

Delivering Great Britain's energy security

Hello. Thank you to my friend, colleague and senior fellow Chris Skidmore for inviting me today.

Chris and I once co-authored a little-known book together, 'Britannia Unchained'.

While this was drafted in a completely different era – before Brexit, net zero targets and COVID-19 – and the role of the state has invariably changed since...

...there is one lesson that is still true today: the need to unleash the power of competition, innovation, and private enterprise within a free market economy.

From offshore wind to battery technology, the private sector has developed and deployed incredible technology that will change our lives for the better.

The way to decarbonise isn't through a planned economy, but through the British way: science, innovation powered on by free enterprise.

We understand the power of our treasured free-market economy to leverage private capital and unleash Britain's unique entrepreneurial spirit to grow new industries.

This is how we will deliver net zero by 2050 – working in partnership with business, science, and academia.

However, there is a more immediate issue the international community is grappling with.

In light of rising global energy prices, provoked by surging demand after COVID-19 as well as Russia's criminal invasion of Ukraine, there is a renewed focus by national governments on energy security – and clean energy independence.

The wholesale price of gas on the European market has increased by 500% in recent months – so much so that almost every renewable technology is now cheaper.

If it isn't clear enough already: net zero is the solution to the global gas crisis, not the cause.

Expensive gas is the problem. Cheap, clean, homegrown energy is the solution.

Transforming our energy system is no longer just about hitting net zero targets and tacking climate change – as important as they are – it is also about national security.

Putin's invasion of Ukraine has focused the minds of the international community on the urgent need to diversify away from Russian oil and gas and generate more power domestically.

And even those countries that are not physically dependent on Russian hydrocarbons – like the United Kingdom – we are still vulnerable to prices that are dictated by global markets heavily influenced by Russia – ratcheting up costs for UK consumers.

For as long as we depend on oil and gas – wherever it is from – we are all vulnerable to Putin's malign influence on global markets.

To diminish Putin's malign influence, we not only need to phase out Russian fossil fuels, but also look to domestic sources of energy too.

And with gas prices at record highs, and the price of renewable energy plummeting, we need to accelerate our transition away from expensive gas.

This week, the UK government will set out a new Energy Security Strategy to supercharge cheap renewables and new nuclear, while continuing support our North Sea oil and gas industry.

While international events give a new sense of urgency, the energy transition was already a priority for the UK.

We're not reinventing the wheel here.

The UK has always known that we need to decarbonise and generate more cheap, clean power at home to reduce our exposure to global gas markets we are unable to control.

We were the first major economy to legislate for net zero – a commitment Chris signed.

We've also cut CO2 emissions further and faster than any other G7 country – and expanded renewable energy generation by 500% this decade.

Thanks to our competitive – soon to be annual – renewable energy auctions, the price of supporting offshore wind has plummeted by 70%, while production has rocketed.

We are going to replicate this success in other areas...like solar, tidal and hydrogen – the new super-fuel of tomorrow.

Importantly, however, we also need a reliable source of low carbon baseload when the sun doesn't shine, and the wind doesn't blow.

That has to be nuclear energy.

Most of Britain's nuclear fleet will be decommissioned this decade. We need to replace what we're losing and go further – from large-scale plants to Small Modular Reactors.

In this week's Energy Security Strategy, we'll reverse 30 years of drift and take the big decisions to generate more nuclear power.

However, the transition to clean, homegrown energy can't happen overnight. It remains the case that there will continue to be an ongoing demand for oil and gas over the coming decades while we transition to clean energy.

So in the meantime, we want to maximise domestic production in the North Sea production to protect jobs and reduce reliance on imports.

The Industrial Revolution began here in the UK before spreading to the US and the rest of the world.

We're on the cusp of another revolution...a green one. The countries that develop the tech of tomorrow will lead future global markets for decades to come.

If the West doesn't lead this global race, we will become even more exposed to forces we cannot control.

We would import even more energy and technology from other countries, and be vulnerable to their excessive price fluctuations.

Old industries that haven't innovated will disappear, jobs will be lost and the burden on the taxpayer will become excruciating.

We need to work together to lead this race for clean energy independence for our citizens.

So whether you're in Cambridge, Massachusetts or Cambridge, England...the question of how we meet our growing energy needs is a matter of great importance.

This transition will only be a success if bright people like yourselves take an interest in these issues.

So, thank you for listening today.