The need for speed is underlined by the long lead times for projects such as this. Dinorwig took over 10 years from being given the go-ahead to coming into operation, and Ffestiniog pumped storage station began its planning in the early 1950s and did not come into operation until 1963.

As many noble Lords are aware, we currently have a pumped storage project ready to go at Coire Glas in Scotland. It received planning consent in 2020. That would be capable of providing 30 gigawatt hours of capacity; that is enough to power 3 million homes for 24 hours and would double our current long-duration storage capacity. At present, however, it cannot go ahead because the revenue support models have not been agreed. These projects have big upfront capital costs, although they have very long lifetimes, as we see from the continuing operation of projects from the 1960s and later.

There seems to be a lot of delay from the Government in coming to conclusions. Their own consultation on long-duration energy storage closed in September 2021. They promised a response to that in the first quarter of 2022. They finally responded in July and effectively said that, although the responses to the consultation had been pretty clear—indeed, the responses to the inquiry of the Economic Affairs Committee of this House pointed to the same cap and floor model—they wanted to think about it further. I suppose that we should recognise that this a very thoughtful Government, because they intend to think about it for the rest of this year, through the whole of 2023 and into 2024. That is completely inadequate for the urgency of this task, because there is no way of achieving our target to decarbonise the power sector by 2035 without bringing on a lot of long-duration storage.

I recognise that some potential long-duration storage solutions are innovative technologies, but pumped hydro storage is not: it is old and proven, in terms of both effectiveness and value over the long term. These amendments will not solve things, but we may come back more specifically on Report. What I want to get from the Government is some understanding of whether they feel they can come forward with at least a pathfinder solution, possibly for something like Coire Glas, because that will take a long time to build out. It needs to get going and the people developing it cannot just keep these things mothballed all the time; they need to know the revenue support model. I hope the Government will respond specifically on that issue. I also hope they will think about how to separate their support models for innovative technologies, which may need to be more flexible or different, from those for proven technology that we can get on with now. I beg to move.

Lord Moylan (Con): My Lords, I have some sympathy with what the noble Lord, Lord Oates, has just said. My concern is perhaps even a little more profound than his because I do not understand what role the Government see for pumped storage in addressing the problem of intermittency of renewables. The noble Lord focused on the funding mechanism, but what role is it going to have? How large a part do the Government intend that it should play?

However, that is not my purpose in rising. My purpose is to speak to Amendment 225, which relates rather to gas, which is also there to be used to some extent to address the problem of intermittency. I am grateful for the support of the noble Lord, Lord West of Spithead, and my noble friends Lady McIntosh of Pickering and Lord Frost. The House had a Question on gas storage earlier today and the Minister made some helpful and informative comments in response, but it was largely a backwards-looking Question. It looked at decisions taken in the past, whereas this amendment is intended to look a little more forward. It would require the Government to provide gas storage onshore or under our waters equivalent to 25% of forecast annual demand. However, in a sense, the real purpose is to give the Government an opportunity and to elicit from them some sense of their plans for addressing this question. In the past few months, we have all seen on the television news and in the newspapers, and been gripped by it, that while Germany has been busily filling up its capacious gas storage facilities, we have none whatever, so I think the Committee and the public will be interested to know what the Government intend, if the Minister is capable of giving us an indication today.

I shall make just two points about the amendment. To those who say that we are phasing gas out, I say that the amendment is worded to require 25% of

forecast demand, so if the demand comes down, the amendment still works and the amount stored can be adjusted. I think I am a correct in saying—this emerged at Second Reading—that nobody in the House believes that demand for gas is going to fall to zero, even if it is to fall to quite low or even miniscule levels, so the amendment still works and, planning over the long term and looking forward a number of years, it should be possible to make this workable.

Secondly, I put in 25% as a placeholder as much as anything else. I am very open to the Government making a case for why that number should be higher or lower and why government policy should not be 25% but more or less. I am even open to an argument that the number should be 0%. Indeed, reviewing what the Minister said today, he made the valid point that, unlike Germany, we already have a store, so to speak, of gas in our control; it just happens to be under the sea. I understand that there is a point there.

I think back to the United States in the 1970s, when the oil shock arrived. The United States decided that what it needed was a large oil reserve, so it started pumping oil into specially prepared caverns in the earth. Then I think it struck the US that it was pumping oil out of one bit of the earth and then pumping it into another, and that perhaps this was not as sensible as it might have been, so the policy was gradually abandoned.

The Minister may want to make a similar and parallel point in respect of our own gas reserves. He may say that zero is a perfectly reasonable amount for us to store. If the answer from the Government were zero, it would at least be a decision and a policy. We would be able to scrutinise it and understand the arguments for it. As I say, setting the number at 25 is very much a placeholder. I am not being in any sense dogmatic about what the number should be, but I do feel that the Government should have a number in mind, should be able to justify it—even if it is zero—and should be able, I hope, to tell us what it is.

Lord Foster of Bath (LD): My Lords, I fully support the amendments in the name of my noble friend Lord Oates and that in the name of the noble Lord, Lord Moylan, and others. They seek, in effect, to get more information from the Government about their plans in relation to energy storage.

My Amendment 240 is also about storage but, in this case, the storage of solar energy, the use of which is growing at an incredibly rapid pace. There are already something like a million domestic solar systems installed around the UK, and residential solar deployment is at a record subsidy-free level according to Solar Energy UK, which represents many of the UK's solar firms. This is perhaps unsurprising given the benefits of generating your own electricity at home. This is also good news for the Government since, if we are to meet our net-zero target by 2050, we need as many of the 29 million homes in UK as possible to decarbonise. Solar is of course part of that solution.

At this point I should draw attention to my interests. I recently installed solar panels on the roof of my home, together with one battery; it is the battery element that is relevant to my amendment. It was great news when, in the Spring Statement delivered on 23 March, the then Chancellor, Rishi Sunak, made the very welcome announcement that certain energy-saving materials would be eligible for zero-rate VAT on both labour and parts. This change was effected through the Value Added Tax (Installation of Energy-Saving Materials) Order 2022, which added a list of energy-saving products eligible for the zero rate to Schedule 8 to the Value Added Tax Act 1994, which is relevant, as noble Lords will see in a second.

Solar panels are the only solar-related items specifically included in this list. Batteries that store the energy from solar panels when it is not needed, and which can be used at a time when it is needed or to supply energy back to the grid, are not listed. However, the energy-saving materials and heating equipment VAT notice 708/6, which relates to the earlier Act, states:

> "The installation of certain specified energy-saving materials with ancillary supplies is zero-rated in Great Britain."

I can find no reference to "ancillary supplies" in the Value Added Tax Act 1994, which the Chancellor's Spring Statement amended. However, HMRC has said that, in certain circumstances, batteries are in fact included. It has said that, when batteries are sold as part of the installation of a solar array, they are to be treated as an ancillary supply and so also qualify for zero-rate VAT. However—this is the crucial point—they would not qualify if installed separately at a later date.

A neighbour of mine, Mr Geoff Makepeace, installed a solar array with batteries a while ago; it was before the Spring Statement, so he did not benefit from the zero rate of VAT announced in it. However, keen to get increased benefit from his solar system, he sought advice: should he increase the number of solar panels or the number of batteries? The advice was to install another battery. He followed that advice but was subsequently surprised that his bill included £567 for VAT at 20%.

5.45 pm

When he queried this with the supplier, he was told that Solar Energy UK had done some research, discussed this with HMRC and been informed that the Government were clear that retrofit or stand-alone batteries will still be subject to VAT at 20%. This does not really make sense. There should not be a fiscal incentive to install a battery at one time but not at another. The law at present penalises those who do not have the money to install solar technologies and a battery at the same time, which is detrimental to what should be the policy objective of maximising our energy self-sufficiency.

The reason for this is that installing a battery improves the self-consumption ratio of a solar system. This refers to the energy generated which is used on site. For a typical home, installing a battery will at least double the amount of electricity generated by a solar system installed on a roof. This maximises the benefit to the home owner as it means they pay less for their energy bills, and maximises the benefit to the country by allowing electricity generated in the day to be used at night—incidentally, easing the pressure on the national grid in the early evening, which is a peak time.

We should not penalise home owners and occupiers looking to protect themselves from the energy price crisis by adding batteries to their existing home solar

[LORD FOSTER OF BATH]
systems as a stand-alone item to improve the benefits. Nor should we penalise those who could not afford to do both at the same time. My amendment, which removes VAT from stand-alone batteries, will help people cope with the energy crisis, help generate more energy and help us achieve our zero-carbon goal. I beg to move.

The Deputy Chairman of Committees (Lord Geddes) (Con): I must counsel the noble Lord, Lord Foster, that he cannot move his amendment at this stage but only when the Committee comes to it sequentially.

Lord West of Spithead (Lab): My Lords, I support the amendment in the name of the noble Lord, Lord Moylan, which relates to resilience. We are very bad at spending money on resilience. The Treasury hates to spend money on resilience, as I know from my time as a Minister.

Lord Callanan (Con): It hates to spend money full stop.

Lord West of Spithead (Lab): Well, yes, it hates to spend money full stop, but especially on resilience. Whether it is the loss of our GPS system and how we would counter that or PNT, there is a whole raft of areas where it is really unwilling to move and spend money even though these things are crucial. In this case, it is extremely important that we have the ability to store gas as we move into the future. I agree totally with the noble Lord, Lord Moylan, that the amount we have to store may vary quite dramatically.

Earlier, the Minister spoke about how we have infrastructure built to bring LNG into this country. We certainly do—I was heavily involved in ensuring that we got the right ships from the North Dome in Qatar to Milford Haven and setting up the infrastructure there. It was meant to provide 15% to 30% of our LNG. That was fine when people were not outbidding us for that LNG. That is the problem now; we cannot guarantee that that LNG will come to us, so we need some form of resilience. I believe that resilience should be our having some gas storage capability.

I have to get a naval thing in. It is interesting that, between the two wars, we forced the Treasury to ensure that our then 850-ship Navy—it is a bit smaller now—had sufficient fuel stored in this country to fight at war rates for six months. Someone in government had calculated it. We have to have a calculation; 25% might be wrong, but there is a requirement for some storage. We need to think very hard and the Government need to come up with a view from their experts on how much that should be. It may dwindle in time, but we certainly need it in the near term as quickly as possible. I very strongly support Amendment 225.

Baroness McIntosh of Pickering (Con): I join the noble Lord in his support for my noble friend Lord Moylan's Amendment 225. I have been minded to table something similar, so I was delighted when my noble friend was able to fill the gap. I believe that the amendment seeks to address not just resilience but security of supply, and I am delighted that it is in the form of a probing amendment and that we leave open the amount of storage that we seek.

My concern, which we touched on in Oral Questions, is the woeful shortage of gas storage at this time. I understand the reasons why Centrica closed its gas storage, which I understand was in Yorkshire, in 2017. But, as my noble friend Lord Callanan said in response to the Question today, the circumstances then were very different from today. I understand that, currently, the facility could possibly store between 10 and 12 days at full capacity. I understand that talks are ongoing in this regard; what status are they at? If they are successful and Centrica, or indeed another operator, was minded to open or reopen these facilities, what is the optimum number of days of storage? I prefer to talk about this in days of storage rather domestic consumption, but I will leave that to those more expert than me. What is the current capacity for gas storage? Back in March, I understood that Germany had something like 120 days' storage and we had only a possible maximum of 30, which may even have been an overestimate of the capacity.

What percentage of gas is currently being supplied to this country by interconnectors from Norway and perhaps other suppliers? Also, what is the percentage being delivered by tankers? For the reasons of resilience and security of supply, and given that there are European countries that are more dependent on Russian sources of gas than we are, can we be absolutely sure about the threat that the current supplies to this country through interconnectors and tankers might be diverted to other European countries if the situation in Russia were to deteriorate further? I understand that this is a source of some concern. Germany is one of the countries most dependent on Russia for current gas supply. I understand that it reached its target for days of gas storage ahead of schedule. It has also stored underground just over a fifth of the gas used in the whole of last year, 2021.

Finally, the flip side of gas storage and the potential cap on spending, which we might learn of tomorrow, is trying to encourage all of us to use less of the finite resource of electricity and energy. Could my noble friend shed some light on that? Will we hear more tomorrow?

Baroness Neville-Rolfe (Con): My Lords, I support Amendment 225 in the names of my noble friend Lord Moylan and others. The noble Lord, Lord Oates, raised some good questions in this area. Gas storage is not only important; it can also be a thing of beauty, as I know from my days watching cricket at the Oval, with its famous gas-holder backdrop. Perhaps it can be revived—I say rather fancifully.

