

## **IOM3 Net Zero Strategy Sector Summary**

The UK Government's Net Zero Strategy sets out policies and proposals to decarbonise all sectors of the UK economy to meet the 2050 net zero target.

Proposals and commitments for key sectors include:

### **Power**

- Decarbonise the UK power supply by 2035, subject to security of supply.
- 40 GW of offshore wind, including 1GW of floating offshore wind, by 2030 and accelerated deployment of low-cost renewable generation
- A new approach to onshore and offshore electricity networks to incorporate new low-carbon generation and demand
- Secure a final investment decision on a large-scale nuclear plant by the end of this Parliament, and launch a £120 million Future Nuclear Enabling Fund
- Deploy new flexibility measures such as storage as outlined in the Government's Smart Systems and Flexibility Plan and Energy Digitalisation Strategy
- Reduce emissions from the energy from waste sector

### **Fuel supply & hydrogen**

- An ambition for 5GW UK low carbon hydrogen production capacity by 2030
- Industrial Decarbonisation and Hydrogen Revenue Support (IDHRS) scheme set up to fund new hydrogen and industrial carbon capture business models.
- Through the revised Oil and Gas Authority Strategy, assess operator's plans to reduce their emissions and establish a climate compatibility checkpoint for future licensing on the UK Continental Shelf.
- Work with the sector to help develop a low-carbon fuel strategy for transport and deliver commitments on sustainable aviation fuels
- Work with stakeholders to address barriers to electrification of oil and gas production by Q4 2022 and continue to drive down routine flaring and venting.

### **Industry**

- Ambition to deliver 6 MtCO<sub>2</sub> per year of industrial CCUS by 2030, and 9 MtCO<sub>2</sub> per year by 2035
- Support the installation of energy efficiency and on-site decarbonisation measures through the £315 million Industrial Energy Transformation Fund (IETF) (£289 million for England, Wales and Northern Ireland, £26 million for Scotland).
- Consider the implications of the recommendation of the Climate Change Committee to set targets for ore-based steelmaking to reach near-zero emissions by 2035 in collaboration with the Steel Council
- Incentivise cost-effective abatement in industry at the pace and scale required to deliver Net Zero, through the UK ETS by consulting on a net zero consistent UK ETS cap (in partnership with the Devolved Administrations).
- Following the completion of Phase 1 of the Cluster Sequencing process, the Hynet and East Coast Clusters have been confirmed as track 1 clusters for the mid-2020s and will be taken forward into track-1 negotiations

- Exploring measures across different sectors to support more efficient use of resources with opportunities identified in the construction, automotive and electronics sectors

### Heat & buildings

- An ambition that by 2035, the installation of new and replacement natural gas boilers will be phased out
- A new £450 million three-year Boiler Upgrade Scheme
- A new £60 million Heat Pump Ready programme to support the target of 600,000 installations a year by 2028.
- Consulting on phasing out new oil, coal and liquified petroleum gas heating and replacing with low carbon alternatives
- Upgrading fuel poor homes to EPC Band C by 2030 and consulting on phasing in higher minimum performance standards by 2035
- £1.425 billion funding for Public Sector Decarbonisation, with the aim of reducing emissions from public sector buildings by 75% by 2037.
- Establishing large scale trials of hydrogen for heating to inform a decision on the role of hydrogen in the heating system by 2026.

### Transport

- Commitment to end the sale of new petrol and diesel cars and vans from 2030 and from 2035, all new cars and vans to be zero emission at the tailpipe
- Introduce a zero-emission vehicle mandate
- Consult on ending the sale of all new, non-zero emission road vehicles from 2040
- EV infrastructure strategy to be published later this year
- Further funding of £620 million for zero emission vehicle grants and EV Infrastructure
- £2bn invested with an aim of 50% of all journeys in towns and cities to be cycled or walked by 2030
- £3bn to create integrated bus networks, more frequent services and bus lanes
- Ambition to removal all diesel-only trains by 2040
- Phase out the sale of new non-zero emission domestic shipping vessels. Engage with industry to explore establishing a UK Shipping Office for Reducing Emissions (UK-SHORE)
- Developing a UK sustainable aviation fuels (SAF) mandate and ambition to enable delivery of 10% SAF by 2030 with £180m funding to support the development of SAF plants.

### Natural resources, waste & fluorinated gases

- Working with stakeholders, develop a policy roadmap to increase the use of timber in construction in England
- £295mIn capital funding to enable local authorities in England to prepare to implement free separate food waste collections from 2025
- Review the F-gas Regulation
- Through the Environment Bill, legislate for Local Nature Recovery Strategies
- Supporting low-carbon farming and agricultural innovation
- Further £124 million funding enabling landowners to support Net Zero through land use change including peat restoration and woodland creation and management

### **Greenhouse gas removals**

- Set the ambition of deploying at least 5 MtCO<sub>2</sub> per year of engineered removals by 2030
- £100mIn innovation funding for Direct Air Carbon Capture and Storage
- Consulting on preferred business models to incentivise early investment in greenhouse gas removals.
- Aim to launch a call for evidence exploring the role of UK ETS as a potential long-term market for greenhouse gas removals.
- Explore options for regulatory oversight
- Seek an amendment to the Climate Change Act to enable engineered removals to contribute to UK carbon budgets