



OUR POWER

Demand Briefing Paper

92% of 1092 offshore workers surveyed support this demand

PUBLIC OWNERSHIP FOR PUBLIC GOOD

SUMMARY

The UK's North Sea resources have been privatised and sold off, both in oil and gas and in wind. We need to establish new publicly owned national and regional energy companies to build renewable energy generation projects at the pace

and scale required to meet climate change targets. Learning the lessons from other countries like Norway, we need to use publicly owned companies to drive best standards and retain economic benefits across the country.

“ We need to make people perceive these [natural resources] as ours. The state is there to facilitate the public good, capitalism can make profits within that but it's about the common wealth and the common good - it's our wind and our good. ”

– Alistair, Rigger

CONTEXT

By privatising its oil resources Britain has missed out on an estimated £400 billion in public revenues from North Sea oil, if compared to Norway's policies.¹ While in Britain the upstream oil and gas sector is fully in private ownership, Norway has retained a majority stake in the oil company Equinor (formerly Statoil), as well as controlling partial stakes in oil fields through the State Direct Financial Interest. This has allowed Norway to build up a sovereign wealth fund which is now one of the largest investment vehicles in the world and funds the Norwegian welfare state, including free healthcare and higher education for all.

turbine in Fife is owned by the UK Government-funded Offshore Renewable Energy Catapult. Other than this, profits flow to private and foreign public entities that own the wind farms.

Since the spike in gas prices, electricity generators able to sell at the wholesale price have made extreme profits. Leaked Treasury analysis revealed estimates that UK gas producers and electricity generators could make excess profits totalling £170 billion over the next two years, 40% of which is estimated to come from electricity generators, including wind farms like Sheringham Shoal and Hywind.²

Offshore wind is one of Britain's greatest natural resources, and will play a central role in the UK's energy and industrial future in the 21st century. Unlike oil and gas, it will never run out. And yet, our wind – a common resource – is being privatised and risks following the same path as oil and gas. Just one single offshore wind

1 <https://resourcegovernance.org/blog/did-uk-miss-out-%C2%A3400-billion-worth-oil-revenue>
2 <https://cdn.sanity.io/files/h61q9gi9/global/a1c10cd37fe6ff1b9e1545f966cc2c5b204b001c.pdf?facts-about-our-renewable-assets-july-2022-equinor.pdf>

This briefing paper forms part of a collection of resources on **Our Power: Offshore workers' demands for a just transition**. A full report detailing the 10 demands created by offshore workers is available to read online and contains technical information, costs and a complete series of recommendations for decision makers.

A methodology paper is also available for more information on how the demands were created.

To protect their anonymity, all the names of workers quoted have been changed.

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These vast profits are transformed into dividend payments to private shareholders or to public benefit in other countries. In the UK, families – including the most vulnerable and lowest-income – are paying thousands of pounds each to multinational corporations and state owned companies from other countries.

Measures such as the Energy Price Guarantee and Energy Bill Relief Scheme, designed to ease the burden on households, amount to a sticking plaster for a systemic problem.³ Transition Economics analysis for Uplift showed that North Sea oil and gas companies could rake in £7 billion in public money over the next six months from these two schemes.⁴

Privatisation of the UK's energy generation has hollowed out the ability of the state to act and its redistributive capacity. It has watered down job quality, and hindered the development of a well-trained workforce large enough to rapidly roll out clean power at the scale needed.

The lack of public ownership of support infrastructure has made the situation worse. As well as having publicly owned companies developing offshore wind, other North Sea countries have benefitted from greater levels of public ownership of ports.

Privatised ownership of the UK's ports means that upgrade decisions are based on business confidence in future

demand.⁵ The rapid rate of offshore wind rollout compared to the relatively long lead-time for port upgrades means there is a continual under-supply in suitable port capacity. The free ports agenda won't resolve this, as it threatens to weaken workers rights and jobs quality, undermine environmental protections and reduce community benefits.⁶ The "free" element of this programme is forecast to displace economic activity that already exists or would have been created elsewhere, instead of boosting investment or creating new jobs in the UK.⁷

New national and regional public energy companies could build new offshore wind farms, like Ørsted of Denmark, Statkraft of Norway, or Vattenfall of Sweden.