This year's crisis has shown how vulnerable we are with gas. When I was Energy Minister, I often emphasised the importance of energy security, which was very unfashionable then, as energy was plentiful and prices were low. I used to say that, if I or anyone else in that role became the Minister of Blackouts, it would be terminal in career terms. I would like to understand how much of a risk there is with gas now, and indeed how quickly top-ups could be accessed from the North Sea, if that is another possibility. In any event, I urge my noble friend Lord Callanan to make our gas supply less volatile, increase physical storage if possible and/or encourage allies like the Norwegians to do so as well.

Viscount Trenchard (Con): My Lords, I strongly support Amendment 225, which seeks to introduce a requirement to construct gas storage facilities to hold 25% of forecast consumption by 2025. I understand that past Governments have not believed that the country has any particular need for gas storage facilities, given that we have extracted large amounts of gas from the North Sea. I am sceptical that we will find it possible, or indeed necessary, to reduce our reliance on gas as quickly as the Government's net-zero policy currently requires.

However, the extreme volatility in the price of natural gas on the international markets means that British consumers are much more exposed to massive and rapid price increases than consumers in countries that maintain much more significant gas storage facilities, such as Germany. Even if the Government accelerate the development and commercial deployment of more new nuclear reactors than they have planned so far, we will still need large amounts of reliable energy that is not subject to intermittency. Increasing gas storage facilities as an urgent priority will mitigate the risks we face today, and I hope that the Minister will support this.

My noble friend Lord Moylan explained why he selected 25% as the proportion of forecast demand each year beyond 2025. My noble friend Lady McIntosh suggested that this should be defined in days—I think it would be 91 days at 25%, as an average, but surely we use much more gas in winter than summer. I doubt that our consumption of gas will steadily decline in the years beyond 2025 but, so far as it does, I am not saying that it is not a good thing. If the Government are correct and reduced demand in 2028 or 2030 is realised, storage facilities holding 25% of forecast demand may hold 30% or 35%. I look forward to hearing the Minister's thoughts on this very useful amendment.

Baroness Worthington (CB): My Lords, I will briefly speak to this group of amendments. It is clear that the resilience of our energy system is absolutely crucial. As recent events have shown, a non-resilient system poses great threats, in both rising costs and vulnerable people suffering.

I will ask about the best approach to delivering the enhancement of gas storage that I think we all agree on. It seems clear to me that, in Clause 10, the Government are considering making an intervention into energy markets to guarantee a certain volume of fuel supply, because of the perceived worry that investment into these sectors is slowing—quite rightly in my view, because they have a limited lifespan. The fossil fuel industry will have to quickly adapt to a rapidly electrifying energy system in which its product will be less needed. So, in time, we will see a diminishing market, in part because of government policy—and that is completely correct, as we move away from polluting forms of energy. But this opens up the risk that there will be a gap between private sector investment and our needs, as we will still rely on these fuels during the transition. It seems to me that the Government have convinced themselves that an intervention on core fuels for transport is necessary for this reason—the fear that a gap will open.

Has a similar analysis been done on the gas market in light of recent events? Would it not therefore make sense to consider some kind of holistic intervention into the market for energy security purposes, rather than a piecemeal, fuel-by-fuel approach? Does that complement, or supplement, the approach of the noble Lord, Lord Moylan, providing some way through this that we can perhaps discuss during Committee and then come back to on Report?

I support Amendment 240, but would the VAT exemption apply to larger systems, like schools and other buildings, or is it just for personal home use? It seems to be sensible to try to level this up so that people can make use of it.

6 pm

Lord Foster of Bath (LD): To be absolutely clear, it would apply to all batteries that receive their supply from solar panels.

Baroness Worthington (CB): In which case, I am even more supportive, because it is absolutely clear that installing solar panels is a fast way to reduce demand for fossil fuels and to increase resilience. If it can then be stored, even more resilience will be added to the system. So this would seem to be a very sensible amendment, and I thank the noble Lord for his meticulous detail in spotting this.

The Earl of Kinnoull (CB): My Lords, I rise with my European Affairs Committee hat on. I see these as enabling amendments for the storage of energy. The first Parliamentary Partnership Assembly, which took place in May, had a specific session on energy security. The mood was clear: the 70 politicians—35 from Westminster and 35 from the European Parliament—felt that, in a difficult security environment, energy was a European-level matter and that we should think about it as such. Interestingly, I was at a European security conference on Monday and the exact same theme came through. Yesterday, we were settling the agenda for the second Parliamentary Partnership Assembly, and this theme will be on the agenda again.

Many of the speeches and thinking this evening have been from the United Kingdom view of the world. However, we should be enabling ourselves to consider this from a European perspective. As we might be storing gas for others, such as the Germans, anything in these amendments which would allow a future Secretary of State the flexibility to do that would be a good thing from a European context. Therefore, they would be good from a European affairs point of view.

Baroness Bennett of Manor Castle (GP): My Lords, in the interests of time, I will comment only on Amendment 240, in the name of the noble Lord, Lord Foster of Bath, and offer strong support for it—alongside some potential improvements or broadening-out suggestions at this stage.

It is interesting that, in 2015, Steve Holliday, the then CEO of National Grid, said that the idea of baseload relying on coal-fired or nuclear power stations was "outdated":

[Baroness Bennett of Manor Castle]

"From a consumer's point of view, the solar on the rooftop is going to be the baseload."

This would obviously need to rely on batteries for it to work 24/7. Mostly since that time, 3.3% of British homes have installed solar panels, but many of them were installed before batteries were a viable option. Those home owners should not pay the high levels of VAT to enhance the system for the benefit of both themselves and the whole of society.

I have later amendments talking about community energy schemes. I can think of numerous ones that I have visited over the years where solar panels were put on cricket pavilions, community halls et cetera. We have been talking mostly about domestic settings, but there are also many community settings in which the addition of batteries may now be a practical option.

We will be talking a lot in later groups about the issue of energy efficiency and improving energy security by reducing our demand. My understanding of the information from the Consumer Protection Association —and I stand to be corrected if I am wrong—is that double, triple and secondary glazing are not currently covered by the VAT concession. It seems to me that this could possibly be included in this amendment; perhaps it is something we can work on.

Lord Teverson (LD): My Lords, I begin by making it quite clear that my energy storage interests are not around long-term storage or retail storage.

I absolutely support the amendments put forward by my noble friends, but I will not talk about them. Instead, I will follow up on the amendment tabled by the noble Lord, Lord Moylan, and relate it to some of the discussion that took place earlier today in the House around storage, because gas storage is really important at this present time, and it will continue to be in future. I like the way—through a percentage or whatever we use—that we can see a relevant ratchet downwards, as we would expect. However, what alarmed me earlier today was that, in terms of current storage, we appear to be in the hands of independent directors of independent companies that have responsibility to their shareholders under the law, but not to the energy security of the country. That was very clearly stated by the Minister in terms of the decision to turn off the Rough facility in 2017. As I said at the time, if that was the case then, I see no reason why that is not also the case in future; there seemed to be no proposal by the Government to change that situation. I am interested to hear the Minister's response to that part of my original question.

I will also go back to what the noble Baroness, Lady McIntosh of Pickering, said, because part of the Minster's earlier answer was that our storage is the gas we have in the North Sea. But we all know that that store is going down, and I certainly would not, from these Benches, resist trying to increase that in the short term during the energy crisis to ensure that our energy is there—the situation would be different in the medium and long terms. That flow is going down and our imports are going up. I do not know if these two years were particularly representative, but the last figures from the Minister's department said that, in 2020, we imported £5 billion-worth of gas. A year later, that went up to £20 billion-worth of imports of gas—a quadrupling. That was not all because of a price increase at that time, most of which has happened in 2022.

Another statistic reveals that, while we think we have multiple sources, 75% of imports came from one country, which is Norway. Norway is a dependable friend of the United Kingdom; we would not argue otherwise. But we must be clear that Norway's bigger customer is Germany. Germany and the other European countries which import gas from Norway are probably more desperate—this is likely not the right phrase to use—for that resource than we are. As I said, I very much support the outline of the amendment tabled by the noble Lord, Lord Moylan, and ask the Minister what security we actually have, and for how long, over our supplies—that is, the 75% of imports that we have from Norway. What is our legal entitlement to that flow into the future?

Lord Lennie (Lab): My Lords, the amendments from the noble Lord, Lord Oates, are very welcome and they plug a gap in the Energy Bill. Amendment 50 facilitates the changes proposed by allowing the Secretary of State to

"designate the person to be a counterparty for long duration energy storage revenue support contracts."

Amendment 51 introduces a new clause which allows the Secretary of State to

"direct a long duration energy storage counterparty to offer to contract with an eligible person".

Clauses 59, 61 and 63 already allow designation of counterparties for transport and storage, hydrogen production and carbon capture revenue support contracts, and Amendment 50 simply replicates this for long duration energy storage. Similarly, Clauses 60, 62 and 64 already allow the Secretary of State to direct counterparties to offer to contract, and Amendment 51 replicates this for long duration energy storage.

The amendments define long-duration energy storage revenue support contracts as being

"between a long duration energy storage counterparty and the holder of a licence under section 7"

and, as ones

"entered into by a long duration energy storage counterparty in pursuance of a direction given to it under section 60(1)."

This fills a big gap for long-duration energy storage. According to the Government, longer-duration storage—access across days, weeks and months—could help to reduce the cost of meeting net zero by storing excess low-carbon generation for longer periods of time, thereby helping to manage variation in generation, such as extended periods of low wind. This in turn could reduce the amount of fossil-fuel and low-carbon generation that would otherwise be needed to optimise the energy output from renewables.

Long-duration energy storage includes pumped storage as well as a range of innovative new technologies that can store electricity for four hours to supply firm, flexible and fast energy that is valuable for managing high-renewables systems. Introducing long-duration energy storage in large quantities in Britain by 2035 can reduce carbon emissions by 10 megatonnes of CO_2 per annum, reduce systems costs by £1.13 billion

per annum and reduce reliance on gas by 50 TWh per annum. That seems to me worth consideration in this Bill.

Amendment 225 in the name of the noble Lord, Lord Moylan, which has general support around the House, requires the Government to produce a strategy for the storage of gas for domestic consumption. This would see the construction and operation of gas storage facilities capable of holding 25%, although it could be more—it could be 100%—of forecast domestic consumption each year beyond 2025. While agreeing that UK gas storage is currently small, which may have left us exposed to higher prices and shortages thus far, is it the solution to the long-term energy supply problems that we may face? It may well be that we need an immediate expansion of gas, but whether it is the long-term solution to our energy supply is open to some question. The UK currently stores enough gas to meet demand over four or five winter days, which is clearly not enough. But the new Chancellor said, when he was the Business Secretary, that the answer to mitigating a quadrupling of the gas price in four months was to get more diverse sources of supply, and more diverse sources of electricity, through non-carbon sources. So there is some doubt about the long-term viability of increasing gas storage.

Amendment 240 from the noble Lord, Lord Foster, would establish a new clause to store energy generated by solar panels in the list of energy-saving materials that are subject to zero-rate VAT. He had the example of his friend in the south-west. Modelling from Cornwall Insight's view of the GB power market out to 2030 has shown that between 2025 and 2030 the Government must spend almost one-fifth of their total energy technologies investment, which includes solar, wind, nuclear and carbon capture and storage, on energy storage batteries, if we are to meet renewable targets and stabilise the energy market. Latest data estimates that almost 10% of grid capacity will be provided by battery storage by 2030, at an estimated cost of £20 billion. So, considering both the need and the cost of this, the amendment seems a sensible proposal to encourage the market to take up some of the burden.

Lord Callanan (Con): I thank all noble Lords for participating in what has been a fascinating debate on an important subject, very much building on the discussion that we had earlier this afternoon. I shall come on to the issue of gas storage—a popular topic of the day—a bit later.

I start with Amendments 50 and 51, tabled by the noble Lord, Lord Oates. Long-duration energy storage covers a wide range of technologies, and the Government are looking at the need for revenue support for these separately, as they all face different challenges and solve different problems. While I commend the noble Lord's intentions, I put it to him that these amendments are premature at this stage.

