
BCCG DISCUSSION PAPER

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THE GREEN REVOLUTION

UK'S TEN POINT PLAN FOR CLIMATE
NEUTRALITY BY 2050

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British Prime Minister Boris Johnson presented a ten-point plan in December last year with which the UK's economy wants to embark on the path to climate neutrality by 2050. This happened shortly before the "Climate Ambition Summit"⁽¹⁾ to which the UK⁽²⁾ had invited together with France, the UN, Italy and Chile.

The measures contained in the plan for a "green industrial revolution" also reflect the priorities and thematic focus of the UK's COP26 presidency.

The 10 points in detail:

1. **Offshore wind:** should generate enough electricity by 2030 to supply every household. This will be achieved by quadrupling the previously installed capacity to 40GW by 2030.
2. **Hydrogen:** With support from industry, 5GW of climate-friendly hydrogen are to be made available for industry, transport, energy and buildings by 2030, for which purpose. Investment of GBP 500 million, including for pilot projects for heat generation and the development of a "hydrogen neighbourhood". The aim is to create a "Hydrogen Town" by 2023 that is completely heated with hydrogen.
3. **Nuclear power:** development of the next generation of small and modern reactors. However, it is not clear whether concepts such as the thorium reactor could be meant here.
4. **Electromobility:** The sale of cars and vans with diesel or gasoline engines is to be discontinued from 2030. That is ten years earlier than previously planned. Hybrid drives can still be sold until 2035. The investment required for the charging infrastructure is estimated at GBP 1.3 billion. Added to this is GBP 582 million for purchase awards for zero-emission vehicles and GBP 500 million for the development and production of batteries for electric vehicles.
5. **Local public transport, cycling and walking:** Investing in zero-emission local public transport and increasing the attractiveness of cycling and walking.
6. **"Jet Zero" and Green Shipping:** Industries like aviation and shipping that are difficult to decarbonise should be supported by research projects.
7. **Housing and public buildings:** Around one billion pounds will be invested in increasing the energy efficiency of buildings, schools and hospitals. The goal is to install 600,000 heat pumps annually by 2028.
8. **Carbon capture:** The Johnson government plans to store 10MT of carbon dioxide by 2030, which is estimated at GBP 200 million for two carbon capture clusters by the mid-2020s. Two more are to follow by 2030.
9. **Conservation:** afforestation of 30,000 hectares of forest per year.
10. **Innovation:** Research and development of new technologies to achieve the goals, further development of the financial centre London as a global centre of green finance.

(1) The Climate Ambition Summit 2020 will mark the fifth anniversary of the Paris Agreement, and will provide a platform for government and non-governmental leaders to demonstrate their commitment to the Paris Agreement and the multilateral process. The summit is positioned as a "sprint to Glasgow," where the 26th session of the Conference of the Parties (COP 26) to the UN Framework Convention on Climate Change (UNFCCC) is scheduled to take place from 1–12 November 2021. Co-hosted by the UK COP26 Presidency, the UN and France, in partnership with Chile and Italy, the Summit aims to rally momentum and call for much greater climate action and ambition. National governments will be invited to present more ambitious and high-quality climate plans, as well as COVID recovery plans, new finance commitments and measures to limit global warming to 1.5°C. In particular, the co-hosts have called for: New, more ambitious nationally determined contributions (NDCs); Long-term net-zero emissions strategies. Climate finance commitments to support the most vulnerable; and Ambitious adaptation plans and policies. Source: <https://sdg.iisd.org/events/5th-anniversary-of-the-paris-agreement/>

(2) Prime Minister Boris Johnson's quote at the Summit: "Today we have seen what can be achieved if nations pull together and demonstrate real leadership and ambition in the fight to save our planet. The UK has led the way with a commitment to cut emissions by at least 68 percent by 2030 and to end support for the fossil fuel sector overseas as soon as possible, and it's fantastic to see new pledges from around the world that put us on the path to success ahead of COP26 in Glasgow." Source: <https://www.un.org/sites/un2.un.org/files/climate-ambition-summit-release.pdf>

In total, the government will invest GBP 12 billion in implementing the plan, creating around 250,000 new jobs. Johnson also wants to motivate the private sector with this program. Government investments in climate-friendly technologies are expected to triple through initiatives by the private sector. A clear announcement to the City of London to adjust to the new green ambitions and to align.

The heart of the new "green industrial revolution" is to be located in the economically weak regions of the country, particularly in the north-west and north-east of England. The first steps regarding individual elements of the offshore wind energy supply chain have already been taken. Siemens was supported in setting up a production facility for rotor blades on the British east coast, and some ports on this coast are trying to add further elements of the supply chain. However, less in the production area but more in the logistics and distribution segment, the so-called marshalling.

Important steel components for offshore wind farms are mainly manufactured in Denmark, Belgium, Spain or even Asia, then transported to Great Britain at significant expense, sometimes temporarily stored on site, in order then to be transported to the offshore area and installed just in time. A production or at least the assembly on site on the British east coast would meaningfully complement and support the ambitious British offshore wind program and at the same time ensure a revitalization of the battered regions in the north-east and central Great Britain.

Due to European laws, the British government was previously not allowed to specifically promote industrial settlements, or to apply gentle force by demanding a higher 'local content'. But the situation has changed. The United Kingdom is no longer part of the European Union and can no longer - at least legally - be prevented from enacting new regulations.

And there is money to be made in the Kingdom's offshore wind segment. We have learned that 40 gigawatts should be generated by offshore wind turbines by 2030, which, given the current state of technology, means a total of around 2,300 new wind turbines to be installed. With the current 'strike price' of GBP 41.61/MWh and further new plants with around 29 GW capacity to 2030, this could result in a revenue potential of around EUR 4.9 billion annually.

What the UK is achieving with this program is quite unique. In the Corona crisis, the country's electricity demand fell by about a fifth and the last three remaining coal-fired power plants in Great Britain were shut down in April of last year. Great Britain has thus set a new record: the share of coal in electricity production is zero. Around a third of electricity generation now comes from gas-fired power plants, and the rapidly growing share of offshore wind energy, which accounts for roughly a quarter of total electricity generation.

With the further expansion of nuclear energy, Great Britain will achieve the set goals of CO₂ reduction in electricity production without any problems - and that with electricity prices that are 31% below the German ones. It could be an incentive for energy-intensive companies on the continent to orientate themselves towards the British Isles, with the additional benefit of a better corporate tax system.

Now this is pure speculation - but let's wait and see ...





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