

Building an energy system that delivers for all

Datum 14.10.2026
Subjekt UK Ministry of Defence
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Region Velká Británie
Kategorie Energetický priemysel, Politika, Životné prostredie

Speech by Energy Secretary, Miatta Fahnbulleh, on the future of our energy system at Energy UK's annual conference.

Good afternoon.

It is a pleasure to be here and I would like to say a huge thank you to Energy UK for bringing us all together.

You have heard today about the choices facing our energy system.

And I want to spend our time together talking about what it will take to build its future and the partnership between government and industry that will make this possible.

That starts with recognising what the people in this room do. You keep the country powered. You invest in our infrastructure, develop our people and build the projects on which our future depends.

You know what it takes to turn ambition into investment and investment into something people can see around them.

And you continued to do that through years of economic and political uncertainty.

So I just wanted to start by saying thank you to each and every one of you for everything you have done to get us to this point - and for the work I hope we will do together in the months and years ahead.

And that work begins with our ambition as a government to deliver a 10-year plan for national renewal.

One that unlocks growth in every single postcode.

Reindustrialises parts of the country that have been held back.

And ensures that people have the basics to live well.

In a Britain that is confident, that is forward-looking and that is hopeful.

And energy has an absolutely vital role to play in that.

An everyday essential that we all rely on.

But one that is increasingly unaffordable for too many families and too many businesses.

In a system that is simply not working for them as consumers.

Now look I know that this is not a reality that any of us can be happy with – and it is one we are absolutely determined to turn around as a government.

And we have taken the next steps for the drive for homegrown clean power.

We all know that one of the reasons we are seeing rising prices is because we are uniquely exposed to volatile global fossil fuel markets.

Which means that conflicts miles away in Ukraine and now the Middle East reverberate deeply in people's pockets.

That's why our ambition to deliver homegrown clean power is so important and is why we set it out when we came into government.

Now I know there are a few raised eyebrows, but look the point wasn't just about the target itself, but the confidence and momentum it would create in the system.

And what we have delivered in partnership in just 2 years in pursuit of this mission has been incredibly impressive.

£100 billion of private investment in clean power unlocked.

Enough clean power consented to power over 20 million homes.

189 terawatt hours of clean power delivered last year.

And over the course of 2025, almost two-thirds of Britain's electricity generation came from clean power.

Huge progress – and we will continue to play our part to sustain this momentum.

But we know the public doesn't measure the success of our energy system in gigawatts.

They measure it in bills and whether they can live comfortably.

And by these measures, the framework within which you are being asked to deliver is not working.

That is not a criticism of the businesses that have invested, built and innovated within it.

It is a recognition that even the best companies cannot compensate for a system that lacks sufficient coordination and long-term direction.

That is failing in its purpose of providing this essential good to the British people at a reasonable cost.

So let's be clear with how we got here.

And look I often say, if you have a blank piece of paper, and you can design the energy system, would you design the system we have now? Probably not.

So I think it is important we are honest about where Britain went wrong.

The privatisation of the energy system changed more than the ownership of individual assets.

Generation, transmission, distribution and retail were separated into different parts of the system.

And those reforms changed the state's relationship with the energy system.

Government moved away from direct ownership and coordination.

Responsibility was carved up, and farmed out across companies, regulators, network operators and public bodies.

And when responsibility fragments, accountability weakens.

Successive governments recognised that markets alone could not make every decision the country required.

So, they introduced targets, created new regulation, new frameworks.

And the cumulative effect of all these interventions was that central government and regulators ended up micromanaging the system, often with imperfect information.

The result was neither free market, nor public direction. It was a system in which industry was often asked to deliver without the infrastructure, certainty or joined-up decision-making it needed.

And crucially, the state never really left the energy system.

Because it can't.

The idea that the state could be absent from providing a service as critical as energy was fundamentally flawed from the outset.

The state cannot - it cannot - relinquish responsibility for keeping the lights on.

For protecting consumers.

For maintaining national security.

