ENERGY · PAPER 02

UK Electricity Market Reform

A binding system plan, a central purchaser and private customer-service concessions.

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Households bear fuel-price shocks and the cost of grid delays. Industry and computing need dependable power at usable locations before they can invest. The reform makes generation, networks and demand a coordinated delivery programme, with responsibility for each missed obligation.

We will establish a binding system plan, a central electricity purchaser, sovereign protections for national transmission and private consumer-service concessions. The purchaser will coordinate investment and price risk; firms will compete to build, operate and serve the system.

The objective is the lowest sustainable whole-system cost consistent with a stated reliability standard and national security. That cost includes generation, capital, networks, balancing, fuel exposure and public commitments. An apparently cheap generator can impose expensive system requirements; a low household bill can conceal costs transferred to taxation. Both belong in the appraisal.

The coordination problem

Power stations, network reinforcement, skilled labour and new industrial demand must arrive in a workable sequence. Investors need credible contracts and usable connections. Consumers need service continuity and understandable prices. A collection of individually rational transactions does not necessarily produce the required system, particularly where network capacity and permissions are constrained.

Retail competition cannot supply a missing transmission corridor or manufacture a reactor supply chain. Our concession model narrows the commercial task to customer service and administration, placing wholesale purchasing and price-risk management in a separate authority. Firms compete for profit through service and efficiency. This clearer division is intended to widen the pool of competitors and make failures attributable. The purchaser must meet its own cost and risk tests.

Test the purchaser and concession model against feasible alternatives, including central purchasing with retained retail choice. Assess coordination over the investment cycle and compare complete procurement, administration, liquidity and migration costs.

Build on the reforms already under way

The National Energy System Operator is already publicly owned. Strategic planning, readiness-based connections and Reformed National Pricing are under way. Capacity auctions and a three-hour loss of load expectation standard already exist. Government has also proposed reforms to Ofgem’s mandate,

capability and accountability. Our structural changes are central default-customer purchasing, private service concessions and transmission control rights; other measures strengthen existing arrangements through enforceable delivery and fallback obligations. [1–3, 6–7]

Implementation begins on taking office, with first-term delivery through year five. The companion papers specify generation, renewable legacy, extraction, fracking and other resources; UK Energy Reform Programme Annex holds the shared ownership, legislative and funding rules.

Problems and remedies

The reform begins with delivery and cost, rather than the assumption that a new institution is inherently better. In September 2026 the National Audit Office identified serious risks to the electricity transmission upgrade timetable. Constraint costs totalled £1.9 billion in 2025–26 and could reach £7.8 billion by 2030 without concerted action. These include reducing output on one side of a bottleneck and securing replacement supply on the other; they are not solely payments to wind farms. [8]

For each mechanism, publish the failure addressed, the changed incentive, the cost and downside bearer, and an observable delivery test.

PROBLEM OR RISK	PROPOSED RESPONSE	ASSESSMENT AND TEST
Generation, networks and demand arrive on incompatible timetables	Integrated plan with funded obligations, named owners and recovery decisions.	Direct response. Test actual commissioning and network energisation, including dependencies on permissions, equipment and labour.
A connection offer does not ensure a usable connection	Readiness tests, dated delivery obligations, access terms and remedies.	Direct response conditional on construction. Test the route from offer to energisation, not the number of offers issued.
Congestion creates curtailment and replacement-generation costs	Reinforcement, siting signals, flexible demand and competitive constraint management.	Partial response. Test net constraint savings after enabling costs. Physical bottlenecks and operational balancing remain.
Exposure to fuel-price shocks	Central portfolio procurement and hedging, alongside the supply expansion.	Partial response. Test cost and liquidity under stress. Hedging reallocates exposure; sustained protection requires a different supply portfolio.
Uncertain investment revenue and policy treatment	Standard contracts, enforceable compensation and credible procurement.	Direct response to specified revenue risks. Test financing terms and total public exposure; construction and technology risks remain.

Delivery accountability

A missed deadline must lead to a recorded recovery decision: the responsible institution, replacement action, funding and revised date. Give Ofgem the staff and technical capability to apply the duties, with independent review of its decisions. A binding plan without operational authority, resources and consequences would reproduce the coordination problem in statutory language.

Competition and responsibility

PROBLEM OR OBJECTIVE	PROPOSED RESPONSE	ASSESSMENT AND TEST
Retail failure driven by wholesale exposure	Separate purchasing and hedging from consumer-service concessions.	Reduces this retail failure channel. Test the central buyer's stress resilience; the exposure is concentrated elsewhere rather than removed.
Service competition bundles customer operations with financial risk	Tender a narrower service task with standards, portable data and replacement rights.	Creates clearer responsibility and potentially broader entry. Test credible bidder numbers, cost, service outcomes and ease of replacement.
Overlapping responsibilities allow delivery failure to circulate	Explicit decision rights, escalation, deadlines and independent scrutiny.	Direct institutional response. Test time to resolve dependencies and identify who can order, fund and enforce corrective action.
Bills obscure policy costs while some customers cannot afford supply	Transparent cost components, legacy support recovered through a fixed charge rather than unit rates and explicit bad-debt allocation.	Transparency improves and unit prices fall. A change in recovery does not reduce total cost, and concession reform does not cure household poverty or inherited debt.
Strategic transmission could pass beyond effective British control	Defined golden shares, security rights and bounded intervention.	Addresses a sovereignty objective. Test control through ownership, outsourcing and creditor enforcement; do not infer that foreign ownership explains every cost or delay.

Why narrow the retail task

A company competing to serve customers should earn its margin from service quality and operating efficiency. Bundling this task with wholesale procurement adds financial, collateral and risk-management capabilities to the entry requirement. Removing that burden can allow capable service businesses to compete without building a commodity trading operation. Hedging is a legitimate protection against price risk; we place it under a separate mandate with its own accountability.

This is a structural argument for specialisation, rather than a claim that every incumbent provides poor service. Ofgem's January 2026 survey reported overall supplier satisfaction of 81%. Improved satisfaction does not settle cost, entry barriers or outcomes for vulnerable customers. The concession model must demonstrate those benefits against retaining licensed retail competition alongside central purchasing. [9]

What the market reform cannot do alone

Contracts cannot manufacture fuel, grid capacity or skilled labour. Combined domestic gas and electricity debt and arrears stood at £5.02 billion in the second quarter of 2026. Service reform does not eliminate that liability or the underlying affordability problem. Publish who bears bad debt and the funding of any targeted support, while the later supply papers address physical abundance. [10]

1 Put responsibility where the decision is made

Separate strategic objectives, system planning, procurement, asset ownership and real-time operations. Government decides the national supply and security strategy. The planner specifies system requirements. The purchaser contracts for them. Asset owners and contractors deliver. The system operator runs the network. Consumer-service businesses administer the resulting supply relationship.

