



I&E HORIZON SCANNER

JULY / AUGUST 2022

WELCOME

Welcome to the latest edition of our quarterly horizon scanner. The purpose of this document is to keep you abreast of key legal and regulatory developments.

If you have any questions or require any more information then please don't hesitate to get in touch with us. If you would like to receive this and other similar updates direct to your inbox, please click the link here.

NET ZERO & INDUSTRY NEWS

A new Energy Bill was announced on 10 May 2022, as part of the Queen's Speech. The Bill will aim to help deliver the transition to cheaper, cleaner, and more secure energy. See [Walker Morris' recent briefing](#) for a summary of key aspects. Financial, actuarial and business consultants LCP have prepared a [report](#) on the UK's new energy security strategy. Some commentators are suggesting that UK may soon lead the way on the transition to renewables, with expansion of wind and solar projects potentially even leading to major energy exports to the EU.

The UK Government has also launched the [Review of Electricity Market Arrangements](#), aimed to radically enhance energy security and cut costs of electricity for consumers in the long term.

The [draft Contracts for Difference \(Allocation\) and Electricity Market Reform \(General\) \(Amendment\) Regulations 2022](#) were laid in Parliament on 11 May 2022 and aim to improve delivery and supply chains. On 24 May 2022, Ofgem announced that it has decided to expand its Market Compliance Reviews into the processes and practices of energy suppliers

The [Levelling Up and Regeneration Bill](#) was introduced to parliament on 11 May 2022. The Bill aims to support ambitions to reverse geographical inequalities. It includes a raft of reforms to local planning and infrastructure

regulations and is accompanied by a [policy paper](#) setting out details of further measures which will accompany the Bill proposals and forthcoming consultations.

In related news, on 18 May 2022, the European Commission adopted its [REPowerEU Plan](#), which aims to end the EU's dependence on Russian fossil fuels. The plan also aims to contribute to the EU's climate ambitions under the [European Green Deal](#). Implications will be pan-European, cross-sector and relevant for businesses operating in or with member states.

On 20 July 2022, BEIS published [guidance](#) to assist developers of new build downstream gas and electricity infrastructure in understanding the scope of the National Security and Investment Act 2021. See [Walker Morris' briefing](#) for further information.

The [Industrial Energy Transformation Fund](#) (IETF) is designed to help businesses with high energy use to cut their energy bills and carbon emissions through investing in energy efficiency and low carbon technologies. The government has announced £315 million of funding, available up until 2025. For more information about the IETF and the application process, contact ietf@beis.gov.uk.

On 2 July 2019, HM Treasury and BEIS published the policy paper: [Green finance strategy](#):

Transforming Finance for a Greener Future. Having recently consulted on how the financial services industry is supporting energy security and green objectives, the UK government plans to publish an update to the Strategy in late 2022.

On 19 July 2022, the Department for Transport (DfT) published the [Jet Zero strategy](#), setting out the government's approach for achieving net zero aviation by 2050. The DfT also published the government [responses](#) to its 2021 consultation on the strategy and further technical consultation.

Climate action claimants Friends of the Earth, ClientEarth and the Good Law Project recently argued in the High Court that the Net Zero strategy breached the Climate Change Act 2008 because it didn't spell out how promised emission cuts could be delivered. The court agreed and ordered the government to inform parliament, by April 2023, how specific policies would contribute towards emissions reductions. See [Walker Morris' briefing](#) for information and advice.

The Future of Infrastructure report 2022 by Raconteur in association with The Times is available to download [here](#). The report looks at how the industry is adapting with a focus on how a changing climate, as well as the changing needs of a growing population, are creating pressures on global infrastructure.



RENEWABLES AND GREEN ENERGY

Scientists have created a new type of molten 'freeze-thaw' battery that can hold energy for several months without losing charge. The breakthrough could have major implications for the renewable energy sector, where electricity generation can fluctuate massively depending on the season.

The National Grid has revealed [plans](#) for a £54bn wind power electricity network upgrade.

The [EV chargepoint grant](#) provides funding of up to 75% towards the cost of installing electric vehicle smart chargepoints at domestic properties across the UK. It replaced the Electric Vehicle Homecharge Scheme on 1 April 2022.