In the case of electricity storage, I reassure the noble Lord that we are committed to developing policy enabling investment for large-scale, long-duration electricity storage by 2024, as we have set out in our response to the call for evidence. As noted by the noble Lord, Lord Oates, we recognise that these technologies face significant barriers to deployment under the current market framework, due to their long build times, the high upfront costs, and the lack of forecastable revenue streams. Similarly, in the case of hydrogen storage, the 2021 UK hydrogen strategy set out our ambitions in this area.

More recently, and in recognition of the important role that hydrogen storage is expected to play in the hydrogen economy, we committed in the 2022 British energy security strategy to design hydrogen transport and storage business models by 2025. Indeed, we published a consultation on these matters in August. It is my contention that adding these clauses to the Bill now would prejudge the outcomes of the policy development which, as I hope noble Lords recognise, is already well under way.

6.15 pm

I move on to Amendment 225 from my noble friend Lord Moylan. The intention of this amendment is to expand on the discussion that we had at Oral Questions earlier and to increase gas storage capacity in addition to the 1.5 billion cubic metres of current gas storage capacity that we have in Great Britain, as I informed the House. To this end, my noble friend proposes that the Secretary of State for BEIS produces a strategy within six months of the day the Act is passed.

As my noble friend recognised, it is thanks to our indigenous supply source from the UK continental shelf, currently supplying about 45% of our gas demand, and a number of diverse international supply sources, that the UK is, thankfully, not reliant on gas storage as a source of supply. If I may put it like this, it would be a mistake to conflate greater storage capacity and greater energy security. To respond to the point made by my noble friend Lady McIntosh—I do not know whether she was in the House for Oral Questions earlier—the interconnectors have been helping the continent this year. We have 20% of the entire EU gasification facilities at LNG ports, and we have been using them to help Germany, Italy and others to refill their storage capacity during the winter months. So the interconnectors have been operating as much as they possibly can in the other direction, because the Germans failed to provide enough LNG capacity for themselves. So, given that we co-operate with them on this, we would hope that that co-operation would be reciprocated in response to any peak demand over the winter.

However, as the noble Lord, Lord Teverson, intimated without saying it directly, desperate situations sometimes cause desperate measures, as we saw during the vaccine crisis and the pandemic. We have legal and robust contracts with Norway, which is a trusted and valued supporter of ours, but we are not complacent about any potential risks. We keep these matters under careful consideration. I would say that at least a good proportion of the Norwegian output is portrayed directly via British infrastructure, and there is no option to go anywhere else. It does not apply to all Norway's sales, but a good proportion come directly to the UK, and there are no connecting pipelines back to the continent except through the United Kingdom. I hope that that reassures the noble Lord slightly—but he is right to raise these matters and we do keep them under constant review.

[Lord Callanan]

Our current approach is agile and offers flexibility to the gas market when other sources are more expensive or not available. It can help to balance the effect of price volatility, allowing shippers—gas traders—to utilise market opportunities throughout the year. So the Government recognise the need to have some natural gas storage facilities in place as a source of balancing system flexibility when demand for gas is high—and also, of course, and crucially, allowing potentially for the future storage of hydrogen. Given the current situation in the international gas market, it is sensible that all possible options are considered to maintain security of gas supply, which includes the future of gas storage if required.

I understand that the Committee wants to push me further on the issue of the rough storage facility. Centrica has taken a decision and has applied for the consents to enable it to at least partially reopen the site for this winter. It has submitted a proposal for our consideration, which we are looking at. I can go no further than that at the moment, but I assure the Committee that when we have further news on this, I shall make sure that noble Lords are informed at the earliest possible moment.

Lord Teverson (LD): That is moving back from what I understood. I understood there had been an agreement, or is it just that the facility has been licensed? Is that how far it has got, and so a commercial agreement has still to be made? Is that where we are?

Lord Callanan (Con): As I said at OQs this afternoon, licences have been granted by Ofgem, by the regulatory bodies, because the safety and security of the facility is important. Centrica has taken a commercial decision to open part of the storage facility for this winter, and it has submitted other plans for our consideration, which we are doing. I apologise to the noble Lord, but I can go no further than that at the moment. As soon I have further information, and we expect progress in the near future, I will inform the noble Lord and the rest of the Committee.

Lord Teverson (LD): I thank the Minister for that information, but it sounds to me like Centrica is conducting a very hard negotiation with the Government, maybe at the security expense of the country—I do not know.

Lord Callanan (Con): I will leave that as a comment; there is nothing I can reply to on it. When I have further information, I will update the Committee.

The commitment proposed by my noble friend Lord Moylan to have in storage gas equivalent to 25% of forecast domestic consumption by 2025 is extremely ambitious. It is also horrendously expensive to do and, I submit to the Committee, unnecessary. The Government fully recognise the importance of gas storage, as I said, and officials continue to work on the future role that it can play in the clean energy landscape, particularly as gas production, as a number of noble Lords have said, can start to decline. But, of course, the fact that we get 45% of our production from our own continental shelf is, in effect, a giant gas storage facility and that is why we have traditionally had much less than continental countries which do not have those advantages. There is an integrated market—that is correct—and both sides benefit from it. As I said, the interconnectors over this year have been operating massively in the direction of the rest of continental Europe from the UK.

I think I have answered all the questions that were raised about gas storage facilities.

Baroness McIntosh of Pickering (Con): I am sure it is on the departmental website, but do we know how much gas is supplied by interconnectors from Norway, and how much is supplied by tankers from Dubai and other countries in the overall scheme of things?

Lord Callanan (Con): When my noble friend says "tankers", I take it she means LNG tankers. I forget the exact figure, but we get 45% from our own domestic capacity and about 3% to 4% through interconnectors, so I guess the rest will be made up from LNG shipments. We have three LNG gasification terminals in the UK. Those figures are off the top of my head; I will correct them if they are not right.

Turning to the amendment in the name of the noble Lord, Lord Foster, I am sure he expects the reply that he is going to get. As he will be well aware, changes to tax policy are considered as part of the Budget process. As Treasury officials are always very keen to tell me whenever I put forward such proposals, they have lots of proposals from people for exemptions from various taxes but not many proposals for how to make up the revenue that would be lost from them. I am sure that the Chancellor will want to take that fully into consideration in the context of the Government's wider fiscal position. I fully take on board the points that the noble Lord made. The Government keep all taxes under review and always, the Treasury tells me, welcome representations to help inform future decisions on tax policy.

Baroness Worthington (CB): In case there are any Treasury officials listening or, indeed, reading *Hansard*, I suggest that one form of new tax would be on the trading of fossil fuel commodities. This is a huge source of revenue to the suppliers of fossil fuels into the market, and the commodity trading markets is a very good place to look for taxation revenue.

Lord Callanan (Con): I thank the noble Baroness for her suggestion. The Treasury is not normally shy in coming forward with proposals for extra taxes if it thinks it can get away with it. Of course, we have already imposed the excess profits levy on a number of producers in the UK; indeed, those producers already pay increased rates of corporation tax. We must be careful that we do not disincentivise investment. Putting aside the wider politics of it, which we all understand, I am sure that everybody is aware that we need tens of billions of pounds of investment into existing oil and gas facilities. I welcome the support of the noble Lord, Lord Teverson, for the continued production of UK gas; it is an important transition fuel and I hope he will manage to convince some of his Liberal Democrat colleagues to support us in this. We do need gas in the short term, but many of those same companies are

investing many billions of pounds also in offshore wind and other renewable energy infrastructure, so we want to be careful not to disincentive them too much from that. I am sure the Treasury will want to take into account all these helpful considerations as to how it can increase its tax base.

In conclusion, I am grateful to noble Lords for their amendments on these topics. I hope I have been able to provide at least some reassurance to some people on their amendments and that they will therefore feel able not to press them.

Lord Oates (LD): I thank the Minister for his reply. On the tax treatment of batteries for solar power, I heard the Prime Minister at Prime Minister's Questions today say on a number of occasions, "What I am about is cutting tax", so perhaps he could suggest to her that this is one of the first tax cuts she could make.

On long-duration storage, the Minister made the point that there is a wide range of technologies, some of which are innovative, and the Government need to consider them. As I said in moving my amendment, that is acknowledged, but there are some that are not innovative: they are proven and effective and we need to get on with them. I hope the Minister can find a way of addressing this, because we will come back to it. The Government need to find a way, whether it is through specific pathfinder pilots or whatever it is, to get on with some of the things that need to happen now. The Minister said that it was premature at this stage to come forward with this stuff. If he talked to the project managers of Coire Glas, I think they would tell him it is not premature at all; in fact, it is desperately needed. They have a project ready to go, but they have no revenue model. We know we need it, the Government acknowledge in their consultation on long-duration storage that we need to massively ramp this up, so we really need to get on with it. I am afraid the Minister did not really address that.

I have one final question for the Minister. He said we will have the solution "by 2024". Can he confirm that that means we will have the revenue models by 1 January 2024? There is a big difference between "by 2024" and during 2024. The industry is very worried that, when it has pressed the department on this, it has been given no assurance that it actually means "by 2024" and that it could be by the end of 2024. Can the Minister clarify that, in writing perhaps, to me and other Members of the Committee? These are critical things. We just have to get on with doing the things that we know how to do. There are lots of things that we do not know how to do. I beg leave to withdraw my amendment.

Amendment 50 withdrawn.

Amendment 51 not moved.

Clause 65 agreed.

Clause 66: Obligations of relevant market participants

Amendment 52

Moved by ***Baroness Blake of Leeds***

52: Clause 66, page 58, line 4, leave out "relevant market participants (see subsection (8))" and insert "the Consolidated Fund or gas shippers"

Member's explanatory statement

This amendment means the Secretary of State may put a levy on gas shippers, but may not put it on gas or electricity suppliers, thus taking responsibility away from levies to households.

Baroness Blake of Leeds (Lab): I shall speak also to Amendments 54 and 62, tabled in my name and that of my noble friend Lord Lennie. Clauses 66 and 67 set out a series of powers to raise a levy or levies to fund the hydrogen business model. Detailed design of these will be subject to further consultation, which I hope and assume will take place thoroughly and may indeed reach similar conclusions to those put forward in this group of amendments.

6.30 pm

We know that this could be done through payment to a hydrogen levy administrator, paid by counterparties of hydrogen production primarily, as well as those of carbon dioxide transport and storage in cases where shortfalls in licensees' allowed revenue are caused by low-carbon hydrogen producers. Subsection (2) also allows for payments to the administrator for the purpose of meeting other costs. These payments, as written, can be taken from "relevant market participants", which are defined in subsection (8) as gas suppliers, electricity suppliers and gas shippers.

This is where our Amendments 52 and 54, and others in this group, seek to make changes. These amendments mean that the Secretary of State can put a levy on gas shippers, but cannot put one on gas or electricity suppliers, thus preventing responsibility for the levies falling on households. As per Clause 66, relevant market participants can be required to pay levies via revenue support regulations. This amendment quite simply means that levies are to be put on shippers rather than suppliers, making it more difficult for these costs to be passed directly to households and therefore limiting the impact on bills. I am aware that the emphasis in these amendments is on pricing and protecting the consumer. Surely, in the current climate we need to make sure we take every opportunity to make affordability one of our primary considerations. I support the need to protect the environment, as highlighted in the amendments tabled by the noble Baroness, Lady Worthington, which is a very important consideration.

Where shippers have above what is in reserve provision, Amendment 62 guarantees that the difference should be restored directly to customers from shippers, in contrast to how the LCCC works with retailers and customers at present. Under circumstances where sums are apportioned under Clause 76, held by the counterparty, the amendment ensures that any leftover money goes directly back to energy supply customers—the people who supplied them in the first place—rather than being held back.

I look forward very much to the discussion on the amendments laid by the noble Lord, Lord Teverson, and the noble Baroness, Lady Worthington. I believe this is an area where the Minister could signify a willingness to move, given that our priority, as I have said, must be to work in any way possible to reduce the impact on the bills of people who are under such enormous stress and strain at the moment. I beg to move.

Baroness Worthington (CB): My Lords, I will speak to Amendments 55, 56 and 57 to Clause 66, which are in my name. As has been eloquently expressed by the noble Baroness, Lady Blake of Leeds, we absolutely need to put at the forefront of our attention the need to minimise adding costs to consumers at this time. Please excuse my coarse language, but it feels to me that the Government are in danger of moving from "cutting the green crap" to forcing us to take on crap green. That is essentially what we are doing here.