ACTOR	PROPOSED RESPONSIBILITY
Government and Parliament	Set strategy and statutory reliability and risk standards; authorise spending, taxation and exceptional project legislation.
Infrastructure Secretary of State	Own national designation and integrated consent; resolve transferred decisions and cross-government disputes under the delivery statute.
National Energy System Operator	Prepare the binding 10 to 15 year plan, forecast adequacy and retain operational dispatch and balancing authority.
Central purchaser	Contract energy and expressly assigned strategic services; manage the default-customer portfolio, hedging, settlement and published transfer prices.
Ofgem and independent assurance	Regulate network delivery and consumer service; scrutinise costs, purchaser performance, market conduct and compliance.
Transmission and distribution owners	Deliver dated network outputs, connections, resilience and maintenance under licence obligations.
Generators and the mutual	Own and operate generation, meet contracts and manage project finance. Competitive procurement and cost benchmarks remain applicable.
Private service concessionaires	Provide billing, customer support, metering interfaces and arrears administration for customers in the default portfolio.

Clear authority without self approval

The central purchaser must be separate from generation promotion and from the system operator’s operational decisions. A mutual-owned station cannot establish its own need, award itself a revenue contract or approve its own permission. Publish conflicts and require comparable whole-system appraisal. Where government specifies an ownership model for strategic assets, competition in construction, operation and financing must still discipline cost.

The infrastructure minister supplies final strategic authority within the consent framework, while independent specialists determine retained technical questions. Ministers cannot waive an intolerable safety risk, direct dispatch or bypass expenditure approval. Replace net-zero duties in the planner and regulator legislation with explicit affordability, dependable supply, delivery and sovereign-control objectives, backed by published whole-system appraisal. The planner cannot impose unfunded obligations through an indicative map. [Programme Annex sources L5–L6]

Protect procurement from political capture

Published rules and independent challenge

Public coordination concentrates purchasing power. Protect it against pressure from ministers, incumbents and the generation mutual through published eligibility, scoring and award rules. Assess energy, reliability, network impacts and public exposure on consistent assumptions. Publish award reasons, material conflicts and independent cost benchmarks, with limited redaction or delayed disclosure where immediate publication would prejudice competition or reveal trading positions.

Separate the appointments and decision rights of purchaser, planner and generation owner. Require relevant technical and commercial competence, registers of interests and recusal from affected awards. Independent procurement assurance should report to Parliament on preferential terms, forecast bias, weak competition and repeated exceptions. Audit access must extend to the underlying contracts and assumptions; commercial confidentiality cannot prevent scrutiny.

A priced and accountable ministerial departure

Government may specify a strategic supply or ownership objective. A ministerial departure from normal procurement or a preferred-project award must have a written direction stating the objective, alternatives considered, incremental whole-system cost, public liabilities, funding source and review date. Publish an independently assessed cost range and its uncertainties before commitment, except under a narrowly defined emergency procedure with prompt subsequent disclosure. Material departures require the applicable parliamentary spending authority.

Distinguish the cost of the strategic objective from the cost of its chosen delivery route. An ownership requirement does not exempt construction, operation and finance from competition or benchmarks. Contracts for the mutual must pass the same performance and cost scrutiny as comparable private projects. Reviews may change future procurement; they must respect valid commitments. Procurement directions cannot override retained safety findings or direct real-time dispatch.

2 Make the system plan an enforceable programme

A rolling plan with decision dates

NESO should publish a binding rolling 10 to 15 year plan under the replacement legislative objectives, covering demand, dependable capacity, generation commissioning, networks, connections and system services. Include joint gas and electricity stress cases, delivery probabilities and consequences of delay. Distinguish installed capacity from dependable contribution and contracted projects from operating assets. Publish emissions and applicable carbon costs without treating the repealed national target as an independent procurement obligation.

Ofgem should translate approved network requirements into licence outputs with dated milestones, funding decisions, unit-cost benchmarks and named delivery owners. The purchaser converts generation and flexibility requirements into procurement commitments. Each package must identify its consent, land, equipment, workforce and financing dependencies. A binding plan is a hierarchy of executable obligations, not a guarantee that every forecast will be right.

Review requirements annually and publish the first dated security decision by the middle of year one, then every year at the same point. Use the inherited-fleet assessment made on taking office and look ahead by plant, equipment and connection lead times plus a delivery margin. Adjust future procurement while preserving valid contracts and permissions; publish costs, adequacy effects and the recovery decision for each delayed asset.

Use the constrained delivery case and selective gas retention as the planning baseline. Procure dependable capacity against the three-hour standard rather than a fixed technology: choose between combined-cycle, open-cycle, engine and other equipment at each order from obtainable supplier slots, delivery dates and prices, and secure dated slots together with connection and fuel-security arrangements. Publish remaining gaps and a recovery decision when the available equipment or fuel cannot meet the requirement. Higher-throughput and stronger-retention sensitivities do not substitute for secured delivery.

Automatic adequacy procurement

Retain the existing three-hour loss of load expectation standard as the sizing basis, with interconnectors credited at NESO's published de-rating factors, transparent inputs and statutory duties to respond to forecast breaches. Loss of load expectation measures the expected duration of circumstances in which available supply cannot meet demand; it is not a prediction of a specified outage. Test prolonged low renewable output, fuel constraints, correlated outages, interconnector availability and network limitations. [6] Cover for prolonged stress beyond the standard is a separately costed resilience reserve, bought only by explicit government decision.

A forecast breach within the published forward window triggers procurement on a statutory timetable. Procure the residual dependable capacity and flexibility required, using competitive auctions, credible completion milestones, collateral and enforceable performance obligations. Storage, generation, demand response and imports compete according to what they can deliver during the same stress conditions. Nominal capacity and short-duration output must not be counted as continuous cover.

Nuclear fleet orders use a dedicated long-lead programme aligned with the system plan. Adequacy auctions provide its residual reliability margin, including unit trips and maintenance overlap. Commissioning uncertainty must enter the capacity calculation; the same nuclear contribution cannot be counted in both an optimistic schedule and a replacement auction.

Bound the procurement trigger

Publish auction volumes, budget exposure, reserve-price rules and treatment of inadequate competition. A price ceiling alone cannot make missing capacity appear. If an auction cannot secure the standard, require a dated fallback decision covering refurbishment, alternative resources, demand measures or exceptional procurement, with its cost disclosed. Emergency powers are limited, reviewed and followed by restoration of the normal procurement process.

Independent technical assurance should test the forecast method and audit whether political objectives have distorted assumptions. The statutory duty is to act on evidenced scarcity. It must not become an automatic right for incumbent generators to obtain whatever payment they request, or an incentive for the purchaser to overbuy to protect its own reputation.

