OCTOBER 2026
TONE LANGENGEN



Cheaper Power, Stronger Britain

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Executive Summary

Britain cannot solve climate change alone. But it can help answer the question on which the global transition depends: can clean energy deliver cheaper power, greater security and rising prosperity?

Climate change is a serious challenge and clean energy is an essential objective. But a country responsible for less than 1 per cent of global emissions must think carefully about how it makes the greatest difference. Britain's influence will depend on whether it develops technologies and demonstrates an approach that other countries want to adopt. A transition that leaves electricity expensive, businesses uncompetitive and the public unconvinced will struggle to achieve that.

The need for clean energy is urgent. The need for cheaper energy is immediate. Britain must deliver both. Affordable, reliable electricity will help determine whether households become better off, foreign businesses invest and the country can compete in the age of AI. It will also make the shift away from oil and gas more attractive, reducing exposure to volatile fossil-fuel markets.

Yet Britain has already spent more than £1.7 billion in 2026 turning down wind power and paying other generators to replace it,[1] while businesses struggle to secure electricity. Wind farms in Scotland are paid to reduce output because the grid cannot carry their electricity south; gas-fired stations elsewhere are paid to fill the gap. Consumers bear the cost, while firms that could use the power face high prices and long waits to connect.

This is a failure to turn Britain's energy resources into affordable, reliable supply. Building clean generation is only part of the task: where it is built, how it reaches consumers, what complements it and how the system is operated determine whether investment delivers value.

Government must therefore change what drives its decisions. Clean Power 2030 has made achieving a particular generation mix by a particular date the organising mission of energy policy. Britain needs a broader strategy:

one that reduces costs and vulnerabilities, enables electrification and strengthens the economy while cutting emissions. Success should mean a transition that works for Britain and offers solutions that other countries want to adopt. Clean energy is Britain's future, but the route matters.

The Budget should begin that reset. Prime Minister Andy Burnham's forthcoming ten-year plan for Britain must give it lasting direction through three changes:

First, reset the strategy. The government should replace Clean Power 2030 with a Cheaper Power mission, while retaining the 2050 net-zero target. Decisions should be judged on their contribution to affordable, secure electricity and the electrification of the wider economy.

Second, fix the underlying policy to make the system work.

In the Budget, the government should:

- **Turn wind power that would otherwise be wasted into productive activity.** Reward businesses for additional consumption that reduces grid-constraint costs with earlier, flexible connections. Enable suitable data centres to combine grid electricity with on-site gas turbines and storage, maintaining dependable power while using wind that would otherwise be curtailed.

In the ten-year plan, the government should:

- **Accelerate valuable grid projects.** Reform planning, coordinate procurement and expand competition in network delivery, with published milestones and accountability for delays.
- **Introduce stronger locational signals.** Reopen the case for zonal wholesale pricing so generation, storage and electricity-intensive businesses locate where they deliver greatest system value.

- **Plan generation, demand and networks together.** Enable electricity demand to grow while testing investment against credible uptake scenarios, avoiding unnecessary reinforcement through better siting and flexibility.
- **Reform generation procurement.** Assess projects against their contribution to the cost and reliability of the whole system, including connections, balancing and dependable supply.
- **Digitalise and automate system operation.** Improve forecasting, data access and coordination across the National Energy System Operator and network operators, using AI and automation to make better use of infrastructure.
- **Expand nuclear capacity under a reformed regime.** Implement the Fingleton Review in full and at pace, supporting repeat construction and a sustained pipeline of large and small reactors.
- **Make electrification easier.** Improve charging access, simplify heat-pump installation and accelerate industrial connections. Replace the Zero Emission Vehicle sales mandate with a credible programme supporting uptake, investment and emissions reductions.

Third, align the public finances with the strategy.

Spending on energy is too high, in terms of both bills and fiscal costs. All spending should be carefully justified and considered based on whether it helps drive the wider strategy forward. The government should:

- **Control costs imposed through bills.** Establish stronger Treasury oversight of new levies and cumulative commitments, with transparent assessments of affordability and value.
- **Sustain viable North Sea investment.** Approve development of the Rosebank oil field, following recent approval of the Jackdaw gas field, and establish a stable framework for subsequent projects. This will preserve infrastructure, jobs and future tax revenues.

- **Reassess Great British Energy and Great British Grid.** Review Great British Energy's remaining funding, retaining effective projects and redirecting investment where better uses exist. Prioritise competitive grid delivery, supported by a government Grids Taskforce, over establishing another public delivery body.
- **Halt new power-sector carbon-capture commitments.** Require comparison with alternative sources of reliable electricity and review existing contracts where changes would deliver net savings. Assess industrial applications separately.
- **Maintain essential nuclear investment.** Continue the development of the Sizewell C nuclear power station while controlling remaining costs and reforming regulation to make subsequent projects cheaper and faster.
- **Protect effective support for electrification.** Scrutinise the targeting and delivery of the Warm Homes Plan while retaining effective support through the Boiler Upgrade Scheme.
- **Reform carbon-budget appraisal.** Test projected emissions savings against delivery risks and costs, and recognise the wider electrification enabled by cheaper power, networks and digital capabilities.

