The era of clean energy security

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Energy Secretary, Ed Miliband's speech at the Good Growth Foundation's National Growth Debate.

Thank you Praful Nargund for that introduction and can I congratulate you and all your partners on the National Growth Debate. The Good Growth Foundation is obviously playing a really important role, so thank you so much.

And it is a privilege to be here at the National Growth Debate.

This summit tackles one of the defining questions for Britain in 2026, which is how we drive the growth needed to raise living standards and create good jobs.

Now in just the last few weeks, this government has:

- signed the contracts for the UK's first fleet of small modular reactors
- consented the UK's largest ever solar project
- published our plan to implement the Fingleton Review as we take a pro-nuclear, pro-nature approach to building in this country

And we've seen historic investments in hydrogen, floating wind, and wind turbine manufacturing, the latest steps in our plan to work with businesses and trade unions to reindustrialise Britain.

This government believes that clean energy is the great industrial and economic project for our country in the 21st century.

But what I want to argue today, and I warn you this is a bit nerdy, is that it is even more important, our clean energy mission, given what has unfolded in the last few weeks.

And I want to make an argument to you in this speech which is threefold:

First, as we face the second fossil fuel shock in less than 5 years, the lesson for our country is clear: The era of fossil fuel security is over, and the era of clean energy security must come of age.

For Britain and so many other countries, clean energy is now the only route to financial security, energy security and indeed national security.

The **second** part of my argument is that since taking office 2 years ago, the government has been relentless in our efforts to build clean power at speed and drive electrification across the economy.

And while some have said we have gone too far and too fast, I profoundly disagree. Actually, I believe the opposite is true.

In response to recent events, our actions must now be faster, deeper and more wide-ranging if we are to protect our security.

We have not a moment to waste.

And that is why, as I will explain today, we will double down, not back down on our mission for clean energy.

Third, I'm not going to let Britain learn the wrong lessons and have us end up back here all over again.

The North Sea is an important resource for our country which we will continue to use for decades to come.

I do not agree with those who say we should "turn off the taps" overnight.

But nor do I agree with those who suggest that somehow "drilling every last drop" will take a penny off bills or give us energy security.

Indeed, an answer to this crisis that rejects clean energy and doubles down on fossil fuels is a recipe for energy insecurity in perpetuity.

You can't solve a fossil fuel crisis by doubling down on fossil fuels.

So let me now take you through the argument.

So first, it is now clear the world faces the second fossil fuel shock of this decade.

The most important objective remains working for a permanent ceasefire and getting shipping flowing through the Strait of Hormuz.

But even if we do that, recent events will reverberate across oil and gas markets at least for some months to come.

Now from the moment this conflict began our immediate response and responsibility as a government has been to fight people's corner in the face of global events.

Because we know it is ordinary working people who are most exposed to the impacts.

That's why following our action that reduced the energy price cap in April, we have worked to help vulnerable families and expanded bills support to thousands of businesses.

And however long this crisis goes on for we will continue to support families and businesses and intervene where necessary.

But, and this is the main point of this speech, we are also determined to learn the right lessons of what we have seen in the last 4 years.

Russia's invasion of Ukraine caused global energy prices to surge and did huge damage to family finances, business finances and the public finances, frankly from which we are still seeking to recover.

And here we are all over again.

The same story of events around the world threatening families and businesses at home.

And here's the thing you've got to make a judgement about – all of us have got to make a judgement about – I believe this is for one simple reason: because Britain is so exposed to international fossil fuel markets.

We're exposed in our electricity system because 30% of generation comes from gas.

And even more so, and I'll come onto this, because even when we use renewables and nuclear, gas often sets the price.

We're exposed in how we keep our homes warm, because around 90% of families rely on gas or oil for their heating.

We're exposed in our businesses and industry, because around 70% of industrial processes also rely on fossil fuels.

And we're exposed in how we fuel our vehicles, because around 90% of cars on our roads run on petrol or diesel.

And the reason this leaves us so vulnerable is because the price of these fossil fuels is set on the international market, regardless of where they come from.

This is the fundamental energy and economics lesson of this crisis.

Now truthfully, this has been a huge drag on growth and living standards for decades, because half of the UK's recessions since 1970 have been caused by fossil fuel shocks.

And now a more dangerous world increases the risks.

To ignore one fossil fuel crisis and carry on with business as usual, as some wanted to do, was wrong.

