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Hurdling to Net Zero: Key Take-aways From the Release Event

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Part of Thought Leadership

Hurdling to Net Zero

As the UK transitions to net zero the capacity of renewable generation and storage connected to the grid will need to significantly increase from the current volumes. However, the deployment of this renewable capacity at pace is not without its challenges. Difficult macroeconomic conditions, growing international competition for capital, issues around planning permission and grid capacity, and policy uncertainty are some of the obstacles facing renewable developers and investors.

Held at Weightmans' London offices on 19 September, this release event for the report "Hurdling to Net Zero: Overcoming the Obstacles for Renewable Deployment & Investment", written in partnership by Cornwall Insight and UK law firm Weightmans, centred around the main barriers to renewable deployment and steps that Government and industry can take to overcome them.

What are the Main Challenges?

The report outlines the range of challenges that will need to be addressed to deploy renewables at both pace and scale. Grid connection queues and barriers to planning consent were mentioned by all the panellists as key issues, with Mark Jones, Senior Business Developer – GES UK at Q ENERGY, highlighting that whilst the new Government has made good progress on planning already, further reforms are still necessary. Jones also advocated for giving "renewables and nuclear a 'carte blanche' for planning, with the appropriate checks and balances" to fast track these projects.

Alongside the challenges around grid and planning, the panellists also highlighted the importance of engagement with local communities to increase buy-in and reduce opposition, and the need to address the skills shortage in the renewables industry. Nick Fothergill, Partner at Weightmans, further noted the importance of ensuring policy clarity and certainty to build confidence in the UK environment, otherwise there is a risk that developers and investors will choose to move operations and investments to other jurisdictions.

Grid Connection Reforms

There has been significant focus recently from the Government, Ofgem, and the Electricity System Operator (now the National Energy System Operator - NESO) on overcoming the issues around grid connection queue congestion, with the launch of Government and Ofgem's Connections Action Plan and the NESO's ongoing GB Connections Reform Programme. These reforms are broadly viewed as positive, although Alessandra De Zottis, Senior Government and Regulatory Engagement Manager at Sonnedix, stated that it remains too early to really know how effective they will be in shortening connection timelines.

Mark Jones (Q ENERGY) noted that, in addition to connection queues, there are also challenges around having sufficient grid infrastructure, with high curtailment a growing issue for renewables projects. Curtailment, or at least the potential for curtailment, can make it harder for projects to secure investment.

Key Routes to Market

At present the Contracts for Difference (CfD) scheme is the main route to market for many generators, with a panellist highlighting that the CfD is relatively easy to negotiate and secure offtake but could possibly benefit from more frequent allocation rounds. Corporate Power Purchase Agreements (CPPAs) are an alternative route to market that are also seeing increasing interest from both generators and offtakers, but this route has largely been focused on larger corporates with sufficiently high credit ratings. One of the panellists noted that whilst they have looked at other offerings to facilitate smaller corporate offtakers, this area has not grown as expected and there is always a risk with CPPAs that changes in company management or energy prices can result in corporate offtakers wanting to renegotiate or end the arrangement.

Overcoming the Challenges

The panel discussion was concluded by a consideration of the steps that developers or investors can take to help overcome some of the challenges discussed. Nick Fothergill (Weightmans) highlighted that it was important for developers and investors to commit to the UK market following the positive messaging coming from the new Government, and work on Government and private sector partnerships to establish and encourage investment, a point that was echoed by the other panellists.

Additionally, Alessandra De Zottis (Sonnedix) emphasised the importance for investors of getting more comfortable with the more dynamic market environment and accept that the current volatility will likely remain a longer-term feature of the market. Mark Jones (Q ENERGY) built on this by suggesting that existing asset and portfolio owners should look at how best to maximise existing grid connection capacity, and changing the Statement of Works threshold to 5MVA could open the opportunity to maximise smaller scale projects connected to the 11kV network, particularly single onshore wind turbines in demand concentrated areas such as industrial parks and trading estates.

Overall, the report and panel discussion highlighted that whilst there are a wide range of hurdles to the deployment of renewables to meet the UK's net zero ambitions, the situation over the last year has become increasingly positive, with multiple programmes of works underway to tackle the challenges around grid and planning in particular. However, there is no single panacea, and it is important that developers and investors are patient and build greater resilience into their operational strategies to account for the more dynamic market environment.

The full report can be accessed from [Cornwall Insight](#) and [Weightmans](#) and if you would like to talk about how Cornwall Insight or Weightmans could support you in the renewables sector, please reach out.

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Presenter & Panellists

Presenter

- Matthew Chadwick, PhD, Lead Research Analyst at Cornwall Insight

Panellists

- Alessandra De Zottis, Senior Government and Regulatory Engagement Manager at Sonnedix
- John Puddephatt, Head of Long Term PPA Origination at Statkraft
- Mark Jones, Senior Business Developer – GES UK at Q ENERGY
- Nick Fothergill, Partner at Weightmans LLP
- Matthew Chadwick, PhD, Lead Research Analyst at Cornwall Insight (chair)

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