Or for preparing the system for the future.

So government returned through regulation, subsidy, contracts, targets and interventions.

But it never resolved the fundamental question of how to make our energy system work for the families and businesses it is there to serve.

And we are now living with the consequences of that.

We have inherited an energy system that is too exposed to volatile global markets.

We have projects ready to invest and businesses ready to expand, but can't secure timely connections.

We have renewable power available in a system that still pays generators to turn down their output because the network cannot always use or move that power efficiently.

And we have families who want lower bills, but who are locked out from accessing cheaper

electricity because they cannot upgrade their homes.

When energy suppliers failed during the last energy crisis, 4 million households were affected and customers were left carrying £2.7 billion in costs.

And look, these are not isolated problems.

They show what happens when the system as a whole lacks sufficient coherence and accountability.

A system can have ambitious targets.

It can have willing investors.

It can have viable projects.

But if the networks cannot connect them, those ambitions remain on paper.

If people do not see and feel the benefits of them, the system loses the confidence of the public.

So the answer cannot simply be another layer of targets.

That is why piecemeal reform is no longer enough.

Stronger consumer protection matters. Of course it does.

A more powerful and effective Ofgem matters. Of course it does. And we're driving forwards with those reforms.

But our ambition must be greater than making another adjustment to the model that we have.

Our task is to make the whole system work coherently in the interest of the consumers that we serve.

Now that requires us to be clear about the choices that are in front of us.

There are some choices that will make sense for the state to step in.

There are some choices where competition, private investment and innovation have a vital role to play.

And there are those that should sit closer to communities, giving people the freedom and opportunity to shape the energy future of their places.

But the choice is not a binary between state or market.

That is a false choice.

Many countries around the world, with far lower electricity prices than ours, combine public ownership with vibrant markets.

So the real question is: who is best placed to do what?

Where should government set the strategic direction and establish firm rules?

Where should businesses have the operational freedom to compete, to innovate and deliver?

And where should communities have the power to lead, participate and benefit?

The purpose of reform should be to accelerate delivery, not to pause it.

To give investors greater certainty, not less.

And to replace accumulated uncertainty with clear responsibilities, freedom and accountability for the system to deliver.

And this is precisely the purpose of Great British Energy.

Giving the state the ability to do more than regulate industry and its decisions again.

Instead, creating the capability to invest directly.

Develop projects, build partnerships and take a longer view.

Entering parts of the market where the strategic value is high, even when the immediate commercial incentives aren't obvious.

Ensuring that more of the value created by Britain's natural resources is retained for the benefit of the British people.

Ensuring the public have a direct stake in the energy assets that will shape our economic future.

And we can already see what practical public investment means.

Take the Sizewell C nuclear power station for example. My department is the primary public shareholder, alongside private consortium partners.

Taxpayers will see up to £18 billion in net consumer benefits and we'll reduce overall electricity system costs by roughly £2 billion per year compared to other routes to net zero.

Lower costs.

Good jobs, buoyant supply chains, greater security.

Great British Energy working alongside private investors.

Building capability in technologies and supply chains where Britain has a strategic interest.

And helping shape markets rather than merely responding to them.

The same principle underpins Great British Grid that the Prime Minister announced at conference.

We cannot, we cannot deliver cheaper power if viable projects remain stuck in a queue.

We cannot electrify industry if businesses cannot get the connections they need.

And we cannot build a more secure energy system if generation, networks and demand are planned as separate challenges.

Great British Grid is about acknowledging what industry has been telling us - projects cannot be delivered at the required scale unless network planning, connections and investment are treated as a strategic national priority.

Great British Grid will provide additional public investment and dedicated leadership, working alongside existing network operators and private investors.

It will enable the vital grid upgrades needed after decades of underinvestment, helping to reduce constraint costs and meet rising electricity demand.

This is the shift that we want to see from fragmentation to coordination.

But of course, of course, the number one test for reforming our energy system must be whether it benefits people. And that is the ultimate test we will apply in everything we do as a department.