It is an adding of potentially unlimited expense for a commodity which will play a role—I am not completely against the use of hydrogen for certain applications—but the idea that it will be used at scale for homes is completely ludicrous. It is therefore absolutely right that we limit the levy to the people who will benefit from its use. That will not be consumers and certainly not electricity bills. What we want is cheaper electricity. I am confident that electricity will soften as we get off fossil fuels and rely more on more predictable and stable forms of electricity generation, such as nuclear, offshore wind and a whole panoply of ways of making electricity that we can control more easily than relying on imported gas. Those costs will soften, and we want to keep them cheap because that will enable us to electrify whole other segments of the economy.

So I absolutely support limiting this levy to gas, whether that is by saying it should be gas shippers or removing the reference to electricity, as my Amendment 55 does—I am completely agnostic on that, but the issue is fundamental. I will quote from a briefing that some of us may have received from E.ON, a big provider of energy which quite cleverly split itself into a clean electricity part and a not-so-clean one. The clean part says clearly that "recovering the costs of these new technologies through electricity bills is regressive and difficult to justify considering the soaring cost of living and the potential benefits of these technologies to individual consumers are uncertain. It is damaging that the Bill allows the Government to recover the costs of hydrogen revenue through electricity suppliers and, therefore, electricity consumers." I fully support that and I have to say that my amendment was tabled before I read the briefing.

I considered striking out the whole levy with a clause stand part debate, but I thought that might be more the approach of the noble Baroness, Lady Bennett, so in Amendment 56 I am simply saying that there should be a sunrise to delay us rushing into adding more costs. The amendment proposes that the regulations should not be brought in until 6 April 2026. Amendment 57 simply states that a financial impact assessment must be made available if and when this levy starts to be added to bills.

My guess is that the use of hydrogen will be limited. It will be very expensive and it is very inefficient, so the costs should not and will not be borne in time. But I am worried that in this Bill we seem to be diverting towards a distraction and risking an illogical transition which will slow us down and add costs unnecessarily. That is damaging to the net-zero cause and to people's confidence in this transition. We should therefore be very circumspect on this levy provision; we should be narrowing its application and slowing it down. I hope that the Government will consider this, because I am sure they have read the science and understand the physics as well as everybody else. It really ought to be limited.

Lord Teverson (LD): My Lords, I think we are all trying to achieve the same thing here. As the noble Baroness, Lady Blake, said, maybe we need to take this forward as a way to do it. The cost to consumers is absolutely central at the moment, and this is not a short-term thing—it is at least medium term. Later we will come to an amendment which says we should repeal the Nuclear Energy (Financing) Act, which was all about raising costs to consumers in the short term and has nothing to do with nuclear power otherwise.

In my amendment, I am trying to do something very similar to what has already been debated: if we are going to accept this levy—we know levies are always very contentious when implemented in terms of who has to pay for them and who gets the benefits from them, which leads to a lot of argument—it is quite clear that for hydrogen there is only a very limited sector of organisations, people and population who will actually benefit from it. In its own way, my amendment seeks to prevent other consumers who are not benefiting from hydrogen having to pay for that investment.

It is very much in line with other Members' amendments and it is absolutely fundamental to the messages that we as a Parliament, and the Government, are putting out at the moment to consumers and company users of energy. Let us make sure that, if we have this levy, it is kept to those who benefit from hydrogen rather than those outside who do not.

Lord Callanan (Con): I thank the noble Lords, Lord Lennie and Lord Teverson, and the noble Baronesses, Lady Worthington and Lady Blake, for their amendments relating to the hydrogen levy provision. Before turning to the amendments, let me make the general point that these provisions in the Energy Bill will not, as all noble Lords are aware, immediately introduce this levy; they will only enable government to introduce the levy later through secondary legislation.

I will start with Amendments 52, 54 and 62 in the names of the noble Lord, Lord Lennie, and the noble Baroness, Lady Blake. Amendments 52 and 54 seek to limit the energy market participants that could be obliged to pay any future hydrogen levy to gas shippers only. The Government intend that the levy would initially be placed on energy suppliers, and it will operate in a similar way to the existing levy schemes, where revenue support is funded through energy supplier obligations, such as the supplier obligation that funds the current contracts for difference regime. That is because these funding mechanisms are well understood by the private sector and have been extremely successful. The Government consider that establishing a similar levy would provide investors and developers with confidence to invest in low-carbon hydrogen production projects.

The option to levy gas shippers has been included with the intention to allow for a greater range of options for future levy design. The Government anticipate that the costs of any future levy on gas shippers would

be passed through the energy supply chain and ultimately on to energy users, in a similar way to existing supplier obligations. It is unlikely therefore that these amendments would have the effect of preventing costs associated with the levy being passed on to households.

I turn to Amendment 62, which seeks to guarantee the return of overpayments of the levy to energy customers. The Government's intention, and our expectation, would be that, in the event of overpayment by relevant market participants, those sums would be returned to market participants, who in turn should then pass them on to their customers.

Amendment 53, tabled by the noble Lord, Lord Teverson, seeks to ensure than an obligation to pay a hydrogen levy would, where possible, be placed only on those who would directly benefit from the low-carbon hydrogen production funded by the levy. Low-carbon hydrogen could support decarbonisation across the economy, which could benefit gas and electricity customers generally.

The powers that we have in the Bill provide options for where a hydrogen levy might be placed in the energy value chain, enabling future regulations to make provisions requiring one or more descriptions of gas suppliers, electricity suppliers and/or gas shippers to pay the levy. The Government have not yet reached a decision regarding which types of market participants will be obliged to pay the levy. That decision will be taken in due course and will no doubt be discussed in our Lordships' House during the course of the secondary legislation that would be required to implement it. The decision will take into account a wide range of considerations, including but not limited to considerations related to fairness, which I know are the focus of the amendments tabled by the noble Lords. Given the Government's approach to policy development on this levy, I hope that noble Lords recognise the amendment is unnecessary.

I turn to Amendments 55, 56 and 57, tabled by the noble Baroness, Lady Worthington. Amendment 55 seeks to ensure that an obligation to pay a hydrogen levy administrator could not be placed on electricity suppliers. I would contend that it is crucial that the provisions in the Bill allow for a range of options for where the levy might be placed to help enable the Government to future-proof the levy over the longer term and accommodate changes to the wider energy market.

As I alluded to earlier, we expect low-carbon hydrogen to play an important role in decarbonising the electricity sector. This provides support to the case for including electricity suppliers as a possible point of obligation for the levy. I understand the concern expressed by the noble Baroness and, if she will allow me, I will take this away and possibly revisit it at Report, but I hope she will not press her amendment.

6.45 pm

Baroness Worthington (CB): I am grateful for the Minister's response. I have no doubt that hydrogen will have a role to play, but it is more likely to go into fertiliser production or long-distance fuels for shipping and aviation. The provisions being taken here do not allow for it to be applied to the sectors that consume fossil fuels—gas obviously covers fertilised gas. This needs to be thought through in relation to where hydrogen will most likely be needed. It will play a tiny role in decarbonising electricity, if at all, because there are so many other ways of doing it more cheaply and more efficiently.

Lord Callanan (Con): I understand the point made by the noble Baroness. I have also seen the models of where it is most likely that hydrogen would be used, and I have considerable sympathy for many of the points that she made. As to the where it will be used, it will clearly be in industrial processes and heavy-goods transportation. These would be more likely uses than home heating or decarbonisation, but it would possibly play a role. Nevertheless, as I said, I have taken note of what has been said in the Committee and understand the points that have been made. If the noble Baroness allows me, I will take them away to look at, and possibly revisit them at Report.

Amendment 56 seeks to impose restrictions on when the hydrogen levy can be introduced to fund the hydrogen business model. This will help to unlock potentially billions of pounds worth of investment in hydrogen that we need across the UK. The Government are committed to ensuring that long-term funding is provided through the hydrogen business model, and the provisions in the Bill do not require the Government to introduce the levy by a particular date. We do not expect the levy to be introduced any time before 2025, and so we do not expect it to have any impact on consumer bills before then, at the earliest. Decisions regarding when to introduce the levy will take into account wider government policies and priorities, including considerations related to energy bill affordability, which is always at the forefront of our considerations.

The first set of regulations under Clause 66, establishing the levy, will also be subject to the affirmative resolution procedure, so we would fully expect Parliament to exercise its role, and particularly your Lordships' House to scrutinise how the Government intend to exercise those powers.

Amendment 56 would, in my view, introduce restrictions that are unnecessary, given the Government's approach to decisions related to when to introduce the levy and the parliamentary scrutiny requirements that would be associated with any relevant secondary legislation.

Amendment 57 seeks to protect consumers by introducing a requirement for the Secretary of State to publish a specific consumer impact report before making regulations under Clause 66, establishing a hydrogen levy. As I mentioned, the parliamentary procedure for the first set of regulations that establish the levy will help ensure that the levy receives sufficient scrutiny from Parliament. Crucially, I can tell the Committee that it is already the Government's intention to publish an impact assessment alongside the draft regulations made under Clause 66. I hope noble Lords will recognise that the amendment is unnecessary and feel able to not press their amendments.

Baroness Blake of Leeds (Lab): I thank the noble Lord for his comments and welcome, as we all do, the commitment to revisit one of the amendments from

[Baroness Blake of Leeds]
the noble Baroness, Lady Worthington. We look forward with interest to that. However, on some of the other aspects, there will be conversations between now and Report, and I am fairly confident that we will come back to discuss what is, in our view, a really important area. With those comments, I beg leave to withdraw the amendment.

Amendment 52 withdrawn.

Amendments 53 to 57 not moved.

Clause 66 agreed.

Clauses 67 to 69 agreed.

Clause 70: Allocation notifications

Amendment 58 not moved.

Clause 70 agreed.

Clause 71 agreed.

Clause 72: Duty to offer to contract following allocation

Amendment 59

Moved by ***Baroness Worthington***

59: Clause 72, page 63, line 36, leave out from second "counterparty" to end of line 38 and insert "and the eligible low carbon hydrogen producer specified in the notification must, in accordance with provision made by revenue support regulations, contract on—"

Member's explanatory statement

This amendment makes the signing of a revenue support contract or contract for difference (CFD) mandatory for a firm which has successfully bid for it.

Baroness Worthington (CB): I shall move Amendment 59 and speak to Amendments 60 and 61, in my name and that of the noble Lord, Lord Howell of Guildford, who sends his apologies. He had a diary clash, but assures me that he is fully supportive of this discussion. In fact, he informed he that he was around when the very first CfDs were used as private contracts, a long time ago, and is very keen that they remain a trusted and respected form of investment, hence he was keen to lend his name.

These are obviously probing amendments, designed to start a discussion about the need to preserve integrity in the CfD mechanism. The UK deserves huge credit for having introduced this mechanism, which is seen as investable and a dependable way of getting large investment into decarbonised infrastructure—something we all need.

It is regrettable that there is now a set of circumstances whereby contracts, once awarded, are not being taken up. The reason they are not being taken up is that market prices are currently so high that if you took on your contract for difference, you would be required to pay back into the fund anything above your strike price. Some of these contracts have been awarded at around £55, £59 or £60 per megawatt hour—market prices are way above that—so people are choosing not to take up the contract and to delay.

Now, I am aware of three wind farms that have currently delayed this for these reasons. It makes perfect sense for them: they are representing shareholder value and possibly could not do otherwise, because of the existence of a loophole, which is that there is no requirement to take up the contract once it is awarded. What we want to try to do is close that loophole and, if possible, do something about it in the current time. Amendments 59, 60 and 61 all seek to do that.

It is important to note that these three wind farms—I do not want to overblow this; it is not everybody—are all in foreign ownership. Ørsted, RWE and EDP Renewables in Spain own these sites. It is public money that they are essentially not giving back, having got this contract. It feels very wrong, at the time of a cost of living crisis, when we need every penny, for hundreds of millions of pounds to be lost to these companies and their shareholders as a result of this loophole in how the contracts are drafted and can then be delayed.

I am sure that the Government are working hard to try to address this too. It strikes me that we have an Energy Bill and can therefore get this right for future contracts, but if we can also do something about current contracts, that would be enormously beneficial. I thank Carbon Brief for helping me understand how many wind farms are involved in this: they are Hornsea Two, Triton Knoll and Moray East, I am told by an article in the *Times*, just to get that on the record in *Hansard*. If the Government know differently, and if they can tell us exactly the extent of the problem, that would be super helpful, because we have not been able to find it from official sources. This is, as I say, from research by Carbon Brief. If the noble Lord, Lord Howell, were here, I am sure he would say how keen he is for this to be resolved. I look forward to the Minister's response.

