

**The Observer**

Wind power

# UK's net zero ambitions at risk after 'disastrous' offshore wind auction

**Industry figures and the TUC warn of missed carbon reduction targets and lost jobs unless government boosts green investment**



The EDF offshore windfarm on Teesside. It was revealed last week that no additional offshore windfarms will go ahead in the UK after no bids were made in a government auction. Photograph: Ian Forsyth/Getty Images

Fears are growing that existing offshore wind projects could be shelved, after industry insiders warned that “disastrous” handling by the government had created a big shortfall in future renewable energy.

Ministers revealed last week that **no additional offshore windfarms will go ahead** in the UK after the latest government auction. No bids were made in the auction, after the government ignored warnings that offshore schemes were no longer economically viable under the current system.

The *Observer* **revealed the problems last month**, as the price for energy offered to developers had not taken account of rampant inflation in their costs.

However, industry insiders said that inflationary pressures may even jeopardise the viability of schemes approved in last year's auction. One such project, the multibillion-pound **Norfolk Boreas windfarm** designed to power the equivalent of 1.5m British homes, has already been paused.

The failure of this year's auction has been fuelled by the government setting a maximum price of £44 per megawatt hour based on 2012 prices. It is similar to the price offered in the previous auction, which took place before many inflationary pressures had hit the industry and its supply chain.

Does the UK government still have an offshore wind strategy?

*Nils Pratley*

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There are now frantic demands from some of the leading players for ministers to make a quick announcement that the maximum price for next year's auction will be increased. Some also want help to ensure that schemes already agreed can go ahead.

Industry figures had been making direct pleas to ministers since January, the *Observer* understands. Companies have been frustrated because increasing the price would still have left offshore wind as one of the cheapest energy sources and improved the UK's energy security.

The problems that have emerged around offshore wind are a blow to the UK's carbon reduction pledges as the industry forms the backbone of those plans. The UK is committed to decarbonising the electricity system **by 2035** and achieving net zero by 2050. It is banking on a near-quadrupling of offshore wind from about 14 gigawatts to 50 gigawatts by 2030. Industry figures said there was now a 24GW gap "between what we think we can procure in auctions for offshore v 50GW target for offshore".

It comes amid a warning from trade unions that the UK risks losing hundreds of thousands more manufacturing jobs if it refuses to follow Joe Biden and make a significant investment in green industry. Before the start of its congress on Sunday, the **TUC** said that Britain's industrial heartlands would be further hit unless the government "pulls every lever" to deliver net zero and create the right jobs to do it.

It released research that it said showed about 800,000 manufacturing and supply chain jobs in automotive, steel and other sectors could be at risk if the

government does not implement its own Biden-style climate plan. **Biden's Inflation Reduction Act is set to pump \$369bn** (£296bn) into climate change issues.

The regions with the most jobs at risk are the West Midlands, the north west, and Yorkshire and the Humber, the TUC said. It said the jobs that could be affected by the offshoring that could follow a lack of investment by Britain included 112,400 in the automotive industry, 31,000 jobs in iron and steel and 88,200 jobs in rubber and plastics. It said almost 400,000 jobs in Britain's supply chains could be affected.

“The race to net zero is also a race for industrial revival,” said Paul Nowak, the TUC general secretary. “If we move quickly we can protect and create hundreds of thousands of good jobs across the UK. But our government is stuck in first gear. While other countries are scaling up subsidies for clean technology and infrastructure, the **Conservatives** have yet to produce a jobs and climate-focused industrial strategy.

“The UK needs to speed up to stay in the race. If we don't want to lose jobs to other nations, we need government to stop dithering and pull every lever it has to stop our industries haemorrhaging hundreds of thousands of jobs – and kick off a British industrial revival. We must act now to safeguard our industrial heartlands and manufacturing sector.”

Laurence Turner, GMB head of research and policy, said almost 200,000 manufacturing jobs may have been lost since 2010. “Our members in manufacturing face real uncertainty but ministers seem to be asleep at the wheel,” he said. “We urgently need a Biden-style response that links contracts to jobs if we are to break out of the cycle of low investment, low growth and low pay.”

A Department for **Energy** Security and Net Zero spokesperson said: “We won't apologise for moving faster and earlier on renewable energy than many other countries, and we are glad to see that nations across the rest of the world are starting to catch up.

“We have already attracted around £120bn investment in renewables since 2010 and are expected to attract a further £100bn in net zero by 2030 – powering up Britain and supporting up to 480,000 jobs. We will continue to double down on our global leadership in clean technologies, which has meant we have increased the amount of energy coming from renewables from 7% in

2010 to 42% in 2022.”