3 Buy a portfolio and preserve operational markets

The central purchaser as principal for default supply

Establish a public purchaser with two separately accounted mandates. Its default-customer energy book supplies households and smaller businesses served by concessions and manages their hedging and residual exposure. Its system-services mandate procures residual adequacy and expressly assigned strategic reliability services for the wider system under the NESO plan. Industrial users may buy energy independently; Ofgem's published allocation rules require a fair contribution to shared services. Charges must reflect the service and exposure, prevent duplicate recovery and exclude transferred legacy renewable support. Keep liabilities, reserves and benchmarks separate between mandates.

Separate payments for electricity, dependable availability, flexibility and any authorised construction support. A gas station may earn availability revenue while generating infrequently; its dispatched fuel and variable costs need their own terms. Renewable output is purchased and balanced according to its actual profile. Nuclear revenue contracts reflect capital intensity and long construction times. Common core terms support consistency, but the risk allocation need not be identical for every technology.

Tender retention services from suitable existing gas stations, beginning with condition assessments and owner offers on taking office. Pay separately for justified refurbishment and dependable availability, with inspection, maintenance, start, fuel-readiness and failure terms. Initial five-year extensions and any later paid overhaul must compete against deliverable replacement service. Coal contracts may support regular generation, balancing or maintained reserve at different stations and dates; avoid duplicate capacity payments and unnecessary guaranteed burn.

The purchaser pays for useful system output, not an asset's preferred accounting treatment. It must demonstrate the value of a public or mutual project against alternatives, disclose exceptional terms and prevent double recovery across energy, capacity and ancillary-service products. Long-term awards should secure performance, rather than guarantee that every potential megawatt hour will be dispatched.

A market price and a contracted cost are different

Keep a liquid wholesale market and competitive balancing for residual transactions and operational signals. A high marginal wholesale price can coexist with lower contracted portfolio costs. Existing Contracts for Difference already provide repayments above the agreed strike price; central procurement changes the portfolio's coverage and management, not this arithmetic. It does not abolish marginal pricing or fuel exposure. Contract prices must cover investment, operating costs and retained risks. [5]

ILLUSTRATIVE ENERGY PURCHASE	SHARE	NET CONTRACTED COST
Generation contracted at £70 per megawatt hour	70%	£49 per portfolio megawatt hour
Residual supply costing £160 per megawatt hour	30%	£48 per portfolio megawatt hour
Total energy component	100%	£97 per megawatt hour

The worked energy component excludes networks, losses, balancing, availability, tax and service costs. A two-way settlement against £160 produces a weighted £63 repayment and the same £97 net energy component. Actual settlement follows the reference price, volume and profile; basis and imbalance risks

remain priced.

Operational procurement and NESO

NESO retains technical specification, operational balancing and procurement within its assigned remit. Before the purchaser assumes each service mandate, implement a joint allocation schedule identifying existing contracts, future buyer, funding recovery, delivery owner, renewal and handover dates, and performance obligations. Preserve continuity and prevent duplicate contracts or charges. The purchaser may buy expressly assigned long-term requirements; it cannot direct dispatch or set engineering standards. Until a funded, tested transfer is ready, existing operational procurement continues. Report shortfalls through the system plan. [F3]

Competitive channels and the customer perimeter

The proposed initial service perimeter is households and smaller businesses in default supply. Large industrial users may retain direct bilateral procurement and specialist products, bearing their own commercial risks and a fair share of network and system costs. Preserve market access for independent generators, aggregators and flexibility providers. Detailed legislation must resolve the licence and settlement interfaces before migration.

Customers must not be able to enter and leave a centrally hedged portfolio in a way that leaves others with their adverse forward commitments. Publish lawful entry, exit and reconciliation rules that protect consumer rights and make costs attributable. The central buyer should be a dependable route to market, with transparent eligibility, rather than an unreviewable gatekeeper to every electricity transaction.

4 Make commitment credible and purchaser risk visible

Standard contracts with bounded risk allocation

Publish standard terms for relevant energy, availability and network procurements. Set duration, indexation, completion conditions, change control, performance tests, termination rights and compensation before capital commits. Use competitive tendering and independent benchmarking alongside stable revenue. A lower financing premium is valuable only if the contract has not transferred greater expected losses to consumers or taxpayers.

The contract-stability and compensation rules in UK Energy Reform Programme Annex Appendix B apply.

Future Parliaments retain legislative authority. Credibility comes from making departure visible, contestable and fiscally explicit, supported by enforceable contracts and independent dispute resolution. A statement that legislation can never change is not a financing instrument. Standard protections should apply consistently across eligible counterparties, without becoming an unlimited guarantee of project profitability.

Hedging with controls that survive stress

Give the purchaser a published maturity ladder, volume limits, counterparty limits, liquidity requirements and independent risk management. Test demand error, correlated outages, fuel-price shocks, reference-price differences and collateral calls. A hedge that looks sound over its full life can

still require substantial cash during a short market dislocation.

Report realised procurement cost against suitable benchmarks and disclose hedge exposure without revealing commercially sensitive positions in real time. Independent assurance should examine both compliance and the quality of the mandate. Short-term losses do not alone prove a hedge failed; repeated unexplained departures from the rulebook cannot be hidden behind claims that the long term will vindicate them.

Allocate liquidity and permanent losses explicitly

Centralisation concentrates model, execution and counterparty risk. Provide operational redundancy, independent challenge, succession arrangements and a defined failure-resolution plan. Before taking on a live portfolio, approve the loss-allocation rules, reserve funding and liquidity facilities; public ownership is not an exemption from balance-sheet discipline.

Separate temporary collateral or settlement cash needs from permanent losses. Meet temporary needs from designated cash buffers and committed liquidity facilities, with repayment terms and limits; borrowing does not absorb a loss. Permanent commodity or credit losses first use the reserves assigned to that exposure, then follow a published, regulator-approved tariff-recovery rule with limits and a recovery period. Exceptional Treasury loss support requires a separate, explicit funding decision; it is not an automatic extension of a liquidity loan. Disclose each payer, trigger, ceiling and residual exposure, preserving the separately tax-funded legacy settlement. A breached limit triggers a recovery decision, revised procurement or staged suspension of new commitments while maintaining supply continuity.

Diversify procurement decisions within common controls

Use independently managed procurement portfolios or competed management mandates to reduce dependence on one forecasting model. Give each manager a defined customer exposure, horizon and risk budget, with common settlement standards and independent benchmarks against comparable hedging mandates. Judge performance over the agreed horizon and after fees and risk, rather than rewarding short-term trading gains. The purchaser retains consolidated oversight of volume, counterparties, collateral and correlated positions; separate managers must not duplicate purchases or evade aggregate limits. Publish assessed performance with appropriate protection for live trading positions.

Funding follows the obligation

Recover ordinary energy, network and commercial service costs through the appropriate supply settlement. Recover legacy renewable policy support through the fixed legacy charge under the separate legacy paper, with industrial relief funded from taxation, preserving generator rights and directing associated receipts to the same public settlement. Allocate termination and change-in-law liabilities by contract and cause; do not automatically route all public policy liabilities back to electricity bills.