Lord Teverson (LD): The history of contracts for difference is longer than I thought; I thank the noble Baroness for mentioning that. They became a big thing in the last Energy Act during the coalition Government and have been amazingly successful. I have to admit that I did not realise that this issue was quite so significant, but it is interesting that, given the financial investment required for offshore wind farms and the time they often take to implement and build, this is a case where the risk goes up for the financial investor, as opposed to a low-risk contract for difference. I am therefore also interested to understand from the Minister whether these businesses are just delaying until they see the lay of the land and whether they still have those options, because there is that risk-reward ratio.

I very much support the intention of this amendment, but the energy industry has also talked about contracts for difference being a way forward even in the fossil fuel industry, and a way that we could decouple power prices from gas prices. It may be that the Government are not doing anything in that area, but I am interested to understand whether that is something the department is investigating as a way forward on that decoupling.

Contracts for difference are a fantastic invention. As the Minister said, at the moment they are bringing good money back into the public sector—technically into the counterparty company, but effectively into the public finances. I very much support the motivation of this amendment.

Lord Lennie (Lab): My Lords, we are also very supportive of contracts for difference and of this attempt to ensure that contracts entered into are adhered to. I was not quite sure whether the noble Baroness, Lady Worthington, had the total number of these failures to enter the contracts, other than the three she cited, which is probably enough. Maybe the Minister could help with that if she does not have that information.

The only thing that concerns me is that, although I cannot think of what it could be, there might be some reasonable exemption for not signing up. However, apart from that, it seems to me entirely sensible to tighten this obligation.

Baroness Bloomfield of Hinton Waldrist (Con): I thank the noble Baroness, Lady Worthington, and the noble Lord, Lord Howell, for their amendments. I say at the outset that the CfD model will remain an important tool in the armoury of financing options to encourage investment in green energy, although I understand that the point of these amendments is to preserve its integrity.

Amendment 61 seeks to make the signing of a contract for difference—known as a CfD—mandatory for a renewable electricity project that has successfully bid for one in a competitive CfD allocation round. I point out, however, that the Energy Act 2013 already contains, in Section 14(2)(d), powers very similar in effect to the amendment. Section 14(1) of the 2013 Act provides for a CfD counterparty, acting in accordance with provisions made by regulations, to offer to contract with an eligible CfD generator. Section 14(2) of the Act allows for regulations to be made that make further provision about an offer to contract, including, at Section 14(2)(d), provision about what is to happen if the eligible generator does not enter into a CfD as a result of a contract offer. Successful applicants for a renewable electricity CfD are expected to enter into a contract with the Low Carbon Contracts Company if offered one following a CfD auction. Those who do not are excluded under Regulation 14 of the Contracts for Difference (Allocation) Regulations 2014, as amended, from submitting an application at the same site for a specified number of future CfD allocation rounds—an "excluded site". The 2014 regulations were made under the powers in Section 14 of the Energy Act 2013.

7 pm

The purpose of this exclusion mechanism—commonly referred to as the non-delivery disincentive, or NDD—is to deter speculative bids and incentivise successful CfD applicants to sign contracts and deliver operational renewable power stations within a set timeframe. The NDD has been very effective in discouraging non-compliance across the four CfD allocation rounds held to date between 2015 and 2022. I am informed that only three small projects, totalling 41 megawatts, have refused to sign a CfD contract, out of the 26.6 gigawatts of capacity that has so far been awarded. I am afraid I do not have a specific answer on the three wind farms that the noble Baroness mentioned. If I can get further details, again, I shall put that in writing for the Committee.

The 2014 regulations were amended as recently as this July to extend the exclusion period so that an application cannot be made in respect of an excluded site in the subsequent two applicable allocation rounds, strengthening the previous policy of excluding a site from only one subsequent allocation round. I draw the attention of the Committee to the Contracts for Difference (Allocation) and Electricity Market Reform (General) (Amendment) Regulations 2022.

We have already announced that we will move to annual CfD auctions, bringing forward the next round to March 2023. The Government therefore believe that the current legal provisions that exclude non-compliant applicants are proportionate and effective, and do not require further strengthening.

Lord Teverson (LD): I hope I am not pre-empting the noble Baroness, but are the Government then going to use those powers?

Baroness Bloomfield of Hinton Waldrist (Con): In law, the Government have the power to use them. I am afraid I am not able to comment on what action we might take on the three specific cases which the noble Baroness, Lady Worthington, mentioned, but as I said, I will take that back to the department and write to noble Lords to set out whatever action is being proposed.

Lord Lennie (Lab): Does the Minister know of any further cases, other than the three that have been cited? What total caseload are we talking about?

Baroness Bloomfield of Hinton Waldrist (Con): My briefing suggests that only three small projects totalling 41 megawatts have refused to sign a CfD contract, but that does not sound like a big enough totality to incorporate three large wind farms. I am afraid I do not have any further details on that at this moment.

Amendments 59 and 60 similarly seek to make the signing of a revenue support contract mandatory for a firm which has successfully bid for it through an allocation process put in place under Clauses 68 to 74. Clause 72 provides for a hydrogen production counterparty and carbon capture counterparty, acting in accordance with provision made by regulations, to offer to contract with an eligible low-carbon hydrogen producer or eligible carbon capture entity respectively in specified circumstances. Clause 72(3) provides the Secretary of State with a power to make further provision in regulations about an offer to contract made under this clause. Subsection 3(d) sets out that this may include provision about

"what is to happen if the eligible low carbon hydrogen producer or eligible carbon capture entity does not enter into such a contract as a result of the offer."

As I have explained, a similar power in the Energy Act 2013 has been exercised to introduce the non-delivery disincentive for the CfD regime, which has been very effective in discouraging non-compliance across the four CfD allocation rounds.

[Baroness Bloomfield of Hinton Waldrist]

We are considering how to evolve our approach towards more competitive allocation processes under Clauses 68 to 74 for the industrial carbon capture business models. Work is under way to develop the possible design of a more competitive allocation process for the hydrogen business model, including the offer to contract process. I therefore ask the noble Baroness and the noble Lord not to press Amendments 59 and 60, but again thank them for helping to test the robustness of the Government's decarbonisation ambitions.

I hope I have been able to reassure noble Lords and that, with the offer to write with further details on the wind farms, they feel able to withdraw their amendment.

Baroness Worthington (CB): I thank the Minister for her reply. I have not been clear enough; it is entirely my fault. These are not non-delivery instances. These are instances in which a wind farm is completed, has a CfD and then delays the actual mechanic of the strike price by a certain number of months or years. In doing so, they are ensuring that they can sell at merchant value now and then take up the strike price when the prices fall. Essentially, they have de-risked completely, so that we are carrying all the downside risk and they are taking all the upside risk. That is not how a CfD works. Three of them are doing this, so my fear is that this has almost become quite a clever standard practice. If it persists, this is hundreds of millions of pounds that could be coming back. It completely undermines the integrity of the whole process. So it is not the non-delivery or refusal to sign—I understand that all those provisions are there—it is the delaying out. There is nothing government or the LCCC can use to compel them to take it up at the point of signing. It is on that that I would love to receive a note.

We are obviously going to come back to this. It is all in the interests of getting value for money, keeping up the reputation of this sector and making it as full of integrity as we can. I will withdraw the amendment, but I look forward to continuing the conversation.

Lord Teverson (LD): This is something that I suspect we all hold the same view on. Could the Minister write to us to clarify the situation before Report? That would be very useful. It seems to me that we are all on the same side on this.

Baroness Bloomfield of Hinton Waldrist (Con): I am happy to agree to that.

Amendment 59 withdrawn.

Amendments 60 and 61 not moved.

Clause 72 agreed.

Clauses 73 to 75 agreed.

Clause 76: Application of sums held by a revenue support counterparty

Amendment 62 not moved.

Clauses 76 and 77 agreed.

Amendment 63

Moved by ***Lord Callanan***

63: After Clause 77, insert the following new Clause—

"Enforcement

Enforcement

(1) Revenue support regulations may make provision—

(a) for requirements imposed under the regulations on—

(i) a gas supplier who holds a licence under section 7A(1) of the Gas Act 1986, or

(ii) a person who holds a licence under section 7A(2) of that Act (gas shipper),

to be enforceable by the Gas and Electricity Markets Authority as if they were relevant requirements within the meaning of sections 28 to 30O of that Act;

(b) for requirements imposed under the regulations on an electricity supplier who holds a licence under section 6(1)(d) of the Electricity Act 1989 to be enforceable by the Gas and Electricity Markets Authority as if they were relevant requirements within the meaning of Part 1 of that Act;

(c) for requirements imposed under the regulations on—

(i) an electricity supplier who holds a licence under Article 10(1)(c) of the Electricity (Northern Ireland) Order 1992 (S.I. 1992/231 (N.I. 1)), or

(ii) a gas supplier who holds a licence under Article 8(1)(c) of the Gas (Northern Ireland) Order 1996 (S.I. 1996/275 (N.I. 2)),

to be enforceable by the Northern Ireland Authority for Utility Regulation as if they were relevant requirements within the meaning of Part 6 of the Energy (Northern Ireland) Order 2003 (S.I. 2003/419 (N.I. 6)).

(2) References in subsection (1) to enforcement include enforcement under the terms of a licence mentioned in any of paragraphs (a) to (c) of that subsection."

Member's explanatory statement

This amendment enables revenue support regulations to make provision about the enforcement of requirements imposed by the regulations.

Amendment 63 agreed.

Clause 78 agreed.

Clause 79: Transfer schemes

Amendment 64 not moved.

Clause 79 agreed.

Clauses 80 and 81 agreed.

Amendment 65

Moved by ***Lord Callanan***

65: After Clause 81, insert the following new Clause—

Modifications of licences etc

(1) The Secretary of State may modify—

(a) a condition of a particular licence under section 6(1)(b) of the Electricity Act 1989 (transmission licences);

(b) the standard conditions incorporated in licences under section 6(1)(b) of the Electricity Act 1989 by virtue of section 8A of that Act;

(c) a document maintained in accordance with the conditions of licences under section 6(1)(b) of the Electricity Act 1989, or an agreement that gives effect to a document so maintained.

(2) The Secretary of State may modify—

(a) a condition of a particular licence under section 7 of the Gas Act 1986 (licensing of gas transporters);

(b) the standard conditions incorporated in licences under section 7 of the Gas Act 1986 by virtue of section 8 of that Act;

(c) a document maintained in accordance with the conditions of licences under section 7 of the Gas Act 1986, or an agreement that gives effect to a document so maintained.

(3) The Secretary of State may modify—

(a) a condition of a particular licence under Article 10(1)(b), (bb) or (d) of the Electricity (Northern Ireland) Order 1992 (S.I. 1992/231 (N.I. 1)) (transmission, distribution or SEM operator licences);

(b) the standard conditions of licences under Article 10(1)(b), (bb) or (d) of that Order;

(c) a document maintained in accordance with the conditions of licences under Article 10(1)(b), (bb) or (d) of that Order, or an agreement that gives effect to a document so maintained.

(4) The Secretary of State may modify—

(a) a condition of a particular licence under Article 8(1)(a) of the Gas (Northern Ireland) Order 1996 (S.I. 1996/275 (N.I. 2)) (licences to convey gas);

(b) the standard conditions of licences under Article 8(1)(a) of that Order;

(c) a document maintained in accordance with the conditions of licences under Article 8(1)(a) of that Order, or an agreement that gives effect to a document so maintained.

(5) The powers conferred by subsections (1) to (4) may be exercised only for the purpose of facilitating or supporting enforcement of, and administration in connection with, obligations under regulations within section 66 (including facilitation and support by way of allowing or requiring the provision of services).

(6) Provision included in a licence, or in a document or agreement relating to licences, by virtue of any power under subsections (1) to (4) may in particular include provision of a kind that may be included in revenue support regulations.

(7) If under subsection (1) or (2) the Secretary of State makes modifications of the standard conditions of a licence, the GEMA must—

(a) make the same modification of those standard conditions for the purposes of their incorporation in licences of that type granted after that time, and

(b) publish the modification.

(8) If under subsection (3) or (4) the Secretary of State makes modifications of the standard conditions of a licence, the Northern Ireland Authority for Utility Regulation must—

(a) make the same modification of those standard conditions for the purposes of their incorporation in licences of that type granted after that time, and

(b) publish the modification.