Ministers must now decide what to accelerate, what to reform and what to stop funding. The Budget and the government's forthcoming ten-year plan should put affordability at the heart of those choices, making energy a source of competitive strength for Britain.

01

A Serious Energy Strategy Is Essential for Britain's Future

Energy has repeatedly shaped Britain's prosperity and freedom to act. Coal powered the Industrial Revolution; North Sea oil and gas brought investment, revenues and greater domestic supply. The oil shocks of the 1970s and the energy crisis following Russia's invasion of Ukraine in 2022 exposed the costs of dependence on volatile fuel markets. Britain's next chapter will again depend on its ability to secure affordable, reliable power.

Yet over recent years, much of the public debate has come to treat energy policy primarily as a question of how quickly Britain can decarbonise. That is essential, but it is too narrow a basis for strategy. Energy policy in itself is central to Britain's economic and strategic future:

- For households, expensive energy squeezes living standards directly through heating, electricity and transport bills, and indirectly through the prices of everyday goods and services. From producing food to transporting and keeping it refrigerated, energy costs run through the economy. Reducing these costs is therefore essential to delivering lasting relief from the cost of living.
- Energy costs are also a huge drag on business. Alongside labour costs, energy costs are cited by the Confederation of British Industry as a key factor behind the high cost of doing business in Britain.[2] Four in ten businesses report delaying or cancelling investment because of higher energy costs,[3] while PwC identifies electricity prices as one of Britain's principal barriers to attracting internationally mobile investment.[4] The high cost of doing business in Britain is a significant brake on growth and investment, and impacts a number of other government priorities such as tackling the NEET crisis.
- The world order is currently reorienting around AI, and the race to develop computing capacity is fast becoming a race to secure power. McKinsey estimates that meeting global demand for AI data centres will require $5.2 trillion of capital expenditure by 2030, spanning computing

equipment, buildings and supporting infrastructure.[5] The energy implications are substantial: the International Energy Agency estimates that growing data-centre demand will require more than $170 billion of investment in new electricity generation globally by 2030. Access to affordable, reliable electricity will help determine where this investment lands.

In other words, if electricity remains expensive and connections remain slow, Britain risks losing both existing industries and the investment that will shape its next generation of growth. Households will remain exposed to fossil-fuel shocks, while ambitions for AI leadership and wider electrification will run ahead of the infrastructure needed to deliver them.

Yet policy has not kept pace with these demands. Britain has accelerated investment in clean generation without delivering the networks, market incentives and operational capabilities needed to use it efficiently. Successive governments have set ambitious targets for wind deployment, without due consideration for what this means for the wider system. In 2020, Boris Johnson declared, “As Saudi Arabia is to oil, the UK is to wind,” and set a target of 40 gigawatts (GW) of offshore wind by 2030.[6]

Government targets and financial support have encouraged rapid deployment, while strong wind resources have made Scotland an attractive location for development. But much of Britain’s electricity demand lies further south. Incentives to build generation have not been adequately aligned with the infrastructure needed to transport its output, or the benefits of locating new demand nearby. Harnessing the resource requires transmission infrastructure alongside turbines.

This mismatch partly reflects a deliberate policy choice. Under the “connect and manage” approach introduced in 2010,[7] generators could connect before wider network reinforcements were complete, rather than wait for those upgrades. This brought forward generation, but accepted additional costs to manage congestion in the meantime. Network delivery has failed to keep pace, leaving consumers paying for an increasingly expensive gap between the generation built and the infrastructure needed to use it.

When the network cannot carry wind power south, the National Energy System Operator (NESO) pays generators behind the bottleneck to reduce output and pays generators elsewhere, often gas-fired stations, to increase it. September alone saw more than £400 million spent in this way, making it the most expensive month on record, and included about £30 million on 30 September alone. Cumulative costs in 2026 amount to more than £1.7 billion and are increasing,[8] all recovered through consumers' bills.

Meanwhile, businesses that could use more electricity struggle to secure it. In October, Microsoft withdrew from an agreement to lease computing capacity at Nscale's planned Essex data centre after it emerged that the site was unlikely to receive power until after 2030.[9] Britain is simultaneously paying to turn down available generation and failing to connect investment that needs power.