3 <https://www.ft.com/content/984129f9-a133-468b-bc38-e8c4ec7386d6>

4 <https://www.express.co.uk/finance/city/1695556/energy-companies-income-boost-price-guarantee-jeremy-hunt-windfall-tax>

5 <https://www.crownstatescotland.com/news/new-research-on-net-zero-opportunities-for-scotlands-ports>

6 <https://www.unitetheunion.org/what-we-do/unite-in-your-sector/docks-rail-ferries-and-waterways/freeports>

<https://www.tuc.org.uk/blogs/brexit-why-free-ports-are-race-bottom-workers-rights>

7 UKTPO (2019) 'What is the extra mileage in the reintroduction of free zones in the UK', available at: <https://blogs.sussex.ac.uk/uktpo/publications/what-is-the-extra-mileage-in-the-reintroduction-of-free-zones-in-the-uk>

Helgadottir, Oddny (2020) 'Freeports: Johnson should look elsewhere for growth enhancements', Social Europe, available at: <https://www.socialeurope.eu/freeports-johnson-should-look-elsewhere-for-growth-enhancements>

8 By investing in offshore wind, London can help achieve its targets of reaching net zero by 2030. This approach has been taken by public energy companies in Baden Württemberg and the city of Munich - both of which are more than 250km from the sea, and over 1,000 km from their respective wind farm developments in the UK.

9 <https://www.tuc.org.uk/research-analysis/reports/public-ownership-clean-power-lower-bills-climate-action-decent-jobs>

10 <https://transitioneconomics.net/wp-content/uploads/2022/02/who-owns-the-wind.pdf>

11 <https://www.crownstatescotland.com/news/new-research-on-net-zero-opportunities-for-scotlands-ports>

POTENTIAL NATIONAL AND REGIONAL ENERGY COMPANIES

GEOGRAPHY	RENEWABLE RESOURCE
South Wales, Cornwall	Floating Offshore Wind
Scotland	Offshore Wind (Floating & Fixed), Tidal Stream
North Wales, North West England	Fixed Offshore Wind, Tidal Stream
North East England, Yorkshire & Humber	Fixed Offshore Wind
London ⁸	Investing in all renewables elsewhere

If new public energy companies in the UK aimed to replicate the scale of the planned 2030 clean generation targets of their peers in Sweden, Germany or France, they could build anywhere between 27 GW and 77 GW of renewable generation capacity, accelerating decarbonisation.⁹

Public ownership can play a key role in delivering a just transition for energy workers by ensuring employment pathways exist for high-carbon workforces and creating safe, well-paid and unionised jobs.¹⁰ It creates institutions that can drive sustainable industrial strategies, and can give

significant influence over procurement and industrial investments, allowing a prioritisation of local supply chains and job creation. Rather than billions of pounds in profits being syphoned over to shareholder dividends or support state-spending elsewhere, revenues could be reinvested in local communities or returned to households.

Additionally, greater public ownership of ports can enable upgrade decisions to be taken sooner and at greater risk than has historically been the norm,¹¹ leading to more domestic manufacturing and construction in the offshore wind supply chain.

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PATHWAY

New publicly owned energy companies should be created with a remit to co-invest into and develop new clean energy generation and grow shorter supply chains and industrial capacity, akin to Ørsted, Vattenfall or EDF. Public energy companies can work on a national or regional level, with the UK, Scottish Government or local authorities able to establish them. For larger scale projects, the companies can initially begin life as a minority co-investor with private sector partners, to accumulate experience, skills and capacity.

THE UK GOVERNMENT SHOULD:

- Support the creation of new regional public energy companies, focused initially on investing into and developing new regional renewable generation. These should be accountable to devolved governments, combined authorities and local authorities within their region. They should be capitalised by the central government and enabled to borrow sustainably.
- Nationalise or part-nationalise privately-owned ports and strategic maritime support infrastructure, where current owners are failing to upgrade or invest in line with the needs of the climate transition.¹²

THE SCOTTISH GOVERNMENT SHOULD:

- Set up a public energy company, empowered to invest into and develop new renewable generation, including offshore wind and tidal stream.
- Take ownership stakes in privately owned ports and strategic maritime support infrastructure, where current owners are failing to upgrade or invest in line with the needs of the climate transition.¹²

LOCAL AND COMBINED AUTHORITIES SHOULD:

- Proactively set up regional public energy companies, investing and building new renewable generation within and beyond their local geography.

COST

The cost of building up publicly owned clean power will vary depending on the scale and the technologies invested. Focusing on newer, riskier and more expensive technologies such as floating offshore wind or tidal stream will require greater investment than established and mature renewables like onshore and fixed offshore wind - but also have the potential to deliver stronger local supply chains and a global export advantage.

Most clean generation is yet to be built. While nationalising existing wind and solar farms will increase public ownership, the larger cost relates to building new clean power. Identifying the investment plans of publicly owned energy companies

elsewhere in Europe, and scaling these by population, gives an indication for potential costs for the UK.