(9) Before making a modification under this section, the Secretary of State must consult—

(a) the holder of any licence being modified, and

(b) such other persons as the Secretary of State considers it appropriate to consult.

(10) Subsection (9) may be satisfied by consultation before, as well as by consultation after, the passing of this Act.

Member's explanatory statement

This new clause and new clause (Section (Modifications of licences etc): supplementary) confer power to modify certain licence conditions, industry codes etc for purposes related to the enforcement of the hydrogen levy.

Lord Callanan (Con): My Lords, in moving Amendment 65 I shall speak also to Amendments 66, 147, 149 and 190 standing in my name. These amendments will allow the Secretary of State to modify the licences of certain gas and electricity market participants in Great Britain and Northern Ireland. They will also allow the Secretary of State to modify documents maintained in accordance with these licences, such as industry codes, or agreements that give effect to such documents. The Secretary of State will be able to make such modifications only for the purpose of facilitating or supporting enforcement of, and administration in connection with, hydrogen levy obligations.

As I have said, decisions on the detailed design of the levy are pending. However, it is likely that persons other than the levy administrator will need to perform functions, provide services, and/or provide information and advice that support and facilitate the administration and enforcement of the levy. This power is required in order that the Secretary of State can modify relevant licences and codes to support and facilitate the administration and enforcement of the levy. In particular, it is required so that the Secretary of State may make modifications to support or facilitate persons who are parties to relevant industry codes to take on roles related to the levy's administration and enforcement.

I can tell the Committee that there is precedent for this type of provision, with similar powers contained in the Energy Act 2013 and the recent Nuclear Energy (Financing) Act 2022. Provisions in the Energy Act 2013 were used to make licence and code modifications in relation to the contracts for difference regime. This power will help future-proof the levy, enabling the Secretary of State to implement licence or code modifications in order to accommodate any future changes to the levy design.

I can reassure your Lordships that these amendments of course include a requirement for the Secretary of State to consult the holder of any licence being modified and such other persons as the Secretary of State considers it appropriate to consult before making any modification. This will help ensure that relevant bodies are engaged in any potential modifications.

In addition, before making modifications under this power, the Secretary of State must lay a draft of the modifications before Parliament, where they will be subject to a procedure analogous to the draft negative resolution procedure used for statutory instruments. This also allows for additional scrutiny for any proposed modifications under this power. I beg to move.

Baroness Blake of Leeds (Lab): Briefly, I thank the Minister for that explanation. I am sure, looking back at comments made earlier this afternoon, that the team opposite cannot be happy with the number of government amendments that are coming through on the Bill at this stage—I hope that will be taken up on a serious note on this and other Bills that have come forward.

The only slight question I have is that we talk about consultation as though everyone understands exactly how it happens and everyone is happy with the way it is done. Is it possible to be slightly more specific about

[Baroness Blake of Leeds]
who else might be consulted apart from the owner of the licence? I would also like some reassurance around the openness and transparency of a process to make sure that all parties are aware of any changes made in the future.

Lord Callanan (Con): I am happy to reassure the noble Baroness that the relevant consultations will of course take place on any changes made.

Amendment 65 agreed.

Amendment 66

*Moved by **Lord Callanan***

66: After Clause 81, insert the following new Clause—

"Section (Modifications of licences etc): supplementary

(1) In this section "relevant power" means a power conferred by any of subsections (1) to (4) of section (Modifications of licences etc).

(2) Before making modifications under a relevant power, the Secretary of State must lay a draft of the modifications before Parliament.

(3) If, within the 40-day period, either House of Parliament resolves not to approve the draft, the Secretary of State may not take any further steps in relation to the proposed modifications.

(4) If no such resolution is made within that period, the Secretary of State may make the modifications in the form of the draft.

(5) Subsection (3) does not prevent a new draft of proposed modifications being laid before Parliament.

(6) In this section "40-day period", in relation to a draft of proposed modifications, means the period of 40 days beginning with the day on which the draft is laid before Parliament (or, if it is not laid before each House of Parliament on the same day, the later of the 2 days on which it is laid).

(7) For the purposes of calculating the 40-day period, no account is to be taken of any period during which Parliament is dissolved or prorogued or during which both Houses are adjourned for more than 4 days.

(8) A relevant power—

(a) may be exercised generally, only in relation to specified cases or subject to exceptions (including provision for a case to be excepted only so long as specified conditions are satisfied);

(b) may be exercised differently in different cases or circumstances;

(c) includes a power to make incidental, supplementary, consequential or transitional modifications.

(9) Provision included in a licence, or in a document or agreement relating to licences, by virtue of a relevant power—

(a) may make different provision for different cases;

(b) need not relate to the activities authorised by the licence.

(10) The Secretary of State must publish details of any modifications made under a relevant power as soon as reasonably practicable after they are made.

(11) A modification made under a relevant power of part of a standard condition of a licence does not prevent any other part of the condition from continuing to be regarded as a standard condition for the purposes of Part 1 of the Gas Act 1986, Part 1 of the Electricity Act 1989, the Electricity (Northern Ireland) Order 1992 or the Gas (Northern Ireland) Order 1996.

(12) The power conferred by a relevant power to "modify" (in relation to licence conditions or a document) includes a power to amend, add to or remove, and references to modifications are to be construed accordingly.

(13) In section 81 of the Utilities Act 2000 (standard conditions of gas licences), in subsection (2), after "Smart Meters Act 2018" insert "or under section (Modifications of licences etc) or sections 193 to 195 of the Energy Act 2022".

(14) In section 137 of the Energy Act 2004 (new standard conditions for transmission licences), in subsection (3)—

(a) omit the "or" after paragraph (f);

(b) after paragraph (g) insert—

"(h) under section (Modifications of licences etc) of the Energy Act 2022,"

Member's explanatory statement

See the explanatory statement for new clause (Modifications of licences etc).

Amendment 66 agreed.

Clause 81, as amended, agreed.

Clause 82: Financing of costs of decommissioning etc

The Deputy Chairman of Committees (Baroness Pitkeathley) (Lab): We come to Amendment 67. Lord Callanan?

Lord Callanan (Con): Moved formally.

Baroness Bloomfield of Hinton Waldrist (Con): No.

Lord Callanan (Con): I am one group ahead.

The Lord Privy Seal (Lord True) (Con): Don't worry, Martin—we're counting it against you.

Amendment 67

*Moved by **Lord Callanan***

67: Clause 82, page 71, line 22, leave out subsection (1) and insert—

"(1) The Secretary of State may by regulations make provision for requiring relevant persons to provide security for the performance of obligations relating to the future abandonment or decommissioning of carbon dioxide-related sites, pipelines or installations.

(1A) For the purposes of subsection (1) an installation, site or pipeline is "carbon dioxide-related" if it is, or is to be, used for a purpose related to the geological storage, or transportation, of carbon dioxide.

(1B) In this section references to an installation, site or pipeline include one that is located in, under or over—

(a) the territorial sea adjacent to the United Kingdom, or

(b) waters in a Gas Importation and Storage Zone (within the meaning given by section 1 of the Energy Act 2008)."

Member's explanatory statement

This amendment and the amendments in the name of Lord Callanan at page 71, line 34 and page 71, line 38 revise the scope of the power in subsection (1) so that it is defined in terms of the provision of security for the performance of certain obligations, rather than by reference to the provision of security in respect of specific kinds of costs.

Lord Callanan (Con): I apologise to the House for the delay. It is typical that I should do that when the new Leader has just arrived and when my possible reappointment is still under consideration.

Amendment 67 ensures that regulations requiring provision of security for decommissioning can capture obligations relating to "carbon dioxide related" installations, sites and pipelines. It also clarifies that the power extends to both onshore and offshore assets.

Amendment 69 expands the class of people who may be required to provide security in respect of their carbon capture usage and storage decommissioning obligations. This includes an economic licence holder under Clause 7, or someone to whom a notice has been, or may be, given for the preparation of an abandonment programme under the Petroleum Act 1998. Amendment 68 amends the label to "relevant person" so it is more consistent with this revised definition. Amendments 73, 77 and 85 are consequential to those amendments.

Amendment 70 introduces a broader definition of decommissioning costs. This is to ensure that the regulations requiring provision of security reflect the full range of decommissioning obligations. These obligations include such things as the decommissioning of infrastructure and the post-closure monitoring obligations as set out in the Government's 2021 consultation. Amendments 71, 72, 74, 83 and 89 are consequential.

7.15 pm

Amendment 80 broadens the type of matters relating to decommissioning funds that may be covered in guidance. For example, it may include guidance on the structure, accrual and management of decommissioning funds, as well as guidance about the methodology for calculating the decommissioning costs. This amendment also removes the duty on the Secretary of State to publish guidance under Clause 82. However, it leaves open the possibility that a similar duty may be imposed via regulations. Amendment 82 is consequential on Amendment 80.

Amendment 75 introduces the defined-term decommissioning fund and ensures that all costs included in the amended definition of decommissioning costs can be covered by such a fund. Amendments 76, 79 and 83 make consequential changes to the rest of the clause to ensure consistency.

Amendment 78 enables certain functions to be conferred on the Oil and Gas Authority in addition to the Secretary of State and the economic regulator, which is Ofgem.

Amendment 84 makes consequential changes to the definitions in Clause 82, as a result of Amendment 78 and other proposed amendments to this clause.

Amendment 87 ensures that there is no misalignment in terms of the persons on whom requirements may be imposed between Clauses 82 and 83.

Amendment 88 enables the Secretary of State to make amendments to the relevant licensing regulations for carbon dioxide storage in Northern Ireland as well. The regime for decommissioning funds will apply UK-wide. This amendment will help to ensure that there is regulatory consistency across Great Britain and Northern Ireland in relation to those decommissioning funds.

In this grouping we also have Amendment 81 tabled by the noble Lord, Lord Lennie, which seeks to expand the scope of guidance for decommissioning funds. The purpose is to require that it must consider where financial responsibility lies at the end of the CCUS lifecycle when that asset is due to be decommissioned. The Government of course acknowledge the complexities where a former petroleum installation is repurposed for carbon storage purposes. That scenario is addressed by the change-of-use relief provisions in Clauses 85, 86, and 87.

Clauses 85 and 86 amend Section 30A of the Energy Act 2008, updating the existing legislation to bring it in line with current government ambitions for CCUS. Clause 87 gives the Secretary of State a power to make regulations regarding the provision of information where this relates to change-of-use relief. However, it will not be necessary to rely solely on guidance to deal with that situation. That is because the existing law in Part IV of the Petroleum Act 1998, combined with the amendments to Sections 30A and 30B of the Energy Act 2008 provided for by Clauses 85 and 86, already provides the necessary safeguards.

In short, any person required by Part IV of the Petroleum Act 1998 to supply and carry out an abandonment programme in respect of an offshore petroleum installation will not qualify for relief from that obligation unless the Secretary of State has designated the asset as eligible for this relief and other qualifying requirements are met.

The proposed amendments to Sections 30A and 30B of the Energy Act 2008 also mean that, to qualify for change-of-use relief, the previous oil and gas owner would need to pay a top-up amount into the decommissioning fund to reflect the decommissioning liability that the previous owner is being relieved of. Therefore, there is no further need to set out in guidance where financial responsibility lies for any reused assets.

Amendment 86 was tabled by the noble Baroness, Lady Liddell of Coatdyke, and the noble Lord, Lord Foulkes, who I am sorry to say are not with us. This amendment concerns the protection of a licence holder's commercially sensitive information. It does this by enabling certain commercially sensitive information to be protected from certain disclosure requirements contained in Part 1 and Part 2. These provisions, as drafted, enable the Secretary of State and economic regulator to be able to access information that is necessary for the conduct of their functions.

It may be appropriate in some cases for the economic regulator to provide such information to relevant regulatory bodies or entities on whom powers or duties have been conferred by legislation, such as the counterparty to the emitter contracts or to obtain relevant information from those entities to ensure that decision-making is robust and takes into account all relevant considerations. Meanwhile, provision has been made in Clauses 26 and 27 to confirm that appropriate data protection requirements would continue to apply.

I beg to move Amendment 66. I would request that the noble Lord, Lord Foulkes, and the noble Baroness, Lady Liddell, not move their amendment, but I guess that if they are not here they will not be moving it in any case.