To ignore 2 in less than 5 years would be completely irresponsible.

And it would be even more irresponsible because unlike the twin fossil fuel shocks of the 1970s, there is now a compelling alternative in the form of clean energy.

An alternative that cannot be disrupted by foreign wars because it comes from our own wind, sun and nuclear resources.

That isn't subject to global price shocks because it is locked in at stable prices here at home.

That can create hundreds of thousands of good jobs and indeed drive growth – a concern of the Good Growth Foundation obviously – as we use more efficient electrified technologies.

And an alternative that will help tackle the climate crisis to protect our children and grandchildren.

Indeed, we already see and this is really, really, I think an important point that maybe overlooked part of the debate, we already see how clean energy is helping protect Britain and other countries during this crisis.

Since 2010, homegrown renewables in the UK have gone from generating around 7% of our electricity to over 50% today.

Independent analysis shows these renewables have cut the wholesale price of electricity, and this is a very important point, I think I should give some credit I think it's from the ECIU, have cut the wholesale price of electricity by up to a quarter in recent years, helping shield us during this crisis by displacing volatile gas.

And around the world we see how different countries are insulating their economies.

Like Spain, which has doubled its wind and solar capacity since 2019 and dramatically reduced the influence of gas on power prices.

France, which has responded to this latest crisis with a plan to double investment in electrification.

And Pakistan, which has seen a solar boom in the years since the invasion of Ukraine.

So around the world a new paradigm of clean energy security is emerging.

And informed by the lessons of Russia's invasion of Ukraine, with a mission established - with a mission, and I should give credit to the godmother of missions, Marianna Mazzucato, who's with us - established when we were in opposition in the UK since we came to office, we have been putting the full weight of government behind making Britain a clean energy superpower.

This mission has always had 2 parts—driving to a clean electricity system but also electrifying as much as we can, as we decarbonise the wider economy.

My department has been driving this mission at full pelt since July 2024.

Recent events show once again why this mission is the energy security, business and growth imperative for this country.

And as I said at the outset, while some think we have gone too fast, I disagree.

I think the overwhelming lesson of this crisis is we need to go faster still.

Because every solar panel we put up, every wind turbine we build, every heat pump we install, every EV on the road makes our country more secure.

So that takes me to the second part of my remarks which is how we need to go faster, and there's 3 parts to this.

So first, we will speed up our drive for clean power.

In less than 2 years we have secured enough clean, homegrown power for the equivalent of 23 million homes through 2 record-breaking renewables auctions and we've got business folk in the room, thank you to them for being part of that process, it's really important.

We've invested in the biggest nuclear building programme in half a century, something I'm incredibly proud of.

And relentlessly broken down the barriers in the way of building, from planning reform to fixing the dysfunctional grid queue.

And in the first weeks of this conflict, we announced that we would step up these efforts by bringing forward our next renewables auction to July.

Today we go even further.

Building on public land offers a huge opportunity to fast-track the rollout of renewables in this country.

And for too long we have failed to seize this opportunity.

So my department will work hand in hand with Great British Energy, the Ministry of Defence, Network Rail, Forestry England and other public landowners to build wind, solar and batteries. Honestly this is a no brainer, we've got vast amounts of public land that could be used to make us more secure and indeed generate revenue.

So we're going to harness untapped public assets, from railway warehouses to unused brownfield sites, to significantly expand the pipeline of renewables. I'm sure there's people in this room who've got ideas on this, we'd love to hear from you.

This could unlock around 10GW of capacity, that's a cautious estimate, even using only a fraction of government land.

We're also going to step up our work to get critical clean energy projects built across the board, including accelerating the vital grid infrastructure we need.

And look the stakes could not be higher: every irrational bureaucratic obstacle in the way of clean energy leaves us more insecure as a country. I won't go through all the package of very detailed reforms today, but we're setting out a whole package of them to get the grid we need built, from land access rules to networks consenting, as well as plans to extend permitted development rights and expand self-build for grid connections.

And it goes to my view about this which is that we need the British Cycling team philosophy which is that every incremental gain makes a significant difference.

We're going to leave no stone unturned as we mobilise the power of government to build this infrastructure at speed.

Second, and maybe this is the part of our mission that's had less attention publicly, is that even this is not enough because if we continue to use fossil fuels to heat our homes and businesses and power our vehicles, we will remain exposed.

