



# Briefing | What should the climate movement demand from Great British Energy?

## Why must we expand public ownership in our energy system?

**Private energy companies will not deliver a just and rapid energy transition** that protects workers and affected communities or stays within climate limits:

- As long as fossil fuels remain more profitable than renewables, then fossil fuel companies will continue to invest in extraction and production, regardless of the impact. Three quarters of North Sea oil and gas firms are set to continue investing solely in fossil fuels production between now and 2030.
- Private renewables companies will prioritise quick returns over long-term job creation or community investment. Between 2021 and 2022, turnover for companies involved in the Low Carbon and Renewable Energy economy in Scotland increased by £4 billion, whilst employment in the sector fell by 4,000. Those that have found work in offshore wind face poor terms, conditions, and often pay.
- Oil and gas companies who are closing operations are not providing transition pathways or training opportunities for their workforce, as we are seeing with the closure of Grangemouth oil refinery by Petrolneos. Scotland's Just Transition Commission's latest assessment concluded that "Scotland is now at risk of going backwards on just transition".

Decisions about how to phase out fossil fuels; where to invest in renewables and job creation; how to transition the workforce; and energy prices should not be determined by what will deliver the most profit for shareholders. To deliver a just and rapid energy transition, where the benefits are felt by the public, we need to **take back control of our energy system**.

*This briefing focuses primarily on the national elements of GB Energy. You can read Common Wealth's briefing on the Local Power Plan [here](#).*

## What is GB Energy?

The UK Government is in the process of setting up **a new publicly owned energy company**, Great British (GB) Energy. The company will be headquartered in Aberdeen and has been mandated to work 'alongside' private partners to deliver on three fronts: co-invest in new technologies; scale and accelerate mature technologies; and scale up municipal and community energy. If done correctly, there is scope for GB Energy to speed up the transition to green energy, help deliver a just transition for the workforce and return the benefits of the transition back to the public. But **how GB Energy works and who it is set up to benefit is still all to play for**.

Over the next year, as GB Energy becomes operational, **climate and environmental groups in the UK have a vital role to play holding the Government to account over the scope, scale and delivery of GB Energy**. The below briefing outlines six demands - drawn from workers, unions and policy experts - which we must win, if GB Energy is going to deliver for workers, bill-payers and the planet.

## GB Energy must ...

**... have a legal responsibility to deliver a just transition for high-carbon workers.**

**Concern:** Despite the Government citing GB Energy as a flagship just transition policy, there is no legal obligation on the new company to deliver on job creation or transition pathways. As a result, there is no

certainty that GB Energy's renewable operations will result in good quality, long-term jobs for high-carbon workers looking to transition.

**Solution:** **GB Energy should have a legal responsibility to deliver a just transition for all current energy workers.** As part of this, **all GB Energy partnerships and contracts should be conditional** on long-term job creation; pay, conditions and rights floors; trade union access; and transition pathways. This conditionality should include private companies benefiting from GB Energy's development work, including, for example, the Crown Estate. Projects should be mandated to use UK ports, infrastructure and manufacturing sites to boost job creation. Each additional [1% of UK content in the UK offshore energy industry could deliver around £275 million in spending and nearly 4,000 additional direct and indirect jobs in 2030.](#)

### **... make investment decisions based on public good, not private profit**

**Concern:** By working too closely with the private sector, GB Energy is at risk of prioritising the demands and approach of private developers in making investment decisions. For example, prioritising projects which are most profitable, regardless of the emissions they reduce or jobs they create. By concentrating the limited resources of GB Energy on '[unproven](#)' (according to the Public Accounts Committee), [slow-to-deploy technologies, such as Carbon Capture and Storage](#), the company will be using public money to de-risk private investment, at the expense of public benefit or seeing benefits in near or medium future.

**Solution:** GB Energy must follow **a new mode of investment decision making, based on system-level public need**, dictated by broader industrial strategy, rather than project level profitability. GB Energy should prioritise tried and tested technology; infrastructure upgrades and manufacturing to build a thriving clean energy supply chain; and innovative but proven technology such as floating offshore wind. Prioritising the public good means investing in the industries that can deliver jobs for workers and investing in deprived areas and communities reliant on the oil and gas industry.