These problems have developed over successive governments, but they now threaten Britain's existing economy and its ability to capture new opportunities. They show why energy strategy must extend beyond commissioning clean generation to ensuring that networks, demand, markets and system operation develop together. Yet despite the stakes being high and the problems widely accepted, Britain's energy strategy continues to lag behind the shifting reality. Rather than changing course away from a strategy that has resulted in some of the highest electricity prices in the developed world, leaders have continued to follow the same path with deepening problems.

02

Clean Energy Is Britain's Future – but the Route Matters

Britain needs a new energy strategy. But importantly, while the policy needs to change, the end goal doesn't. In fact, there can be no doubt: Britain's future lies firmly with clean energy.

Britain has not been a net energy exporter since 2004[10] and, while the North Sea remains an important economic and strategic asset, its mature basin cannot provide a lasting answer to the country's energy needs. At the same time, global oil and gas supply chains remain fragile and uncertain, as demonstrated by the impact of the conflict in Iran and the closure of the Strait of Hormuz.

Britain's strategy should therefore be simple: replace petrol and diesel vehicles, gas boilers and fossil-fuelled industrial processes with electric alternatives wherever practical. This changes both the source of energy and how efficiently it is used. Electric motors waste much less energy than combustion engines, while heat pumps move heat rather than generating it by burning fuel and can typically provide three to five units of heat for each unit of electricity consumed. Electrification can therefore reduce the energy needed to deliver the same transport, heating and industrial service.

Combined with increasingly clean electricity generated at home, this offers a durable route to cutting emissions and reducing exposure to international oil and gas markets. But it requires plentiful, affordable power and networks capable of delivering it. Cleaning up electricity generation and helping more of the economy use electricity must advance in lockstep.

China is already pursuing this approach. Like Britain it has limited domestic oil and gas resources, so its energy strategy is predicated on moving energy use onto electricity, while maintaining a strong focus on delivering abundant, cheap – and increasingly clean – electricity.[11] Electricity accounted for almost 30 per cent of its final energy consumption in 2025,[12] while an expansion of clean generation saw it reach its 2030 wind- and solar-

capacity target six years early.[13] China considers the combination of electrification and domestic clean power as a way to limit exposure to imported fossil fuels.

Britain, however, is making slow progress even as the task becomes more pressing. In 2023, the Tony Blair Institute for Global Change (TBI) called for a decade of electrification.[14] Since then, progress has been modest: electricity still supplies only aboout one-fifth of Britain's final energy use – a fraction that has been steady for years.[15]

The main task for Britain – for energy security and climate – is therefore to make electricity the attractive alternative across much more of the economy. Household decisions about whether to switch to heat pumps and electric vehicles depend on cost and convenience; an industrial firm needs confidence that an electric process will remain competitive over the life of its investment. The same applies to new activity: the decision to locate electricity-intensive production in Britain rather than elsewhere depends heavily on the cost of power and the speed of connection.

Yet electricity remains expensive and access is constrained. In the second half of 2025, household electricity prices were 4.2 times more than gas prices per unit of energy, compared with a median ratio of 2.7 across European peers.[16] The ratio has reduced slightly in the most recent quarter, but remains above 3. For British manufacturers, electricity averaged 17.4p/kWh in April–June 2026, against 3.8p/kWh for gas – about 4.6 times as much.[17] Electricity does not need to cost the same per unit as gas for an efficient heat pump to offer lower running costs because it needs fewer units to provide the same heat. But a large electricity-price premium can absorb that efficiency advantage, weakening the financial incentive to switch. Meanwhile, government reports that businesses and other projects seeking new connections to the grid can face waits of up to 15 years, holding back investment in data centres, industrial electrification and charging infrastructure.[18]

Reducing electricity costs and accelerating connections must therefore be central to energy strategy. These are the foundations that make net zero achievable, strengthen energy security and unlock economic growth. The

Budget should begin reducing avoidable costs and making available power accessible to productive users. The forthcoming ten-year plan must align generation, networks and demand around an affordable, reliable system. Together they offer an opportunity to reset the strategy, reform the policies beneath it and direct spending towards what works.

03

An Energy Reset for the Budget and Ten-Year Plan

The prime minister's ambition to bring Britain's energy costs into line with European competitors is welcome, but the policies beneath it must match that ambition. Removing VAT from household electricity bills provides immediate relief, while leaving the underlying costs of producing, transporting and balancing electricity unchanged. Closing the gap with European peers requires a reset of the strategy, incentives and spending decisions that determine those costs.

Three changes should guide the Budget and ten-year plan:

1. **The strategy:** Replace Clean Power 2030 with a Cheaper Power mission, making affordable, secure electricity the foundation for electrification and progress towards net zero.
2. **The policy:** Make better use of available power and enable earlier connections now, while accelerating grid delivery, strengthening locational incentives and modernising system operation over the next decade.
3. **The spending:** Bring costs passed on through bills under tighter control, redirect funding towards measures that support the strategy, and sustain the economic value and revenues of viable North Sea production.