So we will also accelerate our efforts to drive electrification across the economy.

Even before the Iran war we were seeing record demand for technologies like rooftop solar, batteries, heat pumps and electric vehicles.

And in the teeth of this crisis for totally understandable reasons, demand for them is surging:

Octopus – you had Greg on earlier – report that solar panel sales rose by more than 75% - sounds like an advert for Octopus this, there are other companies available - and heat pump sales doubled between February and March.

And March was the best month ever for EV sales in the UK.

Before this crisis it was already often cheaper to run an EV than a petrol or diesel car, but last week we had very exciting news that probably all of you will know, which is Autotrader said new electric cars are now on average cheaper to buy than petrol cars for the first time. That is a big moment, it's a sort of crossover of the moment that people have been talking about.

And with the right tariff, running a heat pump can be cheaper than a gas boiler.

I just want to say this, no matter what some people would have us believe, solar panels, heat pumps and EVs are not “woke”.

They are common sense.

Opponents of clean energy want to stand in the way of what the British public want, the difference is we want to support them in this endeavour.

And we are also determined, and this is important, to ensure everyone not just the richest in society can see the benefits.

That is why earlier this year we introduced rules to ensure new homes are built with solar and clean heating as standard, the so-called Future Homes Standard – incredibly important and people have been waiting a long time for this - alongside the biggest public investment in home electrification in history through our £15 billion Warm Homes Plan.

This is the important social justice element of this mission.

We also want to do everything we can to protect families before next winter.

This is just the start of what we’re doing today with bringing forward £100 million of funding, in addition to existing plans, to upgrade tens of thousands more social homes this year.

We also know that families and small businesses who use heating oil and LPG have been particularly exposed to rising prices.

So building on the success of our £7,500 heat pumps grants, we are announcing a supplement available for those reliant on heating oil or LPG, bringing it to £9,000 for the duration of the coming year.

Something I’m really excited about and I’m sure you are too is plug in solar in outside spaces, it offers an incredibly exciting opportunity for consumers to benefit from clean power.

Half a million families installed it in Germany last year alone, and we will bring it to the UK later this year and we are absolutely motoring on getting this into the shops.

But it’s also worth saying, we recognise cost isn’t the only barrier consumers face.

So today we are also announcing that we are removing barriers to on-street EV charging, and we’re continuing with our record rollout of charging infrastructure, alongside the 2030 phase out date for new petrol and diesel cars.

There’s lots of other important announcements we’re making today like more solar on rooftops of schools, which I’m working with my colleague Bridget Philipson on to help schools cut their energy bills and transfer money into frontline teaching.

So that’s the second part of my remarks, spreading electrification across the economy.

Third, there is another crucial element – this is the bit you’ve all been waiting for - of ending our dependence and insecurity and that is on delinking.

As we get off fossil fuels, we must also break the link to them in our electricity prices.

The structure of our energy system means that today, volatile gas usually sets the wholesale price of electricity, meaning that at those times, many renewables and nuclear generators get paid the gas price.

At times of crisis, like now, this compounds the impact of fossil fuel shocks on families and businesses.

And indeed drives large windfall profits for some electricity generators.

Now it's important to say this, we have already moved from gas setting the price of electricity around 90% of the time in the early 2020s, to around 60% today.

And thanks to our clean power mission, we estimate gas will set the wholesale price around half of the time by 2030.

But in addition to that, by building clean power we are expanding the proportion of generation on long-term fixed price contracts, that's CfDs, from around 20% today to over 60% by 2030, which is crucial because it helps break the link with volatile gas even further.

But we have concluded that evolution in breaking this link is not enough.

So today the Chancellor and I set out how we will take this further.

From next year we will seek to transfer legacy low carbon generators, which supply about a third of our power today, onto fixed price contracts that deliver value for money for consumers.

Now this, I want to be clear about this, this will be a voluntary decision for those generators.

But because of the tax decisions the Chancellor is announcing today, both extending the EGL, the Electricity Generator Levy, and raising the rate, we will significantly change the economic incentives for them to do so.

Together, these measures will accelerate the delinking of gas and electricity prices, making funds available to support families and businesses with the impacts of this conflict on the cost of living.

For too long, governments have failed to grapple with this challenge of delinking.

This government is taking decisive action.

