

2024 GENERAL ELECTION BRIEF

Manifesto analysis - Energy and Climate Change

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The background

The energy transition looms large over a large number of policy areas in this election, and it's no surprise: we are now roughly half-way through the 2020s, and therefore at a crucial point in terms of laying the foundations for achieving Net Zero. The UK Government has a standing policy of achieving net zero by 2050, while the Scottish Government has gone further and announced it intends to achieve it by 2045.

The journey towards net zero has not been without bumps along the road though. Recently the Scottish Government announced it was dropping its interim 2030 target to reduce emissions by 75%, and the UK Government has also rowed back on the looming 2030 ban on the sale of new diesel and petrol cars, pushing it back to 2035.

But on top of day-to-day consumer effects, the energy transition also affects the energy production and supply side, and this is particularly important for Scotland. Most oil and gas extraction from the UK continental shelf takes place around Scotland, with a [large concentration of jobs](#) in North East Scotland. On the other hand, Scotland has [huge opportunities](#) in terms of the renewable energy sector, and any net zero carbon world will require harnessing these.

Energy transition and green jobs

With the transition having particularly acute significance in Scotland, it's perhaps not surprising that for UK-wide parties, many of the proposals have come in more detail in their Scottish manifestos – certainly to a larger extent than for other policy areas.

The **Scottish Conservatives** have focussed proposals on what they call a 'jobs-first' transition, and support the Energy Transition Zone in Aberdeen. They have also called for new gas power stations to smooth energy supply; a trebling of offshore wind capacity; and 'progressing' the carbon capture and storage cluster in Aberdeenshire.

There are a few additional proposals, including support for nuclear power stations ('where there is local support'), investing £1.1 billion in the Green Industries Growth Accelerator and rewarding energy firms which invest in manufacturing in disadvantaged areas – although there is little detail on the criteria or type of reward. And finally, the manifesto commits to implementing the Carbon Border Adjustment Mechanism, the new carbon pricing system announced by Chancellor Jeremy Hunt for 2027 and currently being consulted on.

The **Labour Party** has outlined plans for an additional £23.7 billion in 'green' measures for the next Parliament – which means just under £5 billion a year, and a significant reduction from the £28 billion a year 'Green New Deal' plan initially outlined by Rachel Reeves in 2021.

The most eye-catching measure is the creation of GB Energy, which is to be based in Scotland. GB Energy is not expected to be a direct energy producer, but rather an investment vehicle for backing low-carbon projects, both at local level and through strategic co-investment with the private sector. Labour have said they will plough £8.3 billion in capital into GB Energy, which the manifesto claims will be funded by increasing the Energy Profits Levy (EPL). It's unclear whether the level of capitalisation depends on the level of receipts from a tax whose revenues are forecast to dwindle quite quickly, and is just another example of the potential consequences of a hypothecated tax.

Labour want to create 650,000 jobs by 2030 and to deliver clean power by then, working with the private sector to double onshore wind capacity, treble solar power capacity and quadruple offshore wind capacity. There is also a proposal to enshrine the framework for these plans in law through an Energy Independence Act, as well as adding two new nuclear plants on top of Hinkley Point C.

The **Scottish National Party** wants full devolution of the windfall tax, although whether this means revenues or responsibility over the regime is unspecified. As we pointed out in our tax brief, the SNP say it must be a wider tax - balanced across companies - rather a "raid on the North-East of Scotland". It's unclear what this call for a "wider tax" means - windfall profits have essentially existed on a large scale for North Sea companies, and the regime is set up for companies engaging in oil and gas extraction. Any tax on windfall profits would have to be levied on those firms, and with most of oil and gas activity taking place in Scotland (and in the North East in particular) that area would always be

most affected by definition. It's a feature of any tax on oil and gas extraction, and this can be no different.

The SNP also want to 'modernise' the Contracts for Difference scheme, although what that modernisation would entail is not described in any detail. There is a policy to ban new coal licences – something also pledged by Labour and the Lib Dems – and oppose new nuclear power plants in Scotland, as well as promoting Scotland's hydrogen export potential and carbon capture, with attention devoted to supporting Acorn Project in the case of the latter.

The **Lib Dems** have pledged to develop National Colleges as national centres of expertise for key sectors such as renewable energy, to deliver the high-level vocational skills that businesses need. There is also mention of investing in energy storage, including green hydrogen, pumped storage and battery capacity; building grid infrastructure; removing restrictions on new solar and wind power; and building interconnectors. None of these have much in the way of detail.

Alba proposed the creation of Alba Energy, a Scottish national energy company which would take a stake of at least 20% in all offshore wind projects. But all other action in the manifesto is focussed on North Sea oil and gas, the continuation of which Alba say they 'believe in' on the condition of a 'specific field commitment of a net zero carbon footprint' – with this being achieved through carbon capture, for which they want a 'speedy deployment'.

As you might expect, both the **Green Party of England and Wales** and the **Scottish Greens** advocate a faster move towards net zero. Both parties are committed to significant investment in the grid to allow electricity to be the main source of energy supply, and both want to make energy supply carbon neutral before 2030, and both argue against new nuclear power plants – although the Scottish Greens much more vehemently so. Both also propose a carbon tax, though at different levels.

But there are areas of difference between the two parties as well. The Greens of England and Wales focus their attention on green hydrogen on supporting its use for industrial purposes, wanting to rapidly increase its use, whereas the Scottish Greens would rule out its use for heating altogether and only use green hydrogen for ferries.

