Rt Hon Rachel Reeves MP Chancellor of the Exchequer HM Treasury 1 Horse Guards Road London SW1A 2HQ

Rt Hon Ed Miliband MP Secretary of State Department for Energy Security and Net Zero 55 Whitehall London SW1A 2HP

23 May 2025

Dear Chancellor and Secretary of State,

The Government has made early and welcome progress on industrial decarbonisation. The announcement of \pounds 21.7 billion last year to support carbon capture clusters and recent Financial Close for Eni's Liverpool Bay CCS Projects, as well as Net Zero Teesside Power and the Northern Endurance Partnership, provides hope to industries in those regions. The forthcoming Spending Review offers an opportunity for the Government to build on this early success.

As associations, unions, academics and companies representing a wide range of manufacturing businesses and workers, as well as the energy sector, we are calling on the Government to announce further support for carbon capture and hydrogen projects at the Spending Review. It is vital that we decarbonise, not deindustrialise the UK's industrial heartlands.

The UK has made substantial progress in reducing emissions over recent years, but the hardest sections of industry are still to come – and it is imperative industry is provided with a route to decarbonise in a way that protects jobs, our international competitiveness, and of course, economic growth. We very much welcome the fact that the Government recognised the potential of reviving British manufacturing and bringing jobs and investment forward in the country's industrial heartlands in its Plan for Change.

We have all seen recent reports about the huge pressures facing British foundational industries. The challenges facing British steel are well documented, and the loss of hundreds of jobs at Grangemouth refinery is a warning shot for both industry and Government alike. In an age of such global volatility and uncertainty, we cannot afford to lose capabilities such as the domestic production of steel, cement, refining and low-carbon fuels. To do so would undermine the Government's economic efforts and targets like building 1.5 million homes over this Parliament, as well as threaten Britain's energy and product security.

Many foundational industries have ambitious plans for the future – plans which will allow them to continue operating through the energy transition, while protecting jobs and the communities which have built up around industrial clusters. They stand ready to invest in clean energy technologies and ensure the Government is supported in its mission to make Britain a clean energy superpower.

They need support, however, to make this investment a reality. Many industries need access to low-carbon hydrogen or carbon capture to fully decarbonise. While the funding envelope provided last October was a hugely welcome start, we are now calling on the Government to go further and announce – at the Spending Review- funding support for the most mature clusters and projects in Track 2, Track-1 expansion and other clusters along the same timescales. Selection of emitter projects, including projects that can provide industry with low-carbon hydrogen, and a clear timetable for economic licence negotiations would also reassure investors that Government remains committed to delivering on its CCUS ambitions.

We hope that industrial decarbonisation is given the same focus and support as achieving Clean Power by 2030. Both are vital. The Government has rightly stated that it wants to work in partnership with private sector investors to deliver both economic growth and the energy transition. Investment is waiting to be brought forward, and we hope that in the coming months, the Government will provide the support needed to do so.

Yours sincerely,

Trade Associations and Trade Unions

Olina DANIA

Olivia Powis CEO Carbon Capture and Storage Association

In Jan

Clare Jackson Chief Executive **HydrogenUK**

Mark Neller Director - UKIMEA Energy Business Leader **ARUP**

Can Suja

Dr. Clive Sirju Senior Manager Development Excellence & Assurance **Cnooc Petroleum Europe**

Jun /mt

Alex Grant UK Country Manager **Equinor**

Adam Newton Senior Vice President, Govt & External Affairs **Harbour Energy**

Elizabet de Jong

Elizabeth de Jong CEO **Fuels Industry UK**

Dr Diana Casey Executive Director Mineral Products Association

Sells 2 Steve Elliot Chief Executive **Chemical Industries**

Association

Brington

Charlotte Brumpton- Childs National Officer Manufacturing Section, **GMB**

Popula Catte

Dr. Emma Guthrie CEO **Hydrogen Energy** Association

Sue fers

Sue Ferns Deputy General Secretary **Prospect**

Industry

Julian Walker Chief Commercial Officer Associated British Ports

SAN

Richard Gwilliam UK BECCS Programme Director **Drax**

Anineddlea Shama

Aniruddha Sharma Chair and CEO **Carbon Clean**

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Jasper Heikens Chief Commercial Officer **ECOLOG**

David Talbot Chief Executive **Catch UK**

Manfredi Giusto Managing Director Eni

anal anto

Dr. Diana Taylor Managing Director **Future Humber**

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Jonathan Oxley Executive Director **Humber Energy Board**

Ruth Herbert Chief Strategy Officer Essar Energy Transition, EET Fuels, EET Hydrogen Power, EET Hydrogen

NJ Concybeere

Duncan Coneybeare Policy Director **HiiROC Ltd**

Alex Lattin

Alex Lattimer New Energy Business Development Director **Flexitallic UK Ltd**

Lee Sleight CEO **Holcim UK**

Jaird Parkin

David Parkin Director **HyNet Alliance**

Joans Jujet

Joanne Smith Chief Executive **NEPIC**

Al Tucker General Manager CCS Europe **Shell**

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Finlay McCutcheon Managing Director SSE Thermal

Cheadles

Matthew Cheadle Managing Director Technip Energies UK Operating Centre Technip Energies UK

Steve Martin Business Development Manager **2JCP**

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Professor Geoffrey C Maitland CBE FREng FIChemE FRSC FEI Professor of Energy Engineering **Imperial College London**

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Patrick Cox UK Managing Director **INTERA**

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Henri Murison Chief Executive Northern Powerhouse Partnership

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Paul Lafferty CEO Summit Energy Evolution Ltd

Tim Stedman CEO **Storegga**

Daren Smith Chairperson Tees Valley Industrial Net Zero Leadership Group

keith Birch

Keith Birch Technical Director Severnside Carbon Capture & Shipping Hub Ltd (7CO2)

Academics

P Fennell

Paul Fennell FIChemE CEng Professor of Clean Energy **Imperial College London**

Gillian White MSc PhD Programme Manager, School of Geosciences **University of Edinburgh**

Asth

Jon Butterworth CEO **National Gas**

X. Morgan

Nathan Morgan

Kellas Midstream

Dr. Chris Manson-Whitton

Progressive Energy Ltd

Janni Tobi

Head of Sustainability &

VP, Europe & Middle East

Director of Development &

Hanne Rolén

SLB Capturi

David Phillips

Jonathan Briggs

Delivery

VPI

Svante

Communications

CEO

CEO

Maria El

Tom Glover UK Country Chair **RWE**

Nel Malle

Neil McCulloch CEO **Spirit Energy**

Amy Ruddock SVP, Sustainable Aviation & Corporate Development Willis Lease Finance Corporation

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James Milner CEO **Wild Hydrogen**

Jon Gibbins Director, UK CCS Research Community Network, **University of Sheffield**