The test is whether these changes make electricity more affordable and accessible, giving households and businesses the confidence to switch, invest and grow.

1. Resetting the Strategy: From Clean Power 2030 to Cheaper Power

Britain needs an energy strategy that reflects how important energy is to its future success and that incentivises the right decisions across the system, so that every part of the system makes decisions that help lower costs, increase security and lower emissions.

Clean Power 2030 has created the wrong hierarchy. Making the goal of achieving a particular generation mix by a particular date the organising mission of energy policy has meant that affordability and security have become secondary concerns, presented as benefits that will follow. Yet those benefits depend on decisions about the design, sequencing and operation of the whole system, so they cannot be assumed from the amount of clean capacity installed.

The distinction matters because an overriding target changes how trade-offs are resolved. If success is measured principally by whether enough clean generation can be delivered before 2030, maintaining the pace of deployment takes precedence. Reforms that could improve the system over its lifetime become harder to pursue if they might disrupt investment before the deadline. Infrastructure delays become problems to work around while generation continues to expand, even where the mismatch adds costs for consumers.

The decision to reject zonal electricity pricing illustrates this tension. The government cited investor uncertainty, distributional concerns and implementation challenges, and explicitly emphasised the importance of providing certainty ahead of the next renewables auction. These are legitimate considerations. But protecting the immediate investment pipeline also means retaining arrangements that do not fully reflect the geographical realities of the system. The strategic question is whether the chosen approach delivers the best outcome over the coming decades, including the costs of constraints and network expansion, as well as where new demand locates. Meeting a deployment deadline cannot settle that question.

Constraint costs are a rising problem. Strong wind resources make Scotland an important part of Britain's energy future, but the value of additional generation depends on whether its output can reach consumers, be stored or support productive activity nearby. Adding gigawatts ahead of the infrastructure and demand needed to use them can increase the costs of managing the system. Those costs must influence where and when capacity is developed.

These inconsistencies in how the system is managed predate Clean Power 2030. As outlined in a previous TBI paper, *Cheaper Power 2030, Net Zero 2050: Resetting the UK's Electricity Strategy for the Future*, the problems facing the electricity system today are the result of failures that have built up over decades. But a compressed deadline increases the consequences of that mismatch. Every part of the system is sprinting towards maximising clean generation, which means that decisions are consistently made at every level to prioritise clean power over affordability or security.

The problems facing NESO underline why these priorities matter. When organisations are shaped by political objectives, it is often the case that decisions and incentives align around those goals, even when evidence points to the need for a different approach. When delivery of the headline mission dominates, operational constraints risk being treated as obstacles to overcome rather than information that should reshape strategy. The Eversheds Sutherland investigation into recent whistleblower cases at NESO identified a disconnect between control-room staff and senior leadership, alongside weaknesses in how concerns are heard and addressed.[19] It did not establish that Clean Power 2030 caused operational failures but does reinforce the need for the system to allow engineering evidence to influence strategy.[20]

An energy-strategy reset is needed. In this Budget and the ten-year plan, the government should formally replace Clean Power 2030 with a Cheaper Power mission. Its purpose should be to deliver affordable, reliable and increasingly clean electricity that enables households and businesses to move away from fossil fuels, thereby making the target of net zero by 2050 feasible.

This would change the basis on which decisions are made: they would be grounded in the physical realities of the system, rather than emissions targets. Generation should be assessed alongside the networks, storage, flexibility and firm capacity it requires. Investment should be sequenced against realistic delivery schedules; market reform should be judged by its contribution to long-term system performance. Security assessments should examine exposure to fuel markets, equipment supply chains and infrastructure failures, alongside the availability of generating capacity. And demand-side interventions should get as much attention as supply side.

The strategy should also distinguish between measures that can reduce costs now and those that require sustained investment. Better use of existing networks, flexible demand and improved system operation can provide benefits while major infrastructure is being built. Longer-term choices must preserve room to respond to changing demand, technological progress and delivery constraints.

Progress should be measured through delivered electricity costs, connection times, reliability, fossil-fuel displacement and emissions across the economy. These measures would make the government accountable for whether the transition works for the people and businesses expected to undertake it.

2. Fixing the Policy: Incentives Matter

A Cheaper Power mission will not be enough if the underlying policy changes do not align with it, determining where investment goes, what gets built and how the system operates.

High prices, grid delays, wasted wind and businesses unable to connect are symptoms of a system whose infrastructure, markets and operation have not kept pace with changes in generation. In other words, Britain is fundamentally running a completely new system on old markets, tools and policies.