Keep settlement accounts and reserves with defined purposes, published balances and audit. They organise payment; they do not make obligations disappear from the public finances. Seek Office for National Statistics advice on the actual central-buyer contracts, mutual governance and transmission safeguards. Government control can exist without daily intervention, and the relevant assessment concerns substance rather than the corporate label. [4]

5 Protect transmission control and deliver usable access

Sovereign protection across national transmission

Retain private economic ownership of national transmission while establishing a state golden share and statutory security framework across the relevant licensed asset owners. Protect specified strategic assets, changes of control, sensitive operational technology and outsourcing arrangements that transfer effective control. The safeguards must reach control created through contracts or creditor enforcement, rather than examine shareholder nationality alone.

Reserved matters should be defined around national security, resilience and sovereign control. Avoid turning them into an unrestricted ministerial veto over ordinary commercial decisions. Require timely decisions, reasons and review. Assess their statistical classification implications before implementation; a share with no dividend rights can still confer substantive control.

Local distribution remains privately owned and regulated, with security, connection and delivery obligations. The national transmission golden share does not extend to every local distributor by default. If defined strategic distribution assets require additional protection, specify the security case and instrument separately. Sovereign protection does not itself confer construction consent or a land right.

Network delivery with remedies

Convert planned reinforcement into dated outputs, not merely capital allowances. Publish comparable unit costs, scope changes and connection performance. Link permitted returns and incentives to delivered outputs, with independently assessed exceptions for genuine scope or public-body changes. Unexplained benchmark excess and persistent delay should trigger corrective obligations, retendering where feasible and proportionate financial consequences.

Use bounded step-in for specified security breaches or sustained delivery failure, with independent review and a recovery timetable. Preserve a conditional asset-level acquisition backstop for serious unresolved failure, with a predictable compensation and appeal framework. Public acquisition is a disclosed intervention with a price, not a promise that the state can obtain the asset without cost.

A connection right within physical limits

Give viable projects an enforceable route to an offer and connection against published readiness criteria, dates and access terms. Clear speculative reservations through evidence, milestones and bonds, allowing relief for demonstrable public-body delay. Migration must examine existing contracts and rights before deciding whether compensation is due; an assertion that every queue position has no legal value is insufficient.

Provide non-firm access where technically feasible, with explicit curtailment exposure, and firmer access backed by reinforcement or defined rights. Publish prospective locational charges and congestion information. These instruments can improve siting within a national wholesale market; they do not require this paper to assume a separate zonal wholesale price reform.

Use competitive curtailment and demand-absorption mechanisms in constrained locations, with telemetry, credible baselines and market monitoring. Storage and flexible industrial or computing loads can reduce waste. Calculate their value against avoided constraints and the cost of enabling them. Preserve legacy payment rights and avoid charging the same scarcity twice through overlapping instruments. A right to connect cannot provide unavailable network capacity or unrestricted dispatch.

Adopt and continue the connection reforms already under way: NESO's readiness-based queue, the 2026 demand-connection proposals for deposits, post-offer milestones and strategic prioritisation, and the standard independent transmission owner licence. This paper adds five things: firm demand connections released in step with dependable supply; a self-supply route counted once in the adequacy assessment; large loads paying for the reinforcement they trigger; statutory connection rights and dated network obligations with remedies; and the same discipline for distribution and network equipment. [3, 12]

Large new loads

Give loads above 50 MW three connection routes. First, bring dedicated firm capacity, on site or by private wire, counted once in the adequacy assessment. Second, accept a non-firm connection that is curtailed or moved to backup supply in scarcity, with telemetry and remote disconnection. Third, take a firm connection and pay for the reinforcement it triggers, with refundable deposits released against milestones. Release firm demand connections in step with the dependable capacity in the binding plan: prioritisation decides the order of connection, not whether supply exists to serve it.

Self-supplied capacity substitutes for public procurement rather than adding to it, but it draws on the same factories. Require loads on the self-supply route to disclose their equipment orders and reservations as a connection condition. Let them buy through the purchaser's national equipment frameworks, and allow reserved slots to transfer between public and private projects when one is delayed or cancelled. In years when the plan is short, a firm connection requires the load's own firm capacity or a non-firm agreement. Do not restrict private equipment purchases; global buyers would simply take the slots.

Steer large loads towards locations with spare network and generation, including retiring thermal and nuclear sites, through locational charges and the strategic spatial plan. Count each load's dedicated generation, grid purchases and backup only once.

Distribution connections

Apply the same readiness, milestone and bond rules to distribution queues, including smaller generation and storage awaiting transmission studies. Offer flexible connection by default, with a cap on curtailment, moving to firm access once reinforcement is complete. Fund distribution reinforcement ahead of need where regional plans show demand from housing, transport and heat, rather than charging the first connector, within the existing cost-sharing rules. Set distribution owners dated connection outputs, publish median and worst-case connection times, and apply remedies for persistent failure. Give small domestic, charging and heat-pump connections a separate fast track.

Network equipment and the physical bottleneck

Faster consents do not create transformers, switchgear, cables or converter stations, which face the same global factory queues as turbines. Choose network equipment at each order from what can be obtained and reserve dated slots. Ofgem's Advanced Procurement Mechanism already lets transmission owners book equipment early within a cap of about £4bn; extend it to distribution owners, raise the cap where the binding plan justifies it, and coordinate it with generation purchasing so public buyers do not bid against each other. [11]

Standardise transformer and substation designs to support volume manufacture, interchangeable spares and a strategic spares pool. Use the existing network harder before new lines arrive: dynamic line rating, higher-capacity conductors on existing routes, power-flow control, storage and flexible demand, and reused connection points at retiring stations. Train high-voltage engineers, linesmen and substation trades alongside network orders, and fund domestic manufacture only where interruption risk justifies it. These measures help within years; major reinforcement still takes five to ten years.

6 Make consumer delivery a competitive service

Compete on service with clear responsibility

Reframe default retail supply as private service concessions with energy supplied through central purchasing and settlement. Companies earn profit by serving customers efficiently and meeting measurable standards. The purchaser answers for procurement, hedging and energy settlement; concessionaires answer for billing, support and administration. Narrowing the task removes the requirement for each service competitor to operate a wholesale financial-risk business.

Tender defined customer portfolios, initially organised regionally, on cost, capability and outcomes. Removing commodity collateral and wholesale risk-management requirements can widen entry to capable service businesses. Firms still require operating capital, data security and continuity arrangements. Pay a transparent service fee with meaningful performance rewards and penalties; avoid wholesale-price-linked margins or collection incentives that undermine customer protections.