Low emission zones have now been formally introduced in

Edinburgh, Glasgow, Aberdeen and Dundee in a bid to improve air quality. The move will eventually see many older, polluting vehicles barred from some streets, but rules are not yet being enforced. When they are, motorists could face a £60 fine.

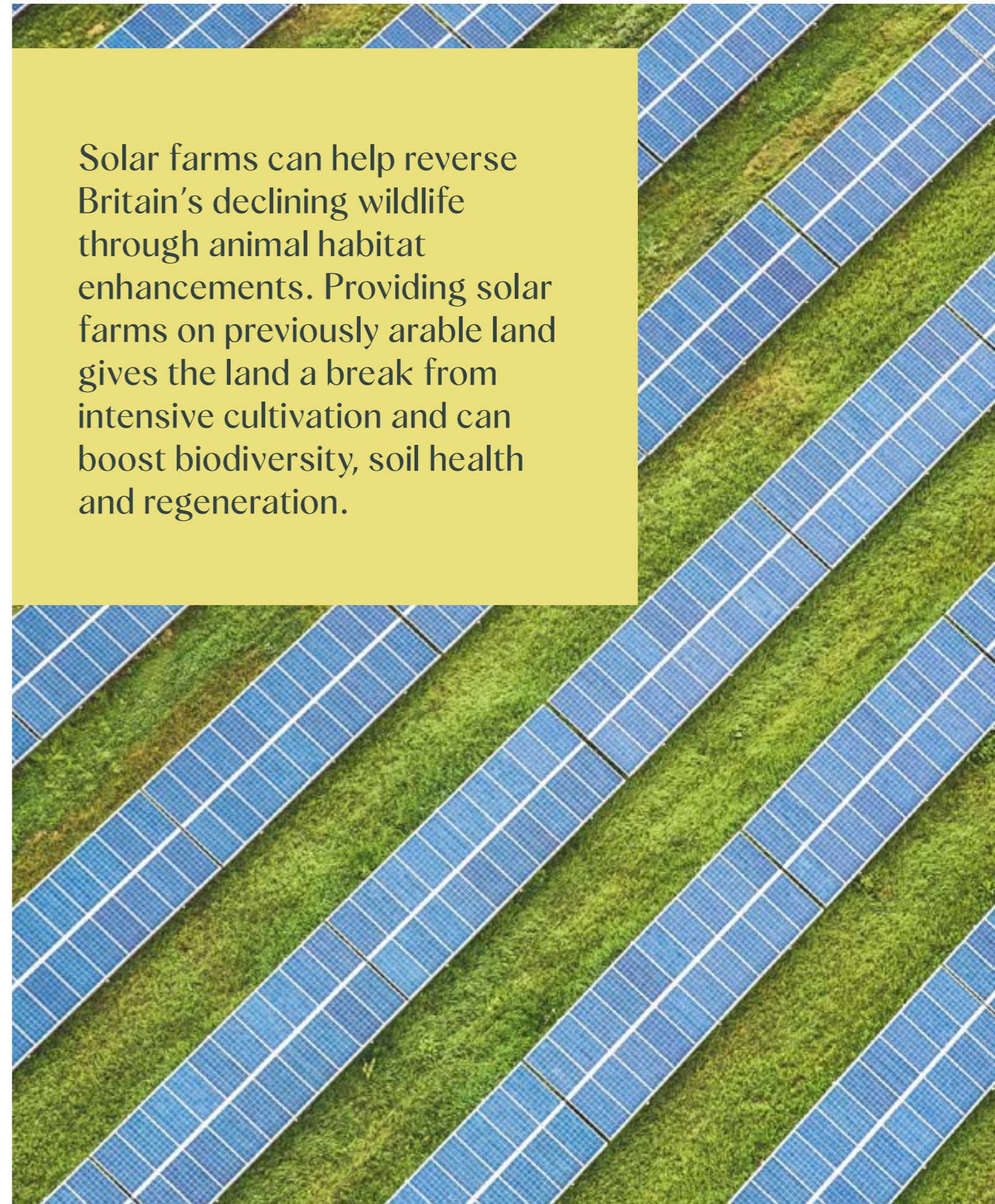
Solar farms can help reverse Britain's declining wildlife through animal habitat enhancements. Providing solar farms on previously arable land gives the land a break from intensive cultivation and can boost biodiversity, soil health and regeneration. Solar Energy UK's recent [report](#) and [best practice guidance](#) explain.