As outlined in TBI's paper *Cheaper Power 2030, Net Zero 2050*, the problems run deep based on past and present policy choices. New generation is being built far from major centres of demand, without sufficient network capacity to carry its output. Britain pays to turn down wind farms and increase generation elsewhere, often from gas, while businesses struggle to access power. Gas still frequently sets the wholesale price, leaving consumers exposed to international fuel markets. Market incentives do too little to bring supply and demand closer together.

Radical policy change is needed to build a system fit for the future. An electricity system where clean energy sources can go hand in hand with low consumer costs, fast connection timelines and low waste is within reach, but leaders need to make the right choices to make it happen.

Change will not occur overnight, but steps can be taken now to get the system on the right path. The Budget should make better use of the system that Britain has – and the ten-year plan must build the system that Britain needs.

USE THE BUDGET TO TURN AVAILABLE POWER INTO PRODUCTIVE ACTIVITY NOW

One of the most visible failures of Britain's electricity system is the rising problem of constraints payments. Renewable generation has expanded faster than the networks needed to carry its output, particularly from Scotland to demand further south. When bottlenecks arise, NESO pays generators to reduce output on one side and others to increase it on the other. These constraint payments are an established mechanism for operating the network safely, but their growing scale reflects the failure to develop generation and grids together. Households and businesses bear the cost through their bills, while available renewable power goes unused and firms wait for connections.

The pressures could intensify before major grid upgrades arrive. NESO has warned that wider annual balancing costs could reach £8 billion by 2030, with network constraints a major driver. This hits households directly: the National Audit Office (NAO) reported that in 2025, the typical household paid

£40 just to cover these balancing costs.[21] The government should act to reduce this burden now, rather than simply absorbing it until the infrastructure catches up.

The Budget should announce a targeted programme to attract electricity demand to locations where it can use otherwise-curtailed generation. The principle of this initiative should be straightforward: businesses that demonstrably reduce the cost of managing constraints should share in the savings.

Ministers should task the Department for Energy Security & Net Zero, as well as Ofgem and NESO, with establishing the programme, beginning with existing connected businesses and storage assets that can be mobilised quickly. New facilities should follow as planning, connections and investment allow, and the Budget should set a timetable for opening the first competitive procurement.

NESO and network operators should identify suitable locations and publish the information that investors need: expected periods of surplus generation, available connection capacity and the restrictions that customers would have to accept. Suppliers and aggregators should then be able to offer contracts that reward additional consumption when it relieves the relevant bottleneck. Support should be competitively allocated and cost less than the expenditure it avoids.

The programme should serve businesses able to vary their electricity use and those needing continuous power. Industrial heating, thermal storage, batteries and some computing workloads can respond to periods of abundant supply.

Data centres requiring continuous electricity could combine a flexible grid connection with on-site gas turbines and storage, drawing more electricity from the grid when wind would otherwise be curtailed and reducing imports when the network is constrained. On-site generation would need to be designed and permitted for this operating role, rather than relying on emergency backup. This could allow suitable projects to connect earlier without waiting for the network capacity required for an unrestricted

connection. As data centres are already reverting to building their own gas power stations,[22] this offers a pragmatic solution that helps the grid while expanding Britain's compute capacity, which is vital for sovereignty and influence in the AI era.[23]

This requires Ofgem to enable network operators to offer more flexible connection agreements, making any necessary changes to regulatory rules and incentives. Businesses should be able to connect earlier on terms that allow them to draw electricity when the network can accommodate it and require them to reduce imports when instructed. A site needing continuous power does not necessarily need an unrestricted grid connection, provided it can reliably meet its remaining requirements through other resources.

The government has already recognised the value of locating demand near abundant generation through its proposed electricity discounts for eligible AI Growth Zones. The Budget should build on that approach with a complementary programme open to a wider range of productive demand, rewarding verifiable consumption at the specific places and times that reduce constraints. The programme should bridge the period between now and enduring locational market reform, with support reviewed as constraints ease and market arrangements change. The government should pursue zonal pricing alongside it, so that prices increasingly reward efficient location and consumption without a separate discount scheme.

Over time, grid reinforcement will reduce the bottlenecks, so projects should demonstrate that they can remain commercially viable as constraints ease. In addition, bringing demand closer to supply can retain value beyond today's problems: it can reduce the distance electricity must travel, improve the use of infrastructure and potentially avoid some additional network investment. Britain should build the grid it needs while making better use of the power it already has.

The programme should proceed where verified savings exceed incentive payments and delivery costs. Payments should reward consumption that would not otherwise have occurred at that location and time, with safeguards against creating new constraints elsewhere.