Use manageable lots, staggered tenders and proportionate bidder requirements. Require portable customer and metering records, tested transfers and a continuity provider. Wholesale risk cannot simply be reintroduced through tender conditions. Publish credible bidder numbers and concentration. Narrow scope increases competitive opportunity only if contract size and incumbent data advantages do not close the market again.

Competition moves from continuous default-supplier switching to periodic service tenders. This reduces one form of consumer choice and must produce demonstrable benefits. Preserve independent complaints handling, bill challenges and permitted specialist products. Compare total cost and outcomes with central purchasing alongside retained licensed retail competition.

Reward innovation and verified flexibility

Concessions should compete to reduce the cost of serving demand as well as improve administration. Tender for capabilities in voluntary flexible tariffs, smart electric-vehicle charging, storage and demand management. Let operators earn a defined share of independently verified net savings, alongside service

fees. Customers should share the benefit under published terms and retain meaningful consent and appropriate non-flexible options.

Measure savings against an agreed counterfactual, net of equipment, programme and settlement costs. Account for demand shifted into another constrained period, rebound consumption and payments already earned through other flexibility products. Metered volume shifted is not itself a saving. Use audited measurement and prohibit duplicate reward for the same benefit; operators must not suppress necessary consumption or disadvantage vulnerable customers to meet targets.

Permit independent aggregators and specialist providers to serve concession customers through interoperable metering and consent-based data access. Concessionaires must not reserve these customers exclusively for their own products or obstruct lawful switching between flexibility services. Standard access terms and dispute resolution should make competition practical. Pay operators for verified service and flexibility outcomes without requiring them to absorb the purchaser's wholesale book or commodity collateral obligations.

Consumer supply and migration

Define the bill and the responsibilities

Publish the energy transfer component, network and system costs, taxes, authorised adjustments and the concession service charge. Tariff design should reflect settlement costs and support voluntary demand flexibility. Distinguish bill stability from a political price peg: subsidies or social tariffs require an explicit funding source, and central procurement alone cannot promise a permanently fixed retail price.

Specify responsibility for metering errors, fraud, complaints, vulnerability support and debt collection. Concessionaires bear proportionate consequences for verified, avoidable administrative failures within their control. Genuine customer inability to pay follows a separately disclosed and funded credit-loss and hardship settlement; it is not treated as a service failure or hidden in the service margin. Reward accurate billing, timely correction, fair collection and support outcomes, adjusting benchmarks for customer circumstances. Collection targets must not penalise lawful vulnerability protections, and complaint targets must not suppress reporting. Flexibility rewards use independently verified net savings against an agreed baseline, after implementation costs and without double credit. Maintain independent access to records and audit both benefits and losses.

Default supply must retain a licensed entity responsible for the legal supply relationship and market settlement. Establish that interface in legislation and licence conditions before moving customers. A service contractor does not become capable of supplying electricity merely because it can send bills. Clarify responsibility where households also use gas, without automatically extending this electricity reform to gas retail.

Transition existing businesses and commitments

Migrate in stages after verifying billing, balances, direct debits, meter data and customer protections. Respect existing fixed contracts and suppliers' procurement positions under published transfer or runoff arrangements. Use lawful compensation where rights are affected, avoiding an unpriced blanket bailout of failed commercial bets. Record transition expenditure and the treatment of customer credit balances.

Test service penalties, step-in and retendering before scaling. Persistent failures should reduce remuneration and trigger replacement under a defined process. A failed concession should not interrupt electricity supply or require another emergency rescue of a speculative wholesale book. Publish the full administrative cost, including central procurement and transition, rather than counting only the concession fee as the cost of retail.

7 Integrate the generation programme and legacy commitments

Mutual ownership within the market architecture

The strategic-generation ownership rule in UK Energy Reform Programme Annex Appendix A applies.

Award financeable contracts for evidenced requirements at acceptable total cost. Separate buyer, owner and technical approver. Generation Expansion and Mutual Finance specifies governance, creditor rights and loss capital; UK Energy Reform Programme Annex Appendix E provides the common appraisal inputs.

Record initial nuclear proving expenditure on the public balance sheet. Assess later mutual governance, public guarantees and buyer contracts together for classification before relying on private finance.

Maintain supply while reforming renewable support

Existing renewable contracts remain enforceable, including signed awards for projects commissioning in the 2030s. The separate legacy paper moves the relevant policy-support burden from unit rates to a fixed charge, with tax-funded relief for industry, and quantifies the commitment. That change alters incidence and transparency; it does not remove the underlying expenditure or demonstrate that renewable generation is dispensable.

From year one, new wind and solar may bid for the central purchaser’s long-term, price-stabilising energy contracts. Compete the required service on whole-system value, location, production profile and public risk, with no automatic renewable quota or preferential subsidy entitlement. Fixed-price purchases and two-way price settlement remain available. Assess any economic advantage and apply the lawful commercial or subsidy route; calling a contract commercial does not establish that it contains no subsidy.

New nuclear, gas and coal do not provide instant replacement capacity. Use updated demand, retirement and commissioning forecasts to establish the contribution still required from renewables, storage, imports and demand response. Security should be tested under stress, rather than equated with domestic plant ownership. Fuel procurement, maintenance, spare equipment and cyber resilience remain necessary.

Electricity Supply through the Transition is the standalone quantitative evidence paper. It crosses demand pathways with each nuclear ramp and separates the inherited renewable benchmark, possible pre-cutoff awards and further competitive purchases.

Planning and carbon interfaces

Use the revised infrastructure framework for integrated permissions, automatic transfer of overdue decisions, binding approved standards and independent technical appeals. Strategic designation settles covered questions; residual hazards and essential operating licences still require affirmative findings. The market statute should incorporate that hierarchy rather than duplicate it with a competing set of deadlines or broad judicial immunity.

The repeal, carbon and generation-law schedule in UK Energy Reform Programme Annex Appendix C governs this interface. Apply the generation paper's asset-specific permissions and the extraction paper's separate fiscal rules.

8 Legislate the duties and phase the transition

The statutory package

Enact a Sovereign Grid and Energy Delivery Act as one of the five core bills in Programme Annex Appendix F, alongside the Energy Objectives Repeal and Replacement Bill, Infrastructure Delivery Bill, post-election Finance Bill and later Electricity Retail Supply Concessions Bill. Align primary duties, government policy statements, licences, procurement and connection rules before they govern commitments. Preserve contracts and settlement during commencement. Publish implementation parameters and defined emergency discretion; retain review, expenditure authority and independent technical safeguards.