A [North Sea rewilding project](#) led by Ørsted and ARK Nature aims to find ways for nature restoration and renewable energy infrastructure to co-exist as

governments look to accelerate the global green energy transition.

EDF nominated Sizewell as a potential site for a new nuclear power station. EDF's new nuclear build company, SZC Co, proposed a twin reactor nuclear power station, [Sizewell C](#), at the site. On 20 July 2022, development consent was [granted](#).

The Nuclear Energy (Financing) Act 2022 makes provision for the implementation of a regulated asset base (RAB) model for nuclear energy generation projects. The UK government is [consulting on](#) proposals regarding how the revenue mechanics would work under the nuclear RAB model. The consultation is open until 9 August 2022.



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HYDROGEN & CCUS

On 20 July 2022, the government published its [Hydrogen Sector Development Action Plan](#). The plan aims to highlight opportunities across the hydrogen economy in the UK, focusing on investment, supply chains, jobs and skills and exports.

The UK government's Translational Energy Research Centre has [published](#) key findings and lessons learnt from carbon capture, usage and storage projects, which should be of interest to the international CCUS community.

BEIS has [published](#) a techno-economic analysis and review of next generation carbon capture technology to be deployed on UK industrial, waste and power sites between 2030 and 2035.

On 25 July 2022, BEIS published a [call for evidence](#) to support CCUS with gas-fired power generation. The call covers: competitive allocation design for power with CCUS and how it could operate under future

market arrangements; evolution of the business model used to support power with CCUS; and development of the power with CCUS sector and supply chain.

In related news, an Offshore Energies UK [report](#) has said that CCUS could be worth £100 billion by 2050, but that the UK will have to address supply chain issues to capitalise on its otherwise strong position.

Researchers from the University of Cambridge claim to have developed a low-cost supercapacitor that can selectively capture carbon dioxide (CO₂) gas while it charges. The [device](#) could help speed up carbon capture and storage innovations at much lower costs.

The North Sea Transition Authority (NSTA) has launched the first ever round of UK seabed carbon storage sites. Thirteen areas are on offer under the new licensing round. The application window is open until noon on 13 September. Applications will be evaluated on technical and

financial criteria. Information on how to apply can be found [here](#).

Drax has submitted plans to build the world's biggest carbon capture facility at its North Yorkshire power station. The company plans to develop two bioenergy with carbon capture and storage (BECCS) units. Work could start as soon as 2024.

In a UK first, lime has been manufactured using hydrogen technology. The [trial](#) aimed to demonstrate the potential of using hydrogen as a viable fuel alternative to natural gas for commercial-scale lime production. Dr Diana Casey, director of energy and climate change at the Mineral Products Association said the trial showed lime manufacture could be a part of a future net zero society and "[w]hat is needed now is investment and infrastructure development to enable the roll out of this technology at a commercial scale at sites across the country".

The Translational Energy Research Centre has published key findings and lessons learnt from carbon capture, usage and storage projects.

WASTE & RESOURCES

The [HyValue Project](#) has been launched to explore converting methane derived from sewage sludge into hydrogen to be used as a clean fuel and capturing CO₂. The Project is being run by Welsh Water, The University of South Wales and Costain.

Academics from the Universities of Oxford and Cardiff are working with CarbonMeta Research Ltd to turn waste plastics into clean hydrogen fuel and high-value carbon nanomaterials. The [project](#) aims to commercialise a

breakthrough technology dubbed "microwave catalysis".

Peel has received planning permission for the UK's first plastic park at its Protos site in Cheshire. The development will feature a range of processing and treatment technologies capable of handling up to 367,500 tonnes of mixed recyclables and plastic each year, along with a hydrogen refuelling station.

The Environment Agency (EA) has published its [Environmental](#)

[Performance Report 2021](#), reviewing the environmental performance of England's water and sewerage companies. It shows a shocking deterioration in performance. See [Walker Morris' briefing](#).

The [Woodland Carbon Code](#) is to be revised from October 2022 with "tougher [new tests](#)" following rapid growth in the UK carbon market, especially in Scotland, according to the code regulator.



CONSTRUCTION/DEVELOPMENT

On 12 May 2022, the UK and Welsh governments [agreed](#) to establish a freeport in Wales. The terms are set out in an [exchange of letters](#) between the Secretary of State for Levelling Up, Housing and Communities and the Welsh Minister for Economy.