At the other end of the spectrum, **Reform UK** want to fast-track 'clean' nuclear energy, while also increasing and incentivising ethical mining in the UK of lithium, use of 'clean' synthetic fuel, exploration of tidal power and 'clean' coal mining, and combined cycle gas turbines.

Future of North Sea licences

With Rosebank oil and gas field being granted a licence recently, there has been increased discussion of what different parties' policies on future licences.

The **Conservatives** have pledged to legislate to ensure annual licencing rounds for oil and gas in the North Sea, while **Reform UK** have said they would fast-track all North Sea licences – calling this the 'greatest growth opportunity' for Scotland.

Labour, the **Scottish Greens** and the **Green Party of England and Wales** have unequivocally ruled out issuing new licences for exploration. Labour have said they will not revoke any licences issued already, whereas both Green parties have said they would cancel Rosebank.

The **SNP** have said they would take an 'evidence-based approach', making decisions on case-by-case basis through a 'robust climate compatibility assessment'. No detail has been provided as to what that assessment might entail and what the criteria would be – for example, how likely would it be that a licence would be turned down?

Alba favour development and exploration in principle, but also propose specific conditions for new fields, which they say should be carbon neutrality 'largely through carbon capture' – which seems challenging given the industry's incipiency.

The **Lib Dems** have not mentioned oil and gas licences in either their UK-wide or Scottish manifestos.

Net zero targets and just transition

Despite some reversals in policy and interim targets, nearly all parties remain committed to net zero. The **Conservatives** want to achieve net zero by 2050 at UK level, and are committed to it by 2045 in Scotland. **Labour** are committed to net zero by 2050, and the **SNP** have specifically committed to net zero in Scotland by 2045 as well.

The **Lib Dems** have 2045 as a target for net zero in the UK as whole, whereas the **Green Party of England and Wales** wants to achieve it by 2040 at the latest. The **Scottish Greens** mention current targets as the background to their policies, which would mean 2045 in Scotland and 2050 in the UK. **Alba** don't mention net zero dates specifically, but seem to operate under the current timelines.

Only **Reform UK** explicitly say they want to scrap the 2050 net zero targets.

On specific areas related to achieving net zero, **Labour** want to reintroduce the 2030 ban on new petrol and diesel car sales. They also want to spend £1.1 billion on improving the energy efficiency of UK homes through grants and low-interest loans, and want to 'accelerate' the move to net zero through the increase in capacity.

The **Conservatives**, for their part, also want to create a scheme to improve energy efficiency of properties, but have no specific commitment to transition away from fossil fuel-powered vehicles beyond the current 2035 ban on petrol and diesel cars (but which still allows for hybrids).

The **SNP** focus specifically on the vehicle fleet, including banning new non-zero-emission buses by 2025 and incentivising the purchase of electric vehicles, including funding leasing of 50,000 vehicles for low-income households through a new fund at a claimed cost of £500m – which seems an underestimate of the cost of such a policy.

The **Lib Dems** have a 10-year homes upgrade plan, including insulation and heat pumps, as well as wanting to incentivise rooftop solar panel adoption around the country. However, they also want

localised citizens' assemblies to give people 'real involvement in the decisions' – which could give opportunity to obstructionism of the kind that we often see in housebuilding.

The **Scottish Greens**, like Labour, want the delay in the ban on petrol and diesel sales reversed. The **Green Party of England and Wales** go further, wanting the ban on sales in 2027 and all petrol and diesel vehicles replaced by electric vehicles by 2035 – an extremely challenging policy, and for which the £5 billion earmarked seems much too low.

Reform UK want to scrap the ban on petrol and diesel cars altogether, and to scrap the zero-emission vehicle mandate. They also want to scrap energy subsidies and levies.

In terms of the transition and the concept of a 'just transition', this is specifically mentioned by the **SNP, Scottish Greens** and the **Green Party of England and Wales**. The SNP want larger borrowing powers to invest in a just transition in addition to their commitment to the Just Transition Fund (even if that was delayed significantly in last year's Scottish Budget). Both Green parties mention investment in skills and a regional approach – as does the SNP – but the only fully articulated proposal is the Greens of England and Wales' idea for an Offshore Energy and Skills Passport to facilitate movements to new industries.

Alba focussed heavily on the future of the Grangemouth refinery, criticising the jobs at risk but not articulating how refining fits into its net zero strategy – especially as there appears to be little forward-looking integration in this area of policy in the manifesto.

The **SNP** also discuss Grangemouth at length, looking at the need to build in time to replace jobs in the area while maintaining refining capacity 'for as long as possible', while creating new green jobs going forward.

Our next event

Fraser of Allander Institute Manifesto Analysis Webinar

Tuesday 2 July 2024

16:45 - 18:00 (BST) | Online

Come and join the FAI team to discuss all of the manifestos released by the parties who are standing for election in Scotland in the General Election on 4th July. We'll be focussing on what the manifestos mean for Scotland, and, in particular, how devolved responsibilities are reflected in the parties' proposals. Which tax policies are relevant For Scotland? What do the proposals mean for devolved funding? Why are many of the parties using slightly dodgy numbers? Come along to find out, and ask the team any questions you have about particular announcements.

This will bring our general election analysis to a close before polling day - so come along to get your questions answered!

This webinar is part of a project funded by the [Nuffield Foundation](#). The views expressed in the webinar are those of the Fraser of Allander Institute and not necessarily the Foundation.

[Register here](#)

Registered attendees will be sent the join details for the webinar by email on 2 July 2024.

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