Whether families and businesses can afford the energy they use.

Now there are short-term reliefs that we must provide to give people some breathing room. And we know that and we understand that particularly in the current context.

That's why one of the first thing's the Prime Minister did when he came into office was to cut VAT on energy bills, building on the £150 off the costs of energy bills that we did in the Budget last year.

And the expansion of the £150 Warm Home Discount to over 6 million families.

So we know we need to do our part to give people breathing room.

But this cannot be a substitute for the big changes we need to deliver in the energy system to drive down energy costs for good. And we are very clear as a government this is our responsibility and this is the moment we must grip this.

Now I have given you a top-down view as you will expect.

But I am really clear these reforms cannot simply be mandated from Whitehall.

They will be delivered hand in hand with the people, places and communities that must see the benefits.

When communities host the infrastructure that powers Britain's future, they should share fairly in the rewards.

Places shouldn't host the transition. They should have a stake in it.

So we will back local energy, support greater community participation and put a fairer relationship between clean-energy infrastructure and the communities hosting it.

Through Great British Energy, which will support over 1,000 community and local energy projects by 2030.

We will pave the way for communities to own more of the renewable energy projects built in their area and share more directly in the benefits of the clean power transition.

And vitally we will put our communities at the centre of delivering the Warm Homes Plan.

Devolving funding so regional and local government can play a critical role in co-ordinating and accelerating the pace of home and building upgrades that we absolutely need to see over the course of the next decade.

So that we can insulate, solar, clean heat and smart technology street by street, state by state, community by community.

So that people can directly benefit from the drive towards electrification.

There's a lot of work that I know we need to do together.

There will be those who say you should slow down.

That the answer is to build less.

To reform less.

To relinquish control.

To blindly place our faith in the established way of doing things.

But I believe that we must seize the opportunity of this moment as we must make this transition.

And to do that, we've got to be ambitious.

And we can only do that with clear strategic direction from government.

With certainty, opportunity and autonomy for industry in the right parts of the system.

And a stronger voice for communities.

The need for the energy transition is real and urgent. And for those that question that, I simply say look at the summer we've just had. Record heatwaves, droughts, wildfires. They are an indication that climate change is there and we have got to do our part to respond to it.

And in this transition which is accelerating every day in the UK and all around the world.

The UK's net zero economy now generates around £105 billion in Gross Value Added and supports 1.1 million full-time equivalent jobs, spanning energy, manufacturing, construction, engineering and professional services.

Oil and gas will of course remain part of our energy mix for decades to come.

And we will bring these vital communities with us as we move towards mass electrification and renewable power.

Because the UK must be a leader for making the transition work for all people.

And all of you here today are world leaders.

You are the backbone of the energy system that we must build and of the future economy that we must build.

So what we do and what that looks like, we must do in partnership. And that brings some questions, what do we want the end goal to look like?

More control over the sources of our power, the level of our bills, the infrastructure that forms the bones of our economy?

Or less?

Do we want more certainty for businesses to invest? Or do we want less?

Or remaining overexposed every time a crisis overseas shakes fossil fuel markets, is that the reality that we want? Or less?

These are the big questions that we'll be asking all of you and of ourselves.

But for me we are really clear there's an absolute imperative for government to grip this.

There is an absolute imperative for the state to provide direction.

To build public capability.

To invest where the national interest demands it.

And to create the conditions in which we collectively make to ensure businesses can invest, can build the infrastructure that we need, and can get us to an energy system that does the very simple job of ensuring this essential good – not a luxury – a basic that everyone needs, is provided to people at a cost that is affordable.

And look, the commitment that you have from me is, from my department and from all of government is to do everything that we can to work in partnership to get there. We will play our part because the stakes are far too high.

But I hope you are all willing to go on this journey with us.

And to work in partnership to deliver the energy future that I believe we can.

Thank you.

<https://www.gov.uk/government/speeches/building-an-energy-system-that-delivers-for-all>