Increasing productive electricity demand can also help break Britain's high-cost, low-demand cycle. Expensive power discourages electrification, leaving infrastructure costs to be recovered across fewer units of electricity and putting further pressure on prices. Boston Consulting Group estimates that if grid electricity demand continues to decline rather than grow, a typical household's annual electricity bill could be £149 higher in 2035 than in the central case.[24] Attracting demand that uses otherwise-curtailed generation would help address both problems: reducing waste now and spreading system costs across greater productive use.

CREATE A POLICY TRAJECTORY FOR CHEAPER POWER IN THE TEN-YEAR PLAN

The Budget should begin reducing the costs of today's bottlenecks. The ten-year plan must prevent those failures being built into tomorrow's system; it should establish how generation, networks, storage and demand will develop together, with investment judged against the cost and reliability of the electricity consumers ultimately receive.

We have previously outlined a substantial list of proposed reforms in *Cheaper Power 2030, Net Zero 2050*. But there are six key changes that should underpin that plan:

1. **Accelerate the grid projects that offer the greatest savings.** The government should prioritise actions to accelerate grid development, including planning reforms, joint procurement and completion of the newly announced introduction of private-sector competition. Pace is needed. The NAO identified that many of the upgrade projects are at risk of not being completed when needed. Of the 88 projects identified by NESO, 64 are at an early stage of development.[25] The cost of slow delivery is substantial. For example, Norwich–Tilbury is a major transmission reinforcement through East Anglia, while Sea Link is a proposed 2GW electricity link running mainly undersea between Suffolk and Kent: both have regulatory delivery dates in 2031. NESO modelling indicates that bringing the associated reinforcements into service in 2030 instead could reduce projected constraint costs by approximately £4 billion that year.[26] This demonstrates the cost of another year in which

generation is available but cannot be fully accommodated by the network. Faster planning and regulatory decisions, earlier procurement and coordinated construction are therefore essential to capturing the benefits of grid investment sooner. Ministers should identify which projects can still be accelerated and publish the costs of delays alongside delivery milestones. Reinforcements should be prioritised based on actual forecast demand (rather than demand projections based on carbon-budget timelines that will not be met) and prioritised based on their economic value.

2. **Make location count in investment decisions.** The government should reopen the case for zonal wholesale pricing, with a managed transition addressing financing risks and consumer impacts. Stronger locational signals would encourage generation, storage and electricity-intensive businesses to set up where they add most value. Strategic planning should establish the infrastructure framework, allied to prices that help investors respond to actual system conditions.
3. **Plan generation, demand and networks together.** Network expansion is essential, but its cost will be recovered from consumers for decades. Forecasts of rising network charges make it vital to distinguish investment that delivers value from expenditure that could be avoided through flexibility, better siting or different generation choices.[27] Carbon-budget pathways describe the electrification required to meet targets; they must not be treated as guaranteed forecasts of when and where demand will materialise. Investment should be tested against realistic demand scenarios and sequenced to adapt as uptake becomes clearer. Locational pricing should inform this planning from the outset, encouraging generation, storage and new demand in places that make better use of infrastructure and reduce the need for additional reinforcement. Britain needs to accelerate essential projects while avoiding unnecessary costs.
4. **Procure generation for its contribution to an affordable energy system.** Support contracts should be assessed against the costs of connecting, balancing and using the electricity, alongside the price paid for its output. The government should develop procurement arrangements that better reflect location, timing and dependable

capacity, while maintaining competition and controlling financing costs. Long-term contracts should provide consumers with predictable generation costs, while clear rules and disciplined procurement should help investor confidence, with deployment targets tested against whole-system value.

5. **Digitalise and automate system operation.** NESO and network operators need timely visibility of generation, demand and network conditions, supported by interoperable data and modern operational tools. Artificial intelligence should improve forecasting and help identify lower-cost dispatch options; automation should enable faster responses and integrate smaller assets. The recent Eversheds report into NESO identified stresses given the current state of the energy sector and NESO operations. These need to be fixed.[28] The plan should set delivery milestones, with new capabilities tested before deployment and supported by engineering oversight.
6. **Expand nuclear capacity after implementing the full Fingleton Nuclear Regulatory Review 2025.**[29] Nuclear provides dependable low-carbon power to complement renewables and support growing electricity demand. Britain should build a sustained pipeline beyond its current large-scale nuclear projects, alongside small modular reactors that could supply electricity-intensive industry directly. The government should expedite the full Fingleton reform package and combine it with a clear programme of repeat construction, giving investors and supply chains the confidence to expand capacity and bring costs down (as outlined in TBI's paper *Revitalising Nuclear: The UK Can Power AI and Lead the Clean-Energy Transition*).

These reforms should be governed by a public scorecard covering delivered electricity costs, connection times, constraint expenditure and reliability. Ministers should explain when investment raises costs temporarily, the savings that investment is expected to produce and who will be accountable for delivery.