A Scottish housing association is to ramp up its green credentials and build hundreds of energy efficient homes after securing £75 million in funding. NatWest worked closely with Caledonia Housing Association to help

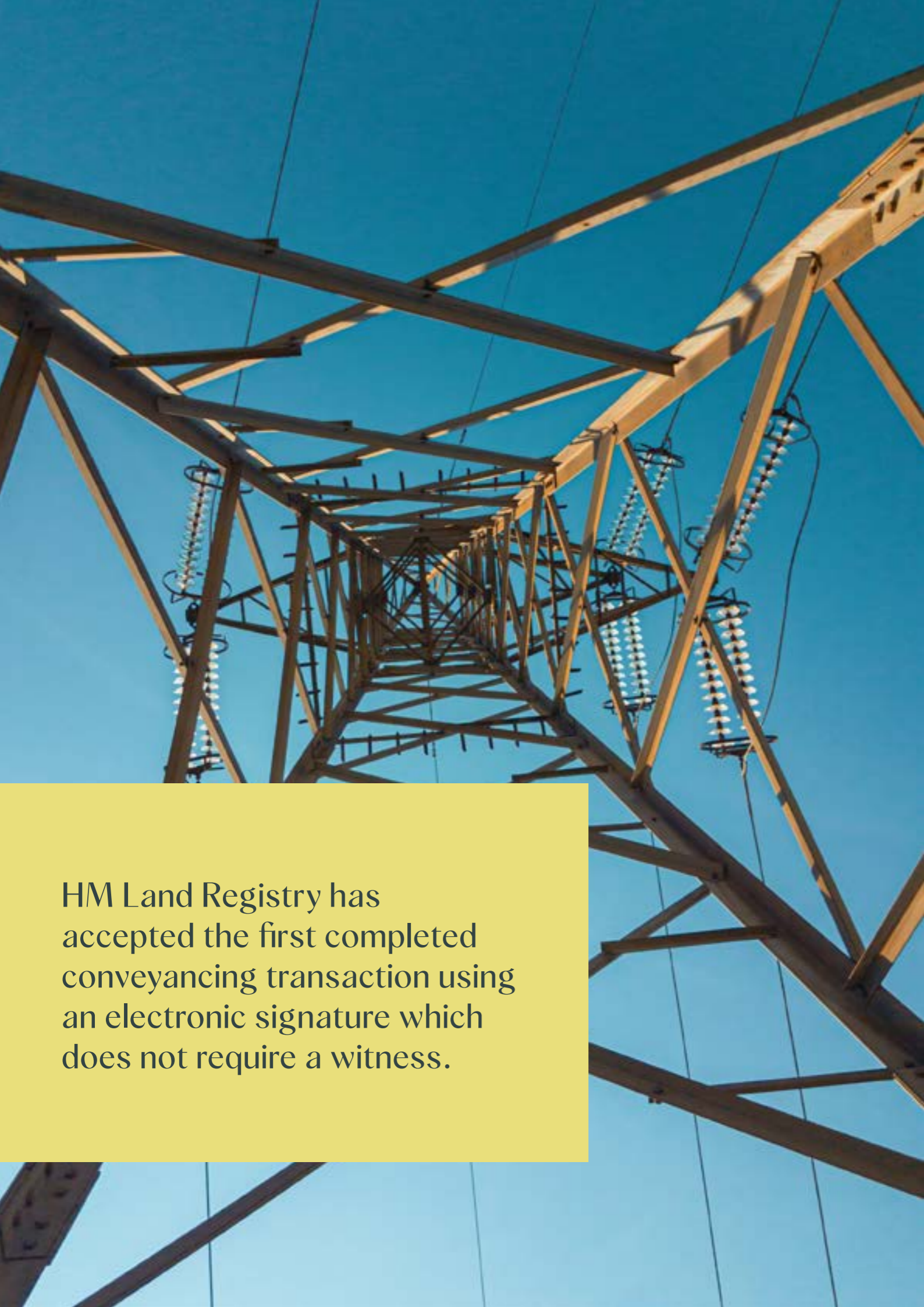
develop a sustainable finance framework and acted as sole agent and sole structuring bank.

