



EXPLANATORY NOTES

Great British Energy Act 2025

Chapter 16

£8.14

GREAT BRITISH ENERGY ACT 2025

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Great British Energy Act 2025 which received Royal Assent on 15 May 2025 (c. 16).

- These Explanatory Notes have been prepared by the Department for Energy Security and Net Zero in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act will mean in practice; provide background information on the development of policy; and provide additional information on how the Act will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act.

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Overview of the Act

- 1 The purpose of this Act is to enable the Secretary of State to designate a company as Great British Energy and place it on a statutory footing. Great British Energy is an operationally independent company wholly owned by the government. Its objects facilitate, encourage and participate in the production, distribution, storage and supply of clean energy; the reduction of greenhouse gas emissions from energy produced from fossil fuels; improvements in energy efficiency; measures for ensuring energy security; and measures to tackle slavery and human trafficking in the company's supply chains.

Policy background

- 2 The government has a mission to make the UK a clean energy superpower, delivering clean power