Third part of my remarks - as we learn the right lessons from this crisis, we must avoid learning the wrong ones.

There has been a lot of debate about the North Sea in recent weeks.

Some people say we should cease all drilling and turn off the taps.

I disagree with this position.

Others say we should drill every last drop.

I also think this is the wrong position.

As set out in our manifesto, this government is pursuing the sensible pragmatic course.

Production from the North Sea is an important and valuable resource, and its workforce is a vital asset for this country.

That is why we are harnessing our domestic supply by keeping existing fields open for their lifetime, decades into the future and, as announced in our North Sea Future Plan last year, enabling tiebacks for these fields through our Transitional Energy Certificates.

And today in advance of legislation, we are publishing further details on Transitional Energy Certificates to provide greater certainty and clarity for industry looking to invest in already-explored areas near existing licensed fields, supporting a fair and managed transition.

Some people will oppose this policy, but I think they are wrong.

Our position is rooted in a plan for a just transition and a fair-minded analysis of what the science demands.

On the other side of the argument from those who would turn off the taps, there are those who say we should drill every last drop.

I just want to talk about this position and why I disagree with it for a minute. I think this position relies on a series of myths which the evidence simply does not support.

First, drilling every last drop will not take a penny off bills.

Because fossil fuels are sold on global markets no matter where they are produced—and North Sea production is simply too marginal to make any difference to this global price.

Second, drilling every last drop cannot give us energy security.

The North Sea is a mature and declining basin.

Production in the North Sea has already declined by 75% over the course of this century and it no longer has sufficient resources to meet our needs.

As a result, we have been net importers for 20 years.

New exploration licences, which we are ending, would as the independent National Energy System Operator says, make no material difference to capacity and therefore security of supply.

And the industry itself recognises, the vast majority of potential North Sea future production comes from existing fields.

Indeed, according to analysis from the North Sea Transition Authority fewer than 10% of exploration licences issued in the last decade have progressed to active production at all.

But third then, some people have said that despite the fact that new licences won't lower prices and won't give us energy security, we should issue them anyway.

But in saying this they would just ignore the reality of the accelerating climate crisis, which is the greatest long-term threat multiplier we face.

You see, every piece of credible scientific evidence says that if every country took that approach and drilled every last drop, it would take us to global warming well past 2 degrees to 3 degrees and more.

And this view of the dangers of unlimited fossil fuel extraction is not just my view, it is supported by the International Energy Agency and the respected Energy Transition Commission, which includes members from the energy industry.

And by providing global leadership on this issue, Britain has helped assemble a coalition of 82 countries committed to the transition away from fossil fuels the world desperately needs.

I just want to be very clear about this:

I will not betray the future generations of this country by acting on the basis of myth, falsehood and misinformation.

Faced with the 2 positions of “every last drop” and “turn off the taps”, we will maintain our pragmatic, sensible position for a managed transition in the North Sea.

And we will also stand firm against those who want to abandon our clean energy future.

The National Energy System Operator, and honestly you should all read this report, is very clear that falling behind on net zero presents the biggest risks to our energy security because it would leave us more dependent on gas including imports.

We’ve seen over £90 billion of private investment announced in clean energy since this government came to office.

The Climate Change Committee shows a single fossil fuel shock could cost as much as the entire additional investment required to reach net zero between now and 2050.

So to sum up, as Britain grapples with a more uncertain and insecure world there are 2 paths opening up in this debate:

Between doubling down on a future built on the rock of clean power and electrification or retreating to the comfort of false solutions that would do nothing for our security and leave us brutally exposed.

And let me close by saying this. Over the last 2 decades Britain has been through crisis after crisis.

The financial crash, Covid, Russia’s invasion of Ukraine and now the impact of conflict in the Middle East.

The question facing us isn’t simply how to avoid a repeat of this shock, that’s important, but how to build a better country as we do so.

I believe the agenda I have outlined offers an exciting, optimistic and hopeful future for the country, and that really, really matters.

Energy and economic security that can withstand this new age of geopolitical instability.

Warmer homes, lower bills, cleaner air, better technologies.

A stable environment for business. Good jobs across our country.

And doing the right thing for our children and grandchildren.

We owe it to the British people to deliver.

We can, we must, we will do it together.

Thank you so much everyone.

https://www.gov.uk/government/speeches/the-era-of-clean-energy-security