PROVISION	REQUIRED LEGAL EFFECT
Planning	Rolling system plan; funded network outputs translated into dated licence obligations; controlled variation and independent forecast assurance.
Adequacy	Measurable reliability standard; automatic procurement notice; tested performance obligations; dated fallback where an auction cannot secure the requirement.
Purchasing	Public default-portfolio buyer; defined procurement and hedging mandate; exposure limits; audited settlement; independently costed and funded ministerial departures.
Investment	Standard contract protections, change control and enforceable settlement; transparent compensation and fiscal disclosure for policy departures.
Transmission	Specified golden-share rights, security duties, bounded step-in and conditional acquisition remedies with predictable compensation.
Access	Readiness tests, connection timetables and access products; large-load connection routes and firm demand released against the plan; distribution connection outputs; network equipment procurement; prospective congestion signals; lawful legacy migration and anti-gaming enforcement.
Consumer service	Private concessions; licensed supply responsibilities; verified flexibility rewards; independent-provider access; protections, continuity and staged migration conditions.
Public accounts	Separate commercial charges, the fixed legacy charge and tax-funded industrial relief; contingent liability reporting; classification review of the actual combined structure.

Implementation order and release conditions

Delivery commitments that proceed first

Begin with funded network obligations, connection delivery, transparent investment terms and a statutory response to reliability shortfalls. Use existing institutions and contracting routes while the new buyer is established. Capacity procurement and long-lead nuclear preparation must not wait for household migration or completion of retail reform. Align these decisions with the infrastructure consent programme and publish the funding and dependencies of each priority project.

Purchasing before household migration

Establish the purchaser's governance, procurement rules and risk capability before it assumes a live portfolio. Stage new long-term awards as the required legal powers, fiscal authority and settlement arrangements become available. Existing suppliers can continue serving customers during this period. Publish how each pilot interfaces with their contracts and obligations; avoid making the public buyer and suppliers independently hedge the same demand.

Release conditions for concessions

Pilot service concessions after purchasing and licensed supply responsibilities are operational. Set measurable release conditions before each migration: reliable billing and settlement, protected credit balances, tested data transfers and continuity, credible competitive bids, and demonstrated customer outcomes including flexibility access. Independent assurance must evaluate total costs and public exposure against retaining retail competition alongside central purchasing. Short-term savings are not presumed.

If a condition fails, publish the cause, remedy, revised timetable and cost before widening migration. The concession architecture remains the intended destination, but its scale and terms must respond to evidence. Delay in service migration must not stop network construction or competitively contracted supply investment. Review benefits over the investment cycle as well as the pilot period, distinguishing evidence of coordination gains from an assumption that they will emerge.

Preparation and the first term

Before taking office, audit inherited reforms and prepare the consent, market-code, licensing and territorial schedules. Work through representative transactions: a centrally hedged household portfolio, a mutual gas station, a later nuclear unit and a constrained generator with a flexible buyer. Test settlement, classification, creditor enforcement and permission dependencies before promising a commissioning date.

Following Programme Annex Appendix F, commence replacement duties, publish procurement rules and the binding plan after enabling duties commence, and convert priority network works into funded obligations. Establish the statutory purchaser after its enabling Act and readiness tests; concessions follow the Electricity Retail Supply Concessions Bill, with pilots in year three and migration from year four. Establish the buyer's risk function and settlement systems. Pilot purchasing and congestion

mechanisms under lawful powers with independent assurance; prepare and test customer-service migration to the Appendix F dates. Expand through year five only after operational tests pass, preserving supply and contracts throughout.

Great Britain's market requires a separate interface with Northern Ireland's arrangements. Specify devolved permissions and regulatory responsibilities for cross-border assets. A UK strategy should not be presented as a single existing legal regime. Further design choices should receive published impact assessments, rather than be delegated to informal negotiations between incumbents.

9 Measure the reform and test unresolved specifications

The outcomes that matter

Judge the framework by whole-system cost and delivery: dependable capacity, actual generation, network capacity energised, construction duration, constraint costs, financing terms and customer outcomes. Separate the effects of commodity prices, tax transfers, new capacity and administrative reform. Report public exposure alongside bills so the programme cannot claim savings by moving an obligation between accounts.

Publish procurement forecasts against outcomes and the distribution of connection and consent times. Track the median and the long tail, not just an average improved by easy cases. Compare purchaser costs with consistent reference portfolios and report service costs including central administration. Independent assurance should test outages, forecast bias, concentrated counterparties and repeated contractor failure.

For the central buyer, assess longer-term coordination through matched generation and network commissioning, reduced exposure to unconnected assets, credible investment commitments and whole-system cost under stress. Track ministerial procurement departures and their incremental cost. For concessions, report bidder participation, replacement feasibility, verified flexibility savings and access for independent providers. Compare outcomes with feasible alternatives; modest short-term price effects do not establish or disprove the long-term case.

Specifications to settle before implementation

Define default-customer entry and exit, industrial energy opt-outs and fair system-service charges. Set concession size, duration, purchaser collateral, credit-loss and liquidity allocation before migration. Specify compensation by contractual obligation and retained investor risk; keep legacy support tax funded. Publish golden-share reserved matters and classification advice. UK Energy Reform Programme Annex Appendix E is the shared assumptions and funding register. It distinguishes agreed policy, illustrations, provisional parameters and uncosted obligations. Use its current version for programme appraisal and update affected papers together when an assumption changes.

Validate locational and congestion instruments against the national wholesale framework and existing rights. Set the reliability metric, stress cases and fallback authority with independent advice. These are necessary specifications within the agreed architecture; their costs should be tested before they are represented as guaranteed savings.

Replacement energy duties and carbon transition

Put the new objectives into the operating framework

Apply UK Energy Reform Programme Annex Appendix C's repeal and replacement duties to the planner, purchaser and regulator through the stated energy Acts, policy statements and licence schedules.

The rolling plan remains binding for delivery and procurement. Emissions data and applicable carbon costs remain part of transparent appraisal, but officials cannot recreate the repealed national target through guidance, licence conditions or discretionary project requirements. Distinguish any retained specific operating duty from a national target that has been abolished. Preserve the purchaser assurance, ministerial-direction and technical-appeal controls already specified.

Implement the carbon tax in procurement

Apply Programme Annex Appendix C's carbon tax settlement, replacing the UK ETS with a £10 per tonne CO2e carbon tax and abolishing UK CBAM, targeting the transition at the start of year two. Use pre-closure charges and the £10 tax case after transition explicitly; stress delayed commencement and future reversal. Ordinary fuel duties remain separate.

Protect settlement and phased implementation

Apply UK Energy Reform Programme Annex Appendices B and C's contract, settlement and territorial continuity rules during each funded handover.

Legislative dependencies before investment

The market statute must be accompanied by a provision-level schedule of primary legislation, regulations, licences and industry codes. For each change, identify the owner, jurisdiction, commencement and contracts or permissions saved. Complete the relevant schedules before a new purchasing commitment depends on them. The generation, North Sea and build papers apply these requirements to their own assets.

