

AUTUMN STATEMENT – NOVEMBER 2023

Briefing note



On Wednesday November 22nd 2023, the Chancellor delivered the [Autumn Statement](#) – an update to the House of Commons on the government’s taxation and spending plans on the basis of the latest economic forecasts.

The statement contained a number of measures relating to Net Zero, including specific measures for the energy industry to help deliver the low-carbon transition and commitments to accelerate the planning process to support grid expansion and to speed up the connections required to link renewable power to the distribution systems.

Full Expensing

Full-expensing allows companies to claim back 100% of investment in plant, machinery and IT equipment against corporation tax. The policy had been due to end in 2026 but has now been made permanent.

The Autumn Statement set out this policy includes *“the UK’s capital-intensive green industries such as solar and offshore wind... Permanent full expensing also provides further support for companies that want to decarbonise by investing in solar panels and heat pumps, and for companies that want to invest in newer, greener plant and machinery.”*

Infrastructure delivery

Measures included in the Statement designed to accelerate the delivery of infrastructure including structures related to or enabling Net Zero include:

- Establishing a fast-track planning service across England with guaranteed accelerated decision dates for major applications (and fee refunds wherever these are not met).
- £5m investment to incentivise greater use of Local Development Orders to help key projects secure planning permission faster.
- Extending the [critical national priority designation](#) for nationally significant low-carbon energy projects.
- Consulting on amending the National Planning Policy Framework to ensure the planning system prioritises the rollout of EV infrastructure and the introduction of new permitted development rights designed to accelerate the rollout of charging infrastructure.
- Consulting on introducing new permitted development rights to end restriction on heat pumps one metre from a property boundary.

An accompanying policy paper also sets out further proposals designed to encourage business investment in energy infrastructure, including:

- Completion the review of key National Policy Statements (NPS) by March 2024, including updated statements for energy and national networks, setting out government priorities for national infrastructure and defining clear policy tests for developers to meet.
- Designating a new NPS for Nuclear Power Generation by 2025 to reflect the development of Advanced Modular Reactor (AMR) and Small Modular Reactor (SMR) technologies. Government will also consult on a policy approach to siting new nuclear reactors.

Grid capacity/connectivity

The statement sets out ambitions to halve the time to build new grid infrastructure. Key elements of this plan include.

- Proposals for [community benefits](#) to boost local support for deployment including:
 - An electricity bill discount for properties located closest to transmission network infrastructure. The scheme design is still under development, but could offer up to £10,000 per property (£1000 per year over 10 years)

- A wider benefit for the local community valued at around £200,000 for overhead lines, £40,000 for underground cables and £200,000 per substation.
- Committing to commission the Electricity System Operator to work with government to produce a new Strategic Spatial Energy Plan.
- Introducing competition into onshore electricity networks in 2024.

The statement is accompanied by the [Connections Action Plan](#) agreed with Ofgem consisting of:

- Raised entry requirements to increase the quality of projects applying for transmission connections and to deter speculative connection applications.
- Extended ability for the removal of stalled projects to release capacity, with agreed milestones agreed in transmission connection contracts which a connection customer must meet or face termination of their connection contract.
- Better utilisation of the existing network capacity to reduce connection timelines such as through enhanced use of flexibility, including non-firm/flexible connections.
- Better allocation of available network capacity - moving away from the first come, first served approach to one that connects projects that are readier to progress and are able to quickly make use of capacity. The Department for Energy Security and Net Zero will oversee a triage process to fast-track strategically important projects.
- Development of longer-term connections process models aligned with strategic planning and market reform to ensure they are integrated to deliver strategic outcomes for a timely and efficient transition to a Net Zero energy system.

Investment in energy security and Net Zero

Measures in the Autumn Statement designed to unlock further investment in the Net Zero transition include:

- Reduction of the number of Emissions Trading Scheme permits available for purchase from government by 45% between 2023 and 2027 – but extension of the scheme to cover emissions from domestic maritime and energy from waste in 2026 and 2028 respectively.
- Publication of a response to earlier consultation on possible measures to mitigate carbon leakage risk including introducing a carbon border adjustment mechanism.
- £185m funding from the Industrial Energy Transformation Fund to support industrial sites invest in more energy efficient and low-carbon technologies.
- £300m a year in tax relief in exchange for meeting energy efficiency targets under [the new six-year Climate Change Agreement scheme which starts from 2025](#).
- Expanded VAT relief on the installation of energy-saving materials in residential buildings or those used solely for a relevant charitable purpose.
- A new investment exemption for the Electricity Generator Levy (EGL). New projects for which the substantive decision to proceed is made on or after November 22nd 2023 will be exempt from the EGL. The EGL will end as planned on in March 2028.
- New parameters for the next renewables Contracts for Difference auction round, including an increased maximum price that can be received. Further details will be published soon on growing hydrogen and Carbon Capture, Usage and Storage (CCUS) deployment.
- Bringing forward of legislation to provide the Crown Estate with borrowing and wider investment powers designed to unlock a further 20-30GW of new offshore wind seabed rights by 2030.

Support for Green industries

This Autumn Statement includes interventions designed to boost investment in green industries, including:

- To ensure the UK continues to build strong supply chains and maximises global growth opportunities, the government is announcing a £960m Green Industries Growth Accelerator to support investments in manufacturing capabilities for the

clean energy sectors where the UK can gain the clearest strengths (CCUS, hydrogen, offshore wind, electricity networks, and nuclear).

- A £78m competitive pilot fund to alleviate the cost of landfill tax where it is acting as a barrier to the remediation and redevelopment of contaminated land.
- Confirmation that the Energy Profits Levy will end no later than March 31st 2028.
- Targeted public funding within the manufacturing sector to help unlock private investment in eight strategic sectors, designed to “support opportunities to develop and build the UK’s current or future economic strengths and enable UK industries to remain at the forefront of the global transition to Net Zero”.
- £145m investment through Innovate UK to support business innovation, including:
 - £20m for productivity and decarbonisation of foundation industries.
 - £50m for battery innovation.
 - £50m investment in Catapults.

Devolution

- A [devolution deal](#) has been agreed between the government, Hull City Council and East Riding Council which will see the creation of the Hull & East Yorkshire Mayoral Combined Authority with a directly elected mayor. The first mayoral election is planned for May 2025. The creation of the Combined Authority would see Combined Authorities operational in each of the North East and Yorkshire Hub’s partner areas.
 - The deal acknowledges Hull and East Yorkshire’s current efforts in developing a Local Area Energy Plan in coordination with the Net Zero Hub.
 - The agreement also offers the Combined Authority the opportunity to assume the role of heat network Zoning Coordinator.
 - The Department for Energy Security and Net Zero will provide observer representation on the Humber Energy Board, through which they will support the development of a Net Zero Strategy to accelerate the green energy transition across the Humber industrial cluster. This Net Zero Strategy will inform a detailed investment plan for the region.
- A [technical paper](#) also sets out details for deepening devolution with existing Mayoral Combined Authorities and clarifies that powers previously devolved elsewhere may be applied for by existing institutions.
- The government is also extending the duration of tax reliefs available for Freeports – including those on the [Humber](#) and [Teesside](#), both of which have a clean energy focus - from five to ten years. £150m of funding has also been made available to support Freeports to respond to investment opportunities.