Alongside action on the supply side, the ten-year plan must include a credible plan for removing practical barriers on the demand side: accessible charging for drivers without driveways, straightforward heat-pump installation and timely connections for industrial electrification. Support should be predictable enough for households, businesses and suppliers to plan around.

This should be the focus of electrification policy. The Zero Emission Vehicle (ZEV) mandate places an obligation on manufacturers, but cannot by itself deliver affordable charging, cheaper electricity or confidence among buyers. Where these conditions lag, tightening sales requirements risks placing growing pressure on manufacturers without resolving the barriers facing consumers. The government should replace the ZEV mandate with a credible programme to accelerate uptake, offering cheaper running costs, accessible charging and targeted support. The ten-year plan must explain how this approach will sustain investment and deliver the emissions reductions required.

3. Aligning the Spending: Fund the Strategy and Control the Costs

A change in energy strategy must be reflected in the Budget. Government cannot promise cheaper electricity while continuing to approve, without sufficient scrutiny, commitments that increase its cost. Spending decisions should support affordable electrification, strengthen security and deliver credible reductions in emissions.

That discipline must extend to spending recovered through energy bills. A levy might sit outside a departmental budget, but households and businesses still pay it. The Treasury should exercise stronger oversight of the cumulative costs imposed on consumers, with explicit approval of new commitments and a published assessment of their impact on bills and competitiveness. Earlier levy-control arrangements recognised this principle; the Budget should establish a comprehensive framework suited to the costs now being committed.

Departments should have to demonstrate why a proposed commitment is necessary, whether it offers better value than the alternatives and how it supports the Cheaper Power mission. Funding through bills must not become a way to avoid difficult spending choices.

The fiscal strategy should also capture the value of the resources that Britain already has. Following the approval of the Jackdaw gas field in the North Sea, ministers should approve the Rosebank oil and gas field, and establish a stable policy and fiscal framework for further commercially viable North Sea projects. Rosebank should signal confidence in the basin's remaining future, giving operators and suppliers the certainty to commit capital, retain skilled workers and maintain the infrastructure on which subsequent developments will depend. Isolated approvals amid continuing uncertainty will not provide that confidence.

Delay risks accelerating the basin's decline. Without a credible investment pipeline, operators could bring forward decommissioning, suppliers could withdraw and skilled workers could leave. This risks reducing future production and tax revenues while bringing forward decommissioning expenditure and associated tax relief. Once shared infrastructure closes and supply chains disperse, remaining resources can become uneconomic to develop; decisions deferred today can close off investment opportunities tomorrow.

Rosebank itself offers substantial economic benefits. Adura estimates that the project represents £8.7 billion of investment and could support £24.3 billion in UK gross value added (GVA) over its producing life.[30] The opportunity extends to other major developments, including the Cambo oil field, which Ithaca Energy estimates would require more than £3 billion in development capital and support approximately £13.7 billion in lifetime UK GVA.[31]

There is also significant tax revenue at stake. Adura-commissioned modelling by PF Global estimates that approving Rosebank and other planned oil developments could support approximately £2.6 billion in additional direct and supply-chain tax revenues between 2026–27 and 2035–36.[32]

The Budget should provide a predictable fiscal framework that encourages commercially viable investment, while the ten-year plan should establish how government will sustain a pipeline, preserve useful infrastructure and maximise the basin's economic value as demand declines. Britain should manage that decline deliberately, retaining investment, jobs and revenues rather than allowing policy uncertainty to accelerate their loss. The additional tax revenues should support wider government spending or reduction of tax take, rather than being ringfenced into green-energy investment.

Alongside this, ministers must stop or scale back commitments that cannot justify their place in the strategy. As climate policy inherently involves uncertainty and testing of new approaches, it is important to be flexible and allow projects that do not deliver the intended results to fail fast as evidence becomes clear.

The government should strengthen delivery rather than multiply institutions. Britain's electricity system needs faster planning decisions, stronger engineering capabilities, competitive investment and clear accountability. Creating new public bodies does not by itself provide any of these. Recruiting scarce expertise from existing organisations risks moving delivery capacity around rather than expanding it; establishing another policy team adds little unless it has a distinct function and the means to fulfil it.

Great British Energy, the state-owned clean-energy company set up by this government, has been allocated approximately £5.8 billion over the parliament, excluding the separate nuclear programme.[33] Ministers should reconsider whether committing this capital to a new publicly owned energy company offers the strongest return for taxpayers. Worthwhile projects do not themselves establish the need for a separate institution. The government should retain effective projects while redirecting remaining funding towards interventions that demonstrably reduce electricity costs and accelerate electrification.