The Department for Levelling Up, Housing and Communities (DLUHC) has published calculation methodologies for expressing and [calculating the energy performance of buildings](#) in England and Wales which came into effect on 15 June 2022.

The Scottish Government has [published](#) the summary of

responses to its consultation on the regulation of energy efficiency in existing non-domestic buildings

The Scottish Government has further [announced](#) £100 million funding to help public bodies unlock and realise further investment in measures to improve energy efficiency and install low and zero-carbon heat systems in buildings.



HM Land Registry has accepted the first completed conveyancing transaction using an electronic signature which does not require a witness.

GENERAL/IN-HOUSE LEGAL

Commercial

On 10 May 2022, the [Queen's Speech](#) together with accompanying [briefing notes](#), set out the government's proposed legislative programme. Key points include: the Energy Bill (see above/[Walker Morris briefing](#)); the Draft Digital Markets, Competition and Consumer Bill which will reform the UK's consumer protection regime; the Brexit Freedoms Bill which will strengthen the ability to amend, repeal or replace retained EU law without the need for primary legislation; the Procurement Bill which aims to simplify the public procurement regime; the Modern Slavery Bill which will strengthen requirements on businesses to prevent modern slavery in supply chains; and the Data Reform Bill (see below).

The UK government has published its long-awaited [response](#) to the consultation on data reform. The proposals cover: reducing barriers to responsible innovation; reducing burdens on businesses and developing better outcomes for people; boosting trade and reducing barriers to data flows; delivering better public services; and reform of the Information Commissioner's Office. The proposals will now be worked through in the upcoming Data Reform Bill.

HM Land Registry has accepted the first completed conveyancing transaction using an electronic signature which does not require a witness. The transaction utilised a 'qualified electronic signature' (QES) verified by an electronic identity check. According to tech provider DocuSign, the process of transferring title took 24 hours rather than the norm of 6 - 8 weeks. QESs are a type of electronic signature based on public key infrastructure

encryption. They include a digital certificate which can be issued only by an approved trust service provider that issues such certification only after a face-to-face (either in-person or remote) identity verification process. See Walker Morris' recent [update on electronic execution](#) for more information on electronic signatures generally.

HMRC have recently issued guidance on the VAT treatment of fees and other amounts payable on early termination of a contract. This new guidance is a change to the previous position and means that many such payments which were treated as outside the scope of VAT will now be subject to VAT (such as surrender premiums). The changes will come into effect from 1 April 2022. See [Walker Morris' briefing](#) for further information.

See Walker Morris' briefing [Understanding blockchain, NFTs & smart contracts](#) for an explanation of some of the technologies dominating the tech news at the moment. You can also view our videos [What is a blockchain?](#) and [What is an NFT?](#) for a short introduction to these key concepts.

People

On 6 June 2022, around 3,330 workers at 70 companies began a [trial of a 4-day working week](#). The trial will consider the impact on employees, companies and the environment. Workers will receive 100% of their pay for 80% of their time, in return for workers committing to 100% productivity.

Climate/ESG

HM Treasury launched a [UK Transition Plan Taskforce](#) (TPT) to develop a gold standard for climate transition plans. Its work will help to drive decarbonisation

by ensuring that financial institutions and companies prepare rigorous plans to achieve net zero and support efforts to tackle greenwashing.

Feedback on a [call for evidence](#) was requested by 13 July 2022 and the TPT will then develop a Sector-Neutral Framework through 2022. A draft will be published for consultation towards the end of the year with a view to finalising in early 2023.

Corporate reporting

See Walker Morris recent briefing on climate corporate reporting: [current compliance and what's on the horizon](#).

On 20 April 2022, the FCA published [finalised rules](#) requiring listed companies to report information and disclose against targets on the representation of women and ethnic minorities on their boards and executive management, making it easier for investors to see the diversity of their senior leadership teams. The rules apply for financial accounting periods starting from 1 April 2022. See the [press release](#).

The government has published its white paper on [Corporate transparency and register reform](#) which sets out its plans to reform Companies House and to increase the transparency of UK corporate entities.

The Financial Reporting Council (FRC) has published its first review of the application of the [Wates Corporate Governance Principles](#) by large private companies.



www.walkermorris.co.uk
T +44 (0)113 283 2500
F +44 (0)113 245 9412

Walker Morris LLP
33 Wellington Street
Leeds
LS1 4DL