### **...must be committed to public ownership**

**Concern:** There is a risk GB Energy will end up becoming an investment vehicle, rather than a company that takes majority stakes in the projects it owns, manages and operates. In the [founding statement](#) of GB Energy, the government has committed that the company 'will own, manage and operate clean power projects', which is positive. But the text of the [GB Energy Bill](#) says that investment can be in the form of 'grant, loan, guarantee or indemnity, [or] the acquisition of shares'. This could mean GB Energy can take a stake in projects, but it doesn't have to.

**Solution:** **GB Energy should focus on acquiring majority (at least 51%) stakes in large energy generation projects**, as opposed to acting solely as a minority stake-holder derisking private capital. GB Energy should be able to operate the assets throughout their lifetime, not selling them off. By focusing on majority publicly owned projects, the company will increase returns to the public purse, which can be spent on measures to deliver a just energy transition as well as wider investment in public services.

### **...be capitalised with more public investment**

**Concern:** GB Energy is set to be capitalised by £8.3bn funding, £3.3 bn of which is earmarked for investments in community energy, leaving £5 billion for other green energy investments. On this scale, there is a risk GB Energy will not have the capacity to deliver a just transition for workers or deliver climate action at the pace required.

**Solution:** If GB Energy is to deliver on its aims, then the company needs to be a large enough enterprise to coordinate the workforce transition, compete with its private counterparts, and return money to the public purse. **To be comparable to its peers in similar European countries, GB Energy should have access to at least £40 billion in capitalisation** between 2025-2030 and be able to borrow finance, as its peer companies are able to. According to [analysis by the TUC](#), this level of capitalisation on this timeframe could leave the UK £140bn better off by 2040, the equivalent of £5,000 per household for the public purse. A publicly owned energy company on this scale would also be better able to deliver a transition pathway and job security for workers, as [EDF has shown in France and Ørsted in Denmark](#).

## ...be democratically accountable to the public and trade unions

**Concern:** Without further detail on how GB Energy will be transparent and accountable to the public, there is a real risk that lobbying from the energy industry will result in the new company working in the interests of industry profits, not workers or bill-payers. The founding statement of GB Energy says that *'Trade unions will have a voice and representation within Great British Energy'* but other than appointing a former general secretary for the TUC to the board, there is no further detail on what this involvement will be.

**Solution:** GB Energy must be part of a wider project to democratise our energy system. **The company should be transparent and democratically accountable to the public**, ensuring community buy-in and reducing the risks of future privatisation. This could include Citizens Assemblies to gather input. GB Energy should have structures that allow workers to shape the organisation, including elected worker reps on the board, as is standard practice in publicly-owned energy companies in Norway, Sweden, France and Denmark.

## ...be part of a longer-term strategy to expand public ownership and provide affordable energy for all

**Concern:** At the small scale envisaged, and without a means to actually set prices faced by consumers, GB Energy on its own won't be able to make good on the promise to lower energy bills. This poses a huge risk for public understanding and support for GB Energy and publicly owned energy more broadly.

**Solution:** GB Energy should be the vehicle for a **longer-term strategy to transform our energy system away from the current model of privatisation and marketisation** towards systemic public ownership, which prior to the 1980s was the norm in the UK's energy system. This strategy could include setting up a public option retail arm of the company that sells energy directly to people's homes, to deliver on the promise of lower energy bills, as well as taking the national grid back into public ownership. In France, where national provider EDF is publicly owned, the Government was able to [limit the increase in energy bills in 2022 to 4%, as opposed to the UK's 54% hike in April 2022](#).

*This briefing has drawn together demands from the following reports:*

*Common Wealth's reports on Great British Energy [here](#) and [here](#).*

*Common Wealth's report on public coordination of a just north sea transition [here](#).*

*Trade Union Congress' report on the potential of a publicly owned energy company [here](#).*

*Unite's report on publicly owned energy [here](#).*

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