

# AUTUMN BUDGET – NOVEMBER 2025

**Briefing note**



On Wednesday November 26th 2025 Chancellor delivered the Autumn Budget.

This briefing note from the North East and Yorkshire Net Zero Hubs outlines announcements relating to energy made in the statement.

### Energy Bills

The Budget announced a package of measures aimed at removing in the region of £150 of costs from household energy bills.

- The Energy Company Obligation - under which utility firms must install energy efficiency measures in fuel-poor homes, funded by a levy on energy bills - will end on March 31st 2026
- 75% of the costs of the Renewables Obligation that currently fall on domestic customers will be funded from general taxation until March 2029.
- These savings will take effect from April 1st 2026.

The government also recently opened a consultation on the British Industrial Competitiveness Scheme which is aimed at reduce electricity costs for businesses in energy intensive industries.

It is proposed that eligible businesses will be exempt from paying the indirect costs of the Renewables Obligation, Feed-in Tariffs and the Capacity Market.

### Warm Homes Plan

An additional £1.5bn of capital investment has been made available to improve the energy efficiency of domestic properties through the Warm Homes Plan, taking the overall package to £15bn.

The Plan – for which the Local Net Zero Hubs will support the implementation of – will be published shortly.

### Grid Connections

The budget recognises “*connections to the grid remain one of the biggest blockers in delivering key growth projects across the economy*”. To address this government, alongside NESO and Ofgem, intends on “going further” to overhaul the connection processes by:

- Applying new powers being sought in the Planning and Infrastructure Bill to create mechanisms to reallocate released capacity and reserve future capacity for strategically important demand projects.
- Exploring enhanced entry and membership requirements to ensure viable projects progress in the demand queue.
- Reducing the time to power by exploring self-build for high voltage grid infrastructure and more flexible connections where possible.
- Removing speculative demand in the grid connection queue.

The Department for Science, Innovation and Technology will also set out a strategic plan for data centres to ensure “only the most strategic and credible projects are taken forward”.

### Taxation

Electricity used in electrolysis to produce hydrogen will be made exempt from Climate Change Levies.

### North Sea Transition

A North Sea Future Plan had been published alongside the budget. The plan will implement the government’s commitments to manage existing oil and gas fields for their lifespan and

not to issue new licences to explore new fields. As part of this, the government will introduce new Transitional Energy Certificates which will allow oil and gas production on or near to existing fields – so long as this additional production does not require new exploration and is already part of or links back to existing fields and infrastructure.

The government will also establish the North Sea Jobs Service to support workers to transition into employment in growth sectors detailed in the Industrial Strategy, including clean energy and advanced manufacturing.

## **Nuclear**

The Government intends to make nuclear power cheaper and to accelerate its deployment with a Strategic Steer from the Prime Minister published alongside the budget.

This steer “warmly welcomes” the findings of the independent Nuclear Regulatory Taskforce and commits to implementing its findings “within two years, subject to legislative timelines” and states:

“Nuclear technology is vital to our country’s economic growth, energy security, and national defence. It delivers reliable, low-carbon electricity and supports our nuclear deterrent. It provides an extraordinary industrial opportunity, where UK innovators and companies lead the world”.

To support investment in the nuclear sector, the Government has also updated the green financing framework to add nuclear energy for power generation to the list of policies eligible to be funded by green gilts and retail green savings bonds.

## **Electric vehicles**

The budget confirmed the introduction of a new “pay-per-mile” charge for electric vehicles.

The electric vehicle excise duty (eVED) will come into effect in April 2028 at a rate of 3p per mile for battery electric vehicles and 1.5p per mile for plug-in hybrid cars.

## **Departmental Funding**

For DESNZ, resource funding will decrease from £1.9 billion to £1.7 billion – but capital funding will rise from £11.4bn to £11.7bn by 2029-30.