Thermal permits and availability payments

Amend the Environmental Permitting (Electricity Generating Stations) (Amendment) Regulations 2025 and Schedule 25C of the 2016 permitting regulations. Relevant new and substantially refurbished combustion generators in England currently require a decarbonisation-readiness assessment. Replace mandatory proof of a future hydrogen or carbon-capture route with an independently assessed option where the expected benefit justifies its cost. Retain operating pollution and safety requirements. Map the separate Welsh carbon-capture-readiness regime and other territorial requirements. The current rule concerns future readiness, not immediate installation. [N1]

Amend the Electricity Capacity Regulations 2014 and Capacity Market Rules where their emissions eligibility limits conflict with the approved coal contribution. Specify whether availability is bought through the revised market or another express statutory purchasing route. Preserve existing agreements and consistent reliability tests. Consent, emissions-performance compliance and eligibility for capacity payments are separate decisions; a plant must have all the rights its revenue offer assumes. [N2]

Licences nuclear funding and the upstream boundary

The Electricity Act 1989, Gas Act 1986, supply licences and industry codes must specify which entity legally supplies the customer, holds wholesale positions and pays settlement, network and statutory charges. Define concessionaires as customer-service providers within that perimeter, with an accountable licensed supplier and continuity mechanism. Do not leave their narrowed commercial role carrying undefined legacy supplier liabilities. [N3]

Review the Nuclear Energy (Financing) Act 2022, revenue collection, licences and Energy Act 2008 funded-decommissioning provisions against mutual ownership and central purchasing. Honour inherited obligations and prevent duplicate revenue recovery. Locate the offshore mandate in Petroleum Act 1998 Part 1A; separately amend onshore licensing and consent, sections 4A and 4B, connected Infrastructure Act safeguards and section 49's target references under the fracking essay. Electricity purchasing does not amend petroleum law. [N4–N5, O1–O2]

Carbon pricing and the investment settlement

Replace the domestic carbon charge and remove import charges

Apply the shared carbon tax and ETS closure timetable to construction inputs and electricity procurement. Reconcile carbon allowances and hedges with expected final compliance needs. Contracts must identify included carbon costs and agreed adjustment rules, so verified reductions reach customers where terms provide without double recovery or retrospective rewriting. [N6]

Use Appendix C's closure arrangements to preserve lawful pre-cessation allowances and settlement, and disclose the effects on receipts and CfD payments.

Settle carbon assumptions before major thermal contracts

Before major thermal contracts, identify the closure date assumed, transition exposure, delayed-closure sensitivity, change-in-law allocation and maximum public exposure. Do not guarantee investors against every future carbon-policy change. Preserve existing contracts and disclose fixed-price exposures.

Price the autonomy and trade consequences of linkage

Implement the international route in Programme Annex Appendix F for any inherited UK–EU carbon-market link and treaty obligations. Map continuing EU border charges and any qualifying domestic-payment credits separately; UK CBAM abolition does not exempt exports. Publish trade and procurement implications without holding up unrelated delivery reforms. [N7–N8]

Public contracts and support legislation

Map each transaction before its award

Publish a transaction schedule for energy and availability purchases, nuclear fleet orders, retail services, research and prizes, public risk capital, guarantees and transfers into the mutual. Identify the decision-maker, jurisdiction, contracting status, applicable procurement or utility route, subsidy assessment,

funding authority, required referral and challenge timetable. A commercial purchase is not automatically a subsidy; assess actual terms and any economic advantage. Modifications and voluntary legacy conversions need their own classification. [F5-F6]

Give strategic decisions an executable legal route

Apply the Procurement Act 2023 and Subsidy Control Act 2022 where relevant, with the distinct Scottish procurement regime and applicable international obligations mapped expressly. Identify lawful existing routes or targeted statutory amendments before commitments rely on them. Do not assume a mutual, strategic designation or published ministerial direction supplies an exemption. Explain any preferred-vendor fleet order or ownership restriction through the applicable route; preserve genuine competition in construction, operation and finance where available. Political approval and spending authority do not replace required legal procedures.

Classify retail service contracts by their actual terms

Retail service concessions describe the business model. Decide whether each award legally constitutes a concession, service or utility contract using its remuneration, exploitation rights and real operating risk. Poor-performance penalties alone do not establish concession operating risk. Use the appropriate award route while keeping wholesale hedging and commodity collateral with the purchaser; do not transfer those risks back merely to fit a legal label. Consumer licensing and settlement responsibilities remain separately specified. [F7]

Apply commitment checks to relevant dependencies

Apply the project and tranche release test in UK Energy Reform Programme Annex Appendix E.

Business energy taxation and retained policy boundaries

Remove the levy and settle existing agreements

The levy abolition and transition schedule in UK Energy Reform Programme Annex Appendix C applies.

The ordinary Climate Change Levy is a business energy charge; the household bill effect must not be presented as a direct rebate of that main levy. Ending agreements removes the discount-and-target machinery once there is no levy to discount. Preserve general metering, safety and environmental duties and any separately applicable reporting law. Identify the provisions actually repealed rather than assuming the word climate makes an obligation redundant.

Price the fiscal effect and secure pass through

Treasury must enter the net revenue loss, administration and transition effects into UK Energy Reform Programme Annex Appendix E before commencement. Include interactions with taxable profits, other taxes and existing industry reliefs. Do not assume growth pays for abolition. Ofgem and HM Revenue and Customs should publish settlement guidance so separately identified levy charges cease and valid fixed-price contracts receive the treatment required by their terms and the legislation. Avoid double-counting relief for exempt supplies and firms already paying reduced rates.

Keep deferred choices explicit

The retained heating, transport and gas-infrastructure boundary in UK Energy Reform Programme Annex Appendix C applies.

Other Energy Sources and Storage supplies the sixth energy essay. It applies the shared purchasing and consent framework to hydro, storage, geothermal, useful heat, biomass, waste, tidal and future technologies. Current ownership remains respected; the generation mutual default remains nuclear, coal and selected gas. Other private or community projects can compete. Any extension of the designation or mutual perimeter requires an explicit policy decision and appraisal.

What this paper does not claim

Institutional reform alone establishes neither cheaper bills nor additional physical supply. Purchaser risk, customer migration and financing benefits must pass the stated tests.

Primary sources for the current baseline

The policy design in this essay is our proposal. The references below support the institutional baseline and technical distinctions; they do not establish that the proposed structure already exists. Policy status is assessed at 11 October 2026.