Lord Teverson (LD): I thank the Minister for that. When I read the Bill, I looked at Chapter 2, entitled "Decommissioning of carbon storage installations". My first question was: is not carbon storage all about being permanent? How the heck do you decommission a big hole under the North Sea and move all the carbon dioxide somewhere else? I do not want to understand the detail of this—if the Minister wants to accuse me of being thick or stupid about this, I can take it—but what installations for carbon capture and storage will be decommissioned and where the carbon will go. I should like to understand the scenarios so that I can understand how this part of the Bill works.

Lord Lennie (Lab): I should also be interested to know that. First, may I say to the new Leader of the House that I would strongly recommend the reappointment of the noble Lord, Lord Callanan. That probably does him no favours at all, but that is just how it is. Secondly, I was going to set out a hypothetical situation about an oil and gas plant—

The Lord Privy Seal (Lord True) (Con): If I may, I should like to say that I said earlier in the House that I would value good relations across the House, but the noble Lord must not take it too far by damning my Ministers with praise from the Labour Party.

Lord Lennie (Lab): Okay, do not reappoint him. What can I say? I was going to set out a hypothetical situation about an oil and gas plant that had been decommissioned, but not fully, and was to be recommissioned and transferred to CCUS usage. I do not know whether that will never be possible, but who knows? It is a complicated situation and I wanted to know where the Minister thought responsibility would lie. However, I am pleased to say that he has pointed us towards the 1998 Act, the 2008 Act and some other Acts, so somewhere in there lies an answer. It would seem sensible to draw together whatever is the answer to the question and put it in the Bill, to update it. The Minister can come back on that and to the question of the noble Lord, Lord Teverson, about whether that will ever be the situation.

As for the other government amendments to the Bill, I have again to make the point that this Bill of 350-plus pages, three parts and however many clauses is surely sufficient to cover the energy circumstance. As I said in my introduction yesterday, the Bill is a mix of all sorts of things without a coherent theme. If it had a coherent theme, it might well have covered these matters in the first place, but that is really for then, not for now.

Lord Callanan (Con): I thank noble Lords, and let me apologise to the Committee for the number of government amendments. They are quite technical, and the Bill is obviously very large. It was drafted at pace, and it was not possible with the resource we had available to get all the details finalised, which is why there are a number of technical amendments.

The answer to the question of the noble Lord, Lord Teverson, which is a very good one at first sight, is that, of course, when the storage facilities are full, the storage facilities themselves are not decommissioned. They are used, but all the storage infrastructure—pipework and all the associated engineering, platforms, injection facilities, et cetera—will need to be decommissioned. I am sure the Liberal Democrats fully support the "polluter pays" principle, whereby someone who has benefited from a facility should be made to bear the costs of decommissioning it, which is why we are setting up a fund to do that. I reassure him that we do not decommission the actual sites—as he said, it would be quite difficult to extract the carbon dioxide from them to put it somewhere else—but they require monitoring, and the associated infrastructure will need to be decommissioned, which is why the fund is being established.

Amendment 67 agreed.

Amendments 68 to 80

Moved by ***Lord Callanan***

68: Clause 82, page 71, line 28, leave out "licence holder" and insert "person"

Member's explanatory statement

This amendment and the amendment in the name of Lord Callanan at page 71, line 29 enable regulations under clause 81(1) to apply to a person falling within paragraph (a) or (b) of subsection (3).

69: Clause 82, page 71, line 29, leave out "and" and insert "or"

Member's explanatory statement

See the explanatory statement for the amendment in the name of Lord Callanan at page 71, line 28.

70: Clause 82, page 71, line 34, leave out paragraph (a) and insert—

"(a) require relevant persons to provide the Secretary of State with estimates of costs that are likely to be incurred in connection with obligations such as are mentioned in subsection (1) ("decommissioning costs");"

Member's explanatory statement

See the explanatory statement for the amendment in the name of Lord Callanan at page 71, line 22.

71: Clause 82, page 71, line 38, leave out from "decommissioning" to "and" in line 39 and insert "costs"

Member's explanatory statement

See the explanatory statement for the amendment in the name of Lord Callanan at page 71, line 22.

72: Clause 82, page 72, line 3, leave out from "relevant" to "at" in line 4 and insert "persons to review estimates of decommissioning costs"

Member's explanatory statement

This amendment is consequential on the amendments in the name of Lord Callanan at page 71, line 22 and page 71, line 28.

73: Clause 82, page 72, line 9, leave out "licence holders" and insert "persons"

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Callanan at page 71, line 28.

74: Clause 82, page 72, line 15, leave out subsection (5)

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Callanan at page 71, line 22.

75: Clause 82, page 72, line 25, leave out paragraph (a) and insert—

"(a) requiring that security for the discharge of liabilities in respect of decommissioning costs must be provided by way of a fund (a "decommissioning fund");"

Member's explanatory statement

This amendment introduces the expression "decommissioning fund" and removes a requirement that regulations must specify the arrangements under which such funds are to be held.

76: Clause 82, page 72, line 30, leave out from "of" to end of line 31 and insert "decommissioning funds"

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Callanan at page 72, line 25.

77: Clause 82, page 72, line 32, leave out "licence holder" and insert "person"

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Callanan at page 71, line 28.

78: Clause 82, page 72, line 36, leave out "an appropriate" and insert "a relevant"

Member's explanatory statement

This amendment and the amendment in the name of Lord Callanan at page 73, line 25 enable certain functions to be conferred on the Oil and Gas Authority (in addition to the Secretary of State and the economic regulator).

79: Clause 82, page 72, line 37, leave out from "of" to end of line 38 and insert "decommissioning funds"

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Callanan at page 72, line 25.

80: Clause 82, page 72, line 42, leave out subsections (8) and (9) and insert—

"(8) Regulations under subsection (1) may require the Secretary of State to publish guidance about—

(a) estimates of decommissioning costs (including factors which it may be appropriate to consider in deciding whether or not to approve estimates of such costs);

(b) the structure, accrual and management of decommissioning funds."

Member's explanatory statement

This amendment and the amendment in the name of Lord Callanan at page 73, line 7 replace the duty to publish guidance with a power to require the Secretary of State to publish guidance and make other changes to the provision about guidance.

Amendments 68 to 80 agreed.

Amendment 81 not moved.

Amendments 82 to 84

Moved by ***Lord Callanan***

82: Clause 82, page 73, line 7, leave out "under or"

Member's explanatory statement

See the amendment in the name of Lord Callanan at page 72, line 42.

83: Clause 82, page 73, leave out lines 10 to 23 and insert—

""decommissioning costs" is to be interpreted in accordance with subsection (4)(a);

"decommissioning fund" is to be interpreted in accordance with subsection (6)(a);"

Member's explanatory statement

This amendment omits and inserts definitions in consequence of other amendments of clause 82 in the name of Lord Callanan.

84: Clause 82, page 73, leave out lines 25 to 31 and insert—

""geological storage" has the same meaning as in Part 1 (see section 55);

"relevant authority" means the Secretary of State, the economic regulator or the Oil and Gas Authority."

Member's explanatory statement

See the explanatory statement for the amendment in the name of Lord Callanan at page 72, line 36.

Amendments 82 to 84 agreed.

Clause 82, as amended, agreed.

Clause 83: Section 82: supplementary

Amendment 85

Moved by ***Lord Callanan***

85: Clause 83, page 73, line 34, leave out "licence holders" and insert "persons"

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Callanan at page 71, line 28.

Amendment 85 agreed.

Amendment 86 not moved.

Amendments 87 and 88

Moved by ***Lord Callanan***

87: Clause 83, page 74, line 29, leave out "licence holder" and insert "person"

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Callanan at page 71, line 28.

88: Clause 83, page 74, line 36, at end insert "or

(d) the Storage of Carbon Dioxide (Licensing etc) Regulations (Northern Ireland) (S.R. (N.I.) 2015 No. 387),"

Amendments 87 and 88 agreed.

Clause 83, as amended, agreed.

Clause 84: Application of Part 4 of Petroleum Act 1998 in relation to carbon storage installations

Amendment 89

Moved by ***Lord Callanan***

89: Clause 84, page 75, line 25, leave out "and legacy"

Member's explanatory statement

This amendment is consequential on the amendment in the name of Lord Callanan at page 71, line 34.

Amendment 89 agreed.

House resumed.

Sewage Pollution

Commons Urgent Question

The following Answer to an Urgent Question was given in the House of Commons on Tuesday 6 September.

"As a Cornish MP, I have long been aware of the challenges created for our aquatic environment by storm overflows. When I became Secretary of State in February 2020, I instructed officials to change the strategic policy statement for Ofwat to give the issue greater priority.

This is the first Government to set a clear requirement for water companies to reduce the harm caused by sewage discharges: we have set that in law through the Environment Act 2021. We are taking action now on a scale never seen before. Water companies are investing £3.1 billion now to deliver 800 storm overflow improvements across England by 2025. This will deliver an average 25% reduction in discharges by 2025.

We have also increased monitoring. In 2016, only 5% of storm overflows were monitored. Following the action of this Government, almost 90% are now monitored, and by next year 100% of all storm overflows will be required to have monitors fitted. This new information has allowed our regulators to take action against water companies. The Environment Agency and Ofwat have launched the largest criminal and civil investigations into water companies ever, at more than 2,200 treatment works, following the improvements that we have made to monitoring data. That follows 54 prosecutions against water companies since 2015, securing fines of nearly £140 million.

Water companies should consider themselves on notice. We will not let them get away with illegal activity. Where permits are breached, we are taking action and bringing prosecutions. Under our landmark Environment Act, we have also made it a legal requirement for companies to provide discharge data to the Environment Agency and make it available to the public in near real time: within an hour. This is what Conservative Members have voted for: an Environment Act that will clean up our rivers and restore our water environment; that has increased monitoring and strengthened accountability; and that adds tough new duties to tackle sewage overflows for the first time.

The Government have also been clear that companies cannot profit from environmental damage, so we have provided new powers to Ofwat under the Environment Act to modify water company licence conditions. Ofwat is currently consulting on proposals that will enable it to take enforcement action against companies that do not link dividend payments to their environmental performance or that are failing to be transparent about their dividend payouts.

Yesterday, I laid before Parliament the storm overflows discharge reduction plan. The plan will start the largest investment in infrastructure ever undertaken by the water industry: an estimated £56 billion of capital investment over the next 25 years. It sets strict new targets for water companies to reduce sewage discharges. Designated bathing waters will be the first sites to see change. By 2035, water companies must ensure that overflows affecting designated bathing waters meet strict standards to protect public health. We will also see significant reductions in discharges at 75% of high-priority sites.

Water is one of our most precious commodities. Water companies must clean up their act and bring these harmful discharges to an end. I commend our storm overflow report, which was published yesterday, to the House."

7.27 pm

Baroness Hayman of Ullock (Lab): My Lords, the former Secretary of State talked about the importance of monitoring, but simply knowing about this filthy practice will not stop it. Recent figures show a massive increase in the amount of sewage dumped by water companies, with the Environment Agency data suggesting a stunning 2,553% increase over just five years. This week, we have seen storms and heavy rainfall across the country, with that rain expected to overload our sewage system and force releases into coastal bathing areas and rivers.

If this is a government priority, why is it taking so long to sort out and when will this practice be banned? Can we expect any announcements from the new Secretary of State and, if so, when?

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Benyon) (Con): I understand that my right honourable friend, the new Secretary of State, Ranil Jayawardena, has met representatives of water companies today, on his first day in office. If it was not today, it will be tomorrow. It is an absolute priority.

The noble Baroness talks about monitoring as though it is part of the solution. She is absolutely right—it is—but, as a Water Minister more than a decade ago, I was stunned to realise that we knew about only 5% of storm overflow. That is now 90% and, by the end of this year, we will know about every one and they will be able to be monitored in real-time by individuals, NGOs, politicians and local residents, which will make a huge difference.

We have published our storm overflows plan, which has ambitions to radically reduce storm overflows. She asked when that will be ended. It cannot be ended. Our sewage system has been created around storm overflows since Victorian times, but it can be dramatically reduced and its impact nullified in many areas.

Lord Oates (LD): Does the Minister recognise that huge amounts of these sewage discharges are not storm overflows but discharges made in the course of general practice and not as a result of storms, which is what the overflows are supposed to be there for? Does he think it right that, at the time of these scandalous discharges into our rivers, lakes and coastal waters, water companies have made £2.8 billion in profits, provided £1 billion in dividends and given top executives 20% pay rises and 60% in bonuses? When are the Government going to get a grip on this and act against this filthy greed?