The newly announced Great British Grid responds to an important challenge: the delays to and costs of expanding Britain's electricity network. But it is unclear whether a new public body can acquire the expertise and delivery capacity quickly enough, and at a justifiable cost, to make a

meaningful difference over the short to medium term. Opening network delivery to greater private-sector competition offers a more direct route to expanding capacity and challenging costs. This could be supported by a new strengthened government Grids Taskforce, responsible for resolving planning and cross-departmental barriers, coordinating action on equipment and skills shortages, and holding delivery partners accountable against published milestones.

Carbon-capture commitments should face particularly close scrutiny. The Public Accounts Committee has highlighted substantial affordability and delivery risks in the programme, including costs to be recovered from consumers.[34] The Budget should halt new commitments to power-sector carbon capture pending a rigorous comparison with other ways of providing reliable electricity, then cancel or renegotiate existing commitments where legally and economically advantageous. Industrial applications where alternatives are limited should be assessed separately.

Savings must be calculated honestly; money already spent cannot be recovered simply by cancelling a programme. Contractual liabilities, asset values and the cost of replacement provision all matter. But existing commitments should not prevent ministers from avoiding further expenditure where the case has weakened.

There are other major areas of spending that also require consideration. For instance, Sizewell C nuclear power station received a £14.2 billion allocation in the 2025 Spending Review. Its development has taken place under a nuclear regulatory and planning regime whose complexity, duplication and disproportionate requirements have contributed to high costs and slow delivery. But Britain needs new nuclear capacity as older reactors retire, and Sizewell C is already sufficiently advanced that maintaining delivery should remain a priority. The urgent task is to control its remaining costs and ensure subsequent projects benefit from a fundamentally better regime. We have previously written about the extensive problems within the British regulatory regime and what could be done to unleash nuclear power (*Revitalising Nuclear: The UK Can Power AI and Lead the Clean-Energy Transition*). Full

implementation of the Fingleton Nuclear Regulatory Review 2025 represents an opportunity to address these problems and reduce future spending on necessary nuclear projects.[35]

The Warm Homes Plan, backed by £15 billion in public funding through to 2030, should face the same value-for-money discipline as other programmes. Support should prioritise upgrades that deliver demonstrable savings and come with whole-system benefits. Ministers should test whether subsidised loans and investments unlock activity that commercial finance would not otherwise support, and simplify delivery where administrative complexity prevents funding reaching households. The Boiler Upgrade Scheme is a less convincing target for cuts because its central purpose supports the strategy: helping households overcome the upfront cost of replacing fossil-fuel heating. Its design and value for money should be improved where necessary, but withdrawing effective support for electrification would undermine the transition that cheaper power is intended to enable.

These choices could create tensions with the government's projected route to meeting its carbon budgets. Ministers should address those tensions openly. Cancelling a project that is expected to deliver a significant reduction in emissions will leave a gap in the delivery plan; that gap requires a credible replacement, rather than being dismissed as an accounting inconvenience.

But projections must also be challenged: a programme should not retain funding simply because its promised emissions savings have become important to a model. Those savings must be tested against delivery risks, costs and realistic alternatives. Equally, investment in cheaper electricity, networks and digital capabilities should be assessed for the wider electrification it can enable, even where its direct emissions benefit is harder to assign to an individual project.

The ten-year plan should therefore reform how carbon-budget delivery is appraised and governed. Alongside territorial emissions, ministers should examine effects on imported emissions, fossil-fuel demand, and the affordability and feasibility of the transition. The existing framework already

recognises electrification; the task is to ensure that spending decisions reward its practical delivery rather than protect an increasingly expensive assumed pathway.

Statutory budgets remain binding unless lawfully amended. Where government believes changes are necessary, it must make the evidence-based case through the proper process. The purpose of reform should be to strengthen the credibility of emissions reductions and accelerate the transition, while making its costs sustainable.

The Budget should enforce that discipline now by controlling commitments on bills, capturing viable economic value and redirecting spending towards the foundations of an affordable, electrified economy.

04

Conclusion: An Energy Reset for a Better Britain

Britain needs clean energy to strengthen its security, power its economy and reduce emissions, but those benefits depend on delivering electricity that households and businesses can afford and access. A strategy that neglects cost, infrastructure and operational realities will slow electrification and weaken public confidence in the transition itself.

The Budget should begin the reset: bring the costs imposed on bills under tighter control, redirect spending towards affordable electrification and give investors confidence in the remaining North Sea assets. The ten-year plan must then establish how Britain will build and operate a better system: using available power more productively, accelerating the grid, aligning investment through stronger locational signals and deploying digital technology to improve performance.

Ministers must be willing to change priorities, reform policies and end commitments that no longer serve the country's needs. Cleaner and cheaper energy can advance together, but only if the government makes the choices that will connect them. Britain's energy resources should be a source of competitive strength – this Budget and the ten-year plan are the opportunity to make that happen.

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