The investment plans for these public companies in Sweden, Norway, Baden-Württemberg and Denmark are for global investment, not only domestic. All four companies cited here are global players despite their host countries' small populations, with Ørsted the largest offshore wind company in the world. Scaling their annual investment to a UK-level by population - as done in the table below - would be equivalent to growing a UK public energy company 5-10 times the scale of these companies.

¹² Where existing owners are investing into upgrades to support the renewables roll-out, these efforts might need support from the SNIB. This is described in more detail in Pathway #4.

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COMPANY	COUNTRY	GW TARGET	ANNUAL INVESTMENT (AVERAGE)	DATE	POPULATION (MILLION)	ANNUAL INVESTMENT (scaled to UK) ¹³
Vattenfall	Sweden	16 GW by 2030 ¹⁴	£1.8bn	2022/23	10.35	£11.7bn
EnBW	Baden Württemberg	5.2 GW of wind & solar by 2025	£0.7bn	2020-2025	11.07	£4.3bn
Statkraft	Norway	2.5-3 GW annual onshore wind, solar & battery storage ¹⁵	£0.75bn	2022-2026	5.38	£9.4bn
Ørsted	Denmark	50 GW offshore wind by 2030	£5.8bn	2020-2027	5.83	£67bn

¹³ Scaled by population, based on UK population of 67.33 million.

¹⁴ <https://www.credit-suisse.com/media/assets/microsite-ux/docs/2022/energy/vattenfall-2022.pdf>

¹⁵ <https://www.reuters.com/business/energy/norways-statkraft-stakes-out-2030-growth-target-amid-eus-ambitious-green-push-2022-06-28>

¹⁶ <https://www.tuc.org.uk/research-analysis/reports/public-ownership-clean-power-lower-bills-climate-action-decent-jobs>

¹⁷ And even so, other European ports still need €6.5bn of further investment just to deliver generation capacity planned for 2030 - demonstrating just how far behind the UK is.

<https://windeurope.org/newsroom/press-releases/upscaling-europes-port-infrastructure-critical-for-offshore-wind-development>

¹⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/277798/bis-14-578-offshore-wind-supply-chain-capabilities-and-opportunities.pdf

HAS THIS BEEN DONE ELSEWHERE?

The UK is an exception in Northern and Western Europe: France, Belgium, Germany, Denmark, Norway and Sweden all have public energy companies that are investing into and building offshore wind, and other renewables. Some of these companies are municipal companies governed at a city level, others are country-level giants: EDF controls 120 GW of power generation around the world.

Public ownership is standard practice in many other European countries, where national or regional public energy companies have taken a leading role in developing new technology like offshore wind, provide hundreds of thousands of

quality jobs, and have shown the ability to reduce household energy bills.¹⁶ They play a central role in deploying active industrial strategies – through long term, patient support to grow domestic supply chains, ensuring that homegrown research and development leads to domestic manufacturing and nurturing partnerships with SMEs and large local employers.

Across the EU, the development of port infrastructure is usually a matter for local, regional and national authorities,¹⁷ some of whom made speculative investments into ports to secure their role in offshore wind installation and manufacturing.¹⁸

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CASE STUDY



Pseudonym: **Julie**

Age: **45**

Job Title: **Heli Admin**

Location: **Aberdeen**

Each rig is run by a consortium of different companies, it is only very occasionally that the cost of the rig is taken by just one company. The effect filters down to everybody. The whole sector might bring in a lot of revenue but the profits themselves benefit the companies that own them rather than communities in the UK. I think they have spent the last decade or so shedding responsibilities left right and centre as best as they can.

In the past, you had a job for life and once you were a deck crew you could work your way up. Now it's all short term contracts with offshore companies that no longer need to worry about liabilities for the big owners and companies running them. They tender everything out to different private companies, there are 101 different types of companies providing services offshore.

Under public ownership things would be run for different reasons. It wouldn't be so tied into profit margins. When you are a kite trying to dance with all the different pressures of satisfying the stock exchanges and shareholders, that's when it becomes tricky isn't it. If it was publicly owned, there wouldn't be that huge pressure on profits, it would be more about running something for the future.

I would expect that public ownership would mean decent contracts, permanent work and that workers would be treated with respect. It's less of a danger to that working environment than having someone who is cowed, stressed or worried about their livelihoods. If you look at places like Norway, the attitude of the Norwegians is so different to the attitude in Britain. They own stakes, own rigs themselves. It gives them a greater responsibility. It would be ours, we'd be part of the big machine, we own it, we run it and it's for us.

I passionately hope that this country gets to grips with renewables and gets on with it. If public ownership of energy became a reality then the transition would be much easier. People would be invested in their own energy production. The benefits would be vast and enormous if workers went on to work for a type of energy that was less polluting and going to make life cheaper and easier to live.