Lord Benyon (Con): The Government are acting resolutely on this matter. The noble Lord will know that we recently passed the Environment Act, when those who supported the then Bill voted to bring in the most dramatic and determined measures ever seen in this country to tackle this problem. Some have decided to use this in a political campaign that is 180 degrees from the truth, saying that MPs voted to allow wastewater to be dumped in our rivers. That has been happening since Victorian times.

What is happening is unacceptable. We now have the toughest regulations; they are much tougher than when we were in the EU. We will make sure not only that we reduce and, where possible, end the release of sewage into our bathing waters, rivers and oceans but

that we make water companies responsible. We now have measures that this Government have brought in through the regulator to allow it to link the performance of those water companies, and how they remunerate their senior executives, with their performance in relation to what we as a Government and a society expect of them.

Baroness Jones of Moulsecoomb (GP): My Lords, I am going to write to the Minister—or whoever the Minister is tomorrow or next week—about this issue because I am afraid that what the Government are saying is complete arrant nonsense. They are responsible for ignoring the Lords amendments that would have brought in a timetable and targets for water companies. They chose to ignore them, which is why we have this mess. I have here a map from 6.30 this morning with loads of red dots, which mean illegal discharges—except the Government made them legal last month. How can the Minister stand there and say that this is not the Government's fault?

Lord Benyon (Con): The Government did not make anything legal. The Environment Agency permits releases of storm overflows. Where they are not permitted, they are illegal. The Environment Agency has had its budget increased and has increased its number of enforcement officers. At the moment, it is carrying out 2,200 investigations into illegal waste being dumped in rivers and is making prosecutions, such as the one that saw Southern Water fined £90 million—a fine that presaged the change of hands of that company, welcome as that was.

On the measures in the Environment Act, one amendment wanted to end the release of any wastewater into rivers. That would have cost up to £600 billion and more than doubled bills, many of them for people on fixed incomes. It is important that we balance a resolute and ambitious plan with affordability for those who have to pay.

Lord Berkeley (Lab): My Lords, in the past week or two, South West Water has named 10 Cornish beaches as being unfit to swim off. I live there. It forgot my little beach in the village of Polruan, which is where I judge the sandcastle competitions every year. One day about a month ago, a great big flood of sewage came down on to the beach for several hours. It has just stayed there. People have videoed and reported it, but nothing has happened. Here we are, paying the chairman of South West Water more than £1 million to do absolutely nothing. It is time that some action was taken to clean up these beaches now.

Lord Benyon (Con): The noble Lord is absolutely right that that is disgraceful. If it was an illegal sewage dump, which I am sure it was, that matter should have been investigated and should be prosecuted. The Environment Agency now has the resources. Its ambitions have been set not just by Ministers but by legislation that requires this practice to finish. Of course, with our current infrastructure, there are occasions when, if there is not a release of sewage in a storm, that water will back up into people's homes. We cannot have that in a modern economy such as ours. We must make sure that we build the infrastructure. Some £170 billion has been spent since privatisation on water infrastructure. We are spending enormous sums of money in this price review period, which will rise to £56 billion in the years ahead. The sort of things that the noble Lord describes are absolutely terrible in waters that we want to be enjoyed by people and tourists. Our coastal economies need to be blue-flagged to make sure that these are things of the past.

Lord Inglewood (Non-Afl): My Lords, I must declare an interest: I am affected by the phenomenon that I want to draw to the Minister's attention. There are a number of instances, certainly in the locality where I live, of old discharges that received consent many years ago continuing. Because they were authorised long ago, when standards were much lower than they are now, such discharges are not an attractive feature, yet the utilities company responds that they are lawful. Could the Minister look into this because it is disagreeable, to put it mildly?

Lord Benyon (Con): I should have started by referring noble Lords to my entry in the register; I, too, am affected by this issue. It is an affront to me. I was part of a national campaign to clean up our rivers but I had to resign from it to take up this post. This is something that matters to me as much as it does to everybody.

I will take up the noble Lord's issue. The consenting system must be updated. Frankly, some of the consents have been superseded by the fact that large numbers of new people are living in communities where the sewerage infrastructure is not up to the required standard. That is where we want this huge investment to take place. Any discharges that are consented to must be fit for the times in which we live, not the times in which they were created.

Avanti West Coast

Commons Urgent Question

7.38 pm

The Parliamentary Under-Secretary of State, Department for Transport (Baroness Vere of Norbiton) (Con): My Lords, the Statement is as follows:

"The current west coast partnership franchise agreement is due to expire on 16 October 2022. As with all contract awards, the Government will act in accordance with the Railways Act Section 26(1) franchising policy statement, and a decision has yet to be taken by the Secretary of State. Given the market and the commercially sensitive nature of the outcome, further information cannot be provided at this time.

Like all operators, Avanti has used a degree of rest-day working to operate its timetable. In essence, this means that drivers have been volunteering to work additional shifts over and above their contracted hours. The industry arrangement has been in place for numerous years, to the benefit of the drivers, the operators and, of course, the passengers. Avanti has a live rest-day working agreement that remains in place with the ASLEF union, which represents about 95% of its drivers.

[Baroness Vere of Norbiton]

However, on 30 July 2022, Avanti experienced an unprecedented, immediate and near total cessation of drivers volunteering to work passenger trains on their rest days. This left Avanti unable to resource its timetable and, in the immediate term, resulted in significant short-notice cancellations. Avanti has reduced its timetable in response to the withdrawal of rest-day working. Reducing the timetable provided better certainty and reliability for passengers as it reduced the number of short-notice cancellations.

The department continues to work closely with Avanti to monitor performance, while Avanti continues to review demand data and the position regarding train crew availability to inform options to reliably increase services. An increase in services between Manchester and London remains a priority and Avanti will continue to look for opportunities to support passengers and businesses along the route."

7.40 pm

Lord Kennedy of Southwark (Lab Co-op): My Lords, listening to the Answer, I am even more puzzled that the Department for Transport has awarded Avanti a £4 million bonus for operational performance, customer satisfaction and acting as a good and efficient operator.

When this issue was last raised, on 4 July, the Minister conceded that Avanti's management of the west coast main line was terrible. Since then, ticket sales have been suspended, timetables have been cut, and now only 53% of trains are arriving on time. I am sure she can hear the frustration of the travelling public. Can she explain why the Government are not doing something immediately to end this shambles and outrage on one of our country's major lines?

Baroness Vere of Norbiton (Con): I absolutely agree that there is considerable passenger outrage, and rightly so, but this is not an issue that can be solved quickly. It is a twofold problem. On the first level, there is a backlog of training due to Covid. Training simply had to stop during that time. To train a train driver takes two years, and rightly so, because it is a safety-critical environment; we need to make sure that our train drivers drive our trains safely. However, that means that there is a backlog in training which will take a while to resolve. With the slightly reduced number of services, that could be coped with. As I said in the Answer, this problem stems from the unprecedented, immediate and near-total cessation of drivers volunteering for rest-day working. Do I think that operators should need to rely on rest-day working? No, I do not. We should run a modern, seven-day railway, and I hope that the unions will agree.

Baroness Randerson (LD): My Lords, only last week, funding for Transport for London was made dependent on it continuing to work to introduce driverless trains, so the Government are clearly content to make funding dependent on action. What conditions were imposed on Avanti and other train operators in relation to maintaining frequency of services? Is Avanti in contravention of that agreement? As the Government's response makes clear, reliance on rest-day working is the norm across all operators. Clearly, this is no longer viable.

The Government are now directly in charge of all this. Let us hope that the new Secretary of State will agree to meet the unions and get involved, because the Government are directly responsible. Can the Minister tell us what initiatives and targets the Government are setting to ensure that all train operators recruit and train more drivers? In particular, what are they doing to increase the percentage of female drivers? Across the rail industry, the number of women train drivers is still far too low. There is absolutely no reason why a woman cannot drive a train.

Baroness Vere of Norbiton (Con): My goodness, on that last point, I completely agree with the noble Baroness, although I have had a go in a simulator and was not very good at it.

I agree that recruitment of train drivers is essential. The average age of a train driver is 51. The average retirement age of a train driver is 59. We must get some youngsters and a more diverse group of people into driving trains, because that is the future of a modern railway service that operates purely and solely for the benefit of passengers and freight, which we are very much focused on.

Turning to how we hold the train operating companies to account, I am sure that all noble Lords will have read the ERMAs, which are published. In those agreements are the criteria that we set out for the train operating companies to meet various standards in order for them to receive any performance fees. The noble Lord mentioned a performance fee of some £4 million. That relates to a period donkey's years ago, way before the period that we are talking about. For example, in the period from September 2020 to March 2021, Avanti received no fee at all for customer experience.

Lord Blencathra (Con): My Lords, is my noble friend aware that, since I was elected in Penrith in 1983, I calculate I have done the Penrith-London journey, to and fro, at least 2,600 times? Is she aware that I thought British Rail was atrocious, Virgin was a magnificent breath of fresh air and Avanti, I can honestly say, is 10 times worse than British Rail on a bad day? It has cut the trains in half. You cannot book until a few days in advance, and then it is at an exorbitant price with no cheap tickets. When you do book, your seats are double-booked, because bookings are cancelled overnight. Food is often not served. The only thing that works well is disabled assistance, the "cripple buggy" and the people in Penrith who help me out. That works remarkably well. So, now that my right honourable friend the incompetent Mr Grant Shapps has gone, will she ask my right honourable friend Anne-Marie Trevelyan to remove this franchise immediately and give it back to Virgin, which ran a ruddy good railway line?

Baroness Vere of Norbiton (Con): Well, I am pleased that my noble friend is pleased with the disabled service, which has received a huge amount of investment and insight recently. It is critical that our trains are accessible to everybody, and being able to onboard and offboard a train is a key element to making them accessible. I hear what he says about the service to Penrith, of which he is a frequent user. We all want it

to be better, but we have to play on the pitch we have got. In this situation, if there are not enough train drivers to drive the trains, we cannot have the services. We are holding Avanti to account in looking at its plans to recruit more train drivers, and of course we are looking at its performance. No decision has been taken about whether Avanti has a role to play in the future of Britain's railways. That will be taken by the new Secretary of State. All options remain on the table and evidence is being gathered as we speak.

Lord Wigley (PC): My Lords, I declare an interest as a regular user of the Avanti service from Holyhead to Euston—or at least I used to be. There is now only one through train a day, leaving Holyhead at about six o'clock in the morning. The reason given, as the Minister said, is the shortage of drivers. It is clearly not possible for Avanti to solve that problem, because it has gone on for month after month, so what are the Government going to do about it?

Baroness Vere of Norbiton (Con): I absolutely hear the noble Lord's concerns about north Wales. I understand it has been particularly hit by the reduction in services by Avanti. In looking at where Avanti came from and is going, we should remember that it had the contract for only 16 weeks before Covid turned up. It started with a timetable of four trains an hour. It got up to seven and was heading towards eight, and then we hit this slight buffer. In this situation, we are keen to restore proper services to north Wales. There are also things we need to do at Chester and the Manchester-London route is an absolute priority to make sure that people can travel. We are looking at all of these in collaboration with Avanti but, as I have said, without train drivers willing to drive the trains, as they were previously, we are slightly shackled.

Baroness Hayman of Ullock (Lab): My Lords, I hear what the Minister says about the lack of train drivers. Clearly, that is a problem. I travel on the same service as the noble Lord, Lord Blencathra; I get on a stop earlier at Carlisle. Can I ask the noble Baroness, when she is talking to the Secretary of State about this contract, to point out that lack of train drivers does not cause lack of catering? Lack of train drivers does not cause passengers to be locked into Oxenholme station because a train has got there so late and nobody was told to leave the doors open, so people have to climb over fences. Lack of train drivers does not mean seats are double-booked. It was absolute chaos on Monday. Lack of drivers does not mean that staff have no information to give passengers, who do not know what on earth is going on and who are lucky if they can find a member of staff. Why is the Glasgow train always late getting into Carlisle? It is not even very far, once you have a train driver. By the time you get to London, delay repay is the norm. Will the Minister take these concerns back? This is not about just train strikes and train drivers.

Baroness Vere of Norbiton (Con): I am as horrified as the noble Baroness is at the stories she recounts about the services that are currently being offered to her part of the north of England. It is unacceptable. We are working very hard, and officials and Ministers speak to Avanti, as they do with all train operating companies, to discuss its performance. We are looking at this. I have heard everything the noble Baroness said and I reassure her that I will take it back to the department.

House adjourned at 7.50 pm.