[1] Government Actuary’s Department. GAD supports the setting up of National Energy System Operator. 10 October 2024. Public ownership and launch date.

https://www.gov.uk/government/news/gad-supports-the-setting-up-of-national-energy-system-operator

[2] Department for Energy Security and Net Zero. Reformed National Pricing delivery plan. Current programme for a national wholesale market and coordinated siting and operational reform.

https://www.gov.uk/government/publications/reformed-national-pricing-rnp-delivery-plan

[3] National Energy System Operator. Connections reform timeline and What industry needs next from connections reform, 1 October 2026. Readiness, allocation and the distinct delivery responsibilities.

https://www.neso.energy/news/what-industry-needs-next-connections-reform

[4] Office for National Statistics. Statistical classification to the public sector. Control and independence require substantive assessment.

https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/methodologies/statisticalclassificationtothepublicsector

[5] Low Carbon Contracts Company. About Contracts for Difference. Difference payments and repayments above the strike price.

https://www.lowcarboncontracts.uk/our-schemes/contracts-for-difference/about/

[6] Department for Energy Security and Net Zero. Full details of auction parameters and interconnector de-rating factors. 21 July 2026. Existing capacity auctions and reliability standard.

https://www.gov.uk/government/publications/capacity-market-auction-parameters-letter-from-desnz-to-neso-july-2026/full-details-of-auction-parameters-and-interconnector-de-rating-factors

[7] Department for Energy Security and Net Zero. Ofgem Review final report. 2026. Responsibilities, capability and accountability reforms.

https://www.gov.uk/government/publications/ofgem-review-2026/ofgem-review-final-report

[8] National Audit Office. Delays to electricity grid upgrades risk higher consumer bills. 11 September 2026. Delivery risks and constraint-cost figures; the 2030 figure is a conditional projection.

https://www.nao.org.uk/press-releases/delays-to-electricity-grid-upgrades-risk-higher-bills/

[9] Ofgem. Factors shaping overall satisfaction and customer service satisfaction with energy suppliers 2025 to 2026. January 2026 overall satisfaction was 81%.

https://www.ofgem.gov.uk/research/factors-shaping-overall-satisfaction-and-customer-service-satisfaction-energy-suppliers-2025-2026

[10] Ofgem. Debt and arrears indicators. Second quarter 2026. Combined domestic gas and electricity debt and arrears; not an electricity-only total.

https://www.ofgem.gov.uk/data/debt-and-arrears-indicators

[11] Ofgem. Electricity Transmission Advanced Procurement Mechanism, decision and 2026 re-opener draft determinations. About £4bn cap for transmission owners; distribution not covered.

https://www.ofgem.gov.uk/decision/electricity-transmission-advanced-procurement-mechanism

[12] Mondaq. UK grid connections reform: more changes ahead for data centres and electricity demand connections. 2026. Summary of the March 2026 DESNZ consultation and Ofgem’s initial positions; most measures remain proposals.

https://www.mondaq.com/uk/oil-gas-electricity/1817492/uk-grid-connections-reform-more-changes-ahead-for-data-centres-and-electricity-demand-connections

Shared legislative sources appear in UK Energy Reform Programme Annex.

Further legislative sources

[N1] Environment Agency. Decarbonisation readiness in environmental permit applications. Current guidance for relevant applications in England from 28 February 2026, under the 2016 permitting regulations as amended in 2025.

https://www.gov.uk/government/publications/decarbonisation-readiness-in-environmental-permit-applications/decarbonisation-readiness-in-environmental-permit-applications

[N2] UK Government. Capacity Market rules amendments to improve auction liquidity government response. Explains the separate emissions eligibility restriction for unabated coal from October 2024.

https://www.gov.uk/government/consultations/capacity-market-rules-amendments-to-improve-auction-liquidity/outcome/capacity-market-rules-amendments-to-improve-auction-liquidity-government-response

[N3] Ofgem. Apply for an energy licence. Electricity Act 1989 and gas licensing perimeter, including generation, supply and licence transfer.

https://www.ofgem.gov.uk/energy-regulation/how-we-regulate/energy-licences-and-guidance/apply-energy-licence

[N4] UK Parliament. Petroleum Act 1998 Part 1A. Principal objective and strategy framework. Apply the text and connected regulator powers inherited at commencement.

https://www.legislation.gov.uk/ukpga/1998/17/part/1A

[N5] UK Parliament. Nuclear Energy Financing Act 2022 explanatory notes. Regulated asset base revenue arrangements, funded decommissioning under the Energy Act 2008 and creditor safeguards.

https://www.legislation.gov.uk/ukpga/2022/15/notes/division/3/index.htm

[N6] HMRC. Carbon Border Adjustment Mechanism Policy summary. Finance Act 2026 Part 5, secondary regulations, sector scope and rate calculation.

https://www.gov.uk/government/publications/carbon-border-adjustment-mechanism-cbam-policy-summary/carbon-border-adjustment-mechanism-cbam-policy-summary

[N7] UK Government. UK EU Summit Common Understanding. Paragraphs 34 to 40 describe intended carbon-market linkage, mutual CBAM exemptions and dynamic alignment. The document states an intended framework, not an assumption that linkage is operational.

https://www.gov.uk/government/publications/ukeu-summit-key-documentation/uk-eu-summit-common-understanding-html

[N8] European Commission. CBAM definitive regime. EU certificate pricing and deductions for qualifying carbon prices already paid during production.

https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism/cbam-definitive-regime_en

[O1] UK Parliament. Petroleum Act 1998 sections 4A and 4B. Onshore hydraulic-fracturing consent and connected safeguards.

https://www.legislation.gov.uk/ukpga/1998/17/section/4A

[O2] UK Parliament. Infrastructure Act 2015 section 49. Onshore petroleum advice linked to Climate Change Act duties.

https://www.legislation.gov.uk/ukpga/2015/7/section/49

[F1] HM Revenue and Customs. Climate Change Levy guidance and reduced-rate agreements. Current framework accessed 12 October 2026.

https://www.gov.uk/green-taxes-and-reliefs/climate-change-levy

[F2] Department for Energy Security and Net Zero. Climate Change Agreements statutory guidance 2026. Schedule 6 Finance Act 2000 and scheme administration.

https://www.gov.uk/government/publications/climate-change-agreements-statutory-guidance/climate-change-agreements-statutory-guidance-2026-accessible-webpage

[F3] National Energy System Operator. Operability Strategy Report and Electricity Markets Roadmap. Technical service requirements and existing work programme.

https://www.neso.energy/publications/operability-strategy-report-and-electricity-markets-roadmap

Fiscal and procurement sources

[F4] HM Revenue and Customs. Excise Notice 175. Hydrocarbon oil legislation and Carbon Price Support through electricity-generation fuel-duty relief.

https://www.gov.uk/guidance/excise-notice-175-motor-and-heating-fuels-used-to-generate-electricity-relief-from-excise-duty

[F5] Department for Business and Trade. Subsidy Control rules quick guide. Commercial terms, subsidies, modifications, referrals and legal challenge.

https://www.gov.uk/government/publications/subsidy-control-rules-key-requirements-for-public-authorities/subsidy-control-rules-quick-guide-to-key-requirements-for-public-authorities

[F6] Cabinet Office. Procurement Act 2023 guidance documents. Contract scope, award routes, modifications and territorial application.

https://www.gov.uk/government/collections/procurement-act-2023-guidance-documents

[F7] Cabinet Office. Guidance Concession Contracts. Exploitation rights and real operating risk determine the legal classification.

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