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Emissions Targets and Connections

We have yet another new emissions target – by 2035 the UK has undertaken to reduce emissions by 81%.

That target, announced at COP 2024, wasn't the government picking straws out of the wind. It was the target recommended by the Climate Change Committee, based on its advice for the Seventh Carbon Budget to be published in February. At the same time, the UK will produce its Nationally Determined Contribution, setting out policies to achieve the 81% goal.

The CCC's July 2024 Progress Report on the-then much lower 2030 target of 68%, said that *…only a third of the emissions reductions required to achieve the 2030 target are currently covered by credible plans.*

The 81% target will require more plans than we now have. Next February, we should have yet more emissions policies, even if only in outline.

Concentrating on electricity, the CCC believes that achieving the (lower 68%) target by 2030 depends on increasing renewables to the amounts set out below.

- **50GW of Offshore Wind**

  Add together existing installations and those contracted to be built, we will have 28.6GW. The government target is 55GW. (Offshore floating wind achieved 400MW. The government target is 5GW.) There is a shortfall of almost half the CCC target and of 35GW+ from the government target.

- **30GW of Onshore Wind**

  Just 1GW achieved a contract in the last CfD auction to add to the 2023 figure of 16GW. The government 2030 target is 35GW. There is a shortfall from the CCC target of 23GW and from the government target of 28GW.

- **5 x Solar PV**

  We now have 16.9GW of solar. It achieved another 3.3GW in the last auction. The government target is 50GW. There is a shortfall from that target of ~33GW.

Offshore Wind Issues

While higher pricing and bigger auction budgets could, in theory, bring on more offshore wind applicants, skilled labour and construction equipment is in limited supply and only 10GW can be built at any time. Unless that changes soon, the target cannot be reached. Presumably, that is what the Clean Industry Bonus[1] for offshore wind is aimed to achieve. But it is late in the day. Too late for 2030.

Planning Issues

There are major changes proposed by the Planning and Infrastructure Bill, to be introduced next year. The changes, we are told, are radical. If so, onshore projects should get through the planning process faster and more readily. However, the bill won't appear until the New Year and the legislation won't be in place by the time of the next CfD auction (March 2025). In addition, the new rules are likely to take some time to implement, e.g., local plans will need to be "formalised" and/or changed.

[1] This provides extra revenue to applicants investing in the sustainability of their supply chains.

2030 Operational Targets

Despite any changes to planning rules, the major obstacle to the development of the full range of onshore projects remains the ability to connect. But unless a substantial number of renewables projects become operational by 2030, none of the 2030 targets can be reached and the new, much higher, 2035 target of 81% looks like nothing so much as a wish.

Apart from the 2030 68% target, there is the 2030 95% 'clean electricity' target (it was a 100% target until very recently).

Current output by generation type shows the scale of the obstacles for the new, reduced, 95% target to surmount. At 14.30[2] on December 11 generation was made up as follows: 40.0% fossil fuels, 33.5% renewables, 14.3% other and 12.2% interconnectors. In the previous week average fossil fuel generation was 22.1%. The 2030 95% target means that the fossil fuel figures should then be no more than 5%.

As the CCC makes clear, the 68% target requires significantly increased renewables. The 95% target requires the same increase. It also requires that the long duration storage support scheme currently in development delivers sufficient capacity (~30GW of long duration batteries) to provide balancing at times of high demand.

Limiting Connections

All these targets (the technology targets, the emissions target, the 'clean electricity' target and the long duration battery target) involve installations and all these installations need connections.

Demand for connections is at an all-time high.

[2] Shown by National Grid Live

New rules are to be introduced in Q2 2025 (the date has slipped from 1 January 2025). These rules are intended to reduce the number of applicants for connections by weeding out anything other than projects that are demonstrably ready to build.

The rules will also ensure that NESO's Strategic Spatial Plan (due to be published in 2026) takes precedence, so that projects need not only be ready to build, they also need to align with NESO's SSP. The primary importance of the SSP also means that once the rules are in place (i.e., from Q2 2025), no applications can be made except in the following January/February of each year.

These are the new *transmission* connections rules that apply to plant of 100MW+. They involve a timetable of at least 2.5 years (subject to having made an application in the time-limited slot of January/February each year); and have 'must meet' milestones and (major) financial 'incentives' built in.

These rules will have a major, negative, impact on larger (100MW+) onshore projects. They will also, without change or relaxation to them, limit or, in all probability *prevent,* the possibility of there being any long duration batteries in place by 2030, thus thoroughly undermining the 'clean electricity' target.

The new rules will not, however, obviously affect the distribution connections regime. There is one exception to that, at the applicant stage. NESO will want time to review each applicant to establish whether the SSP is impacted. In the transmission connections regime, this is the pre-application stage and it is likely to take NESO 3-6 months to come to a concluded view. There is no reason to suppose it will take

any different time at the distribution level if the connection does not involve Active Network Management or is below certain limits.

If the SSP is not adversely impacted by an application (or is within certain limits) the same (new-ish) procedures that are now in place for the distribution networks should continue to apply. The difference we will see (apart from the long application period) will be a sharper focus by the networks on timetable and on meeting milestones.

Ofgem has said that there needs to be a change in the licence conditions for all networks. The aim of that change is to ensure that the rules' capacity to squeeze out projects is applied to its maximum by the DNOs as well as by NESO. We don't, yet, have reason to believe that a licence change will give rise to a more substantive, choking-off, change.

It is hard to see there not being a bit of a conflict between these different programmes. On the one hand more, *many* more, installations need to connect if we are going to reach any of the multiple 2030 targets we now have and, on the other hand, NESO, Ofgem and DESNZ are utterly intent on reducing the number of applicant installations. In agreeing arrangements to reduce the number of applicants, they seem to have made the target for long duration storage installations impossible to achieve and to have made the other 100MW+ (technology-specific) targets harder and more expensive to build. As for the sub-100MW installations, the application of the rules should have no new major impact.

This looks to be a jumble of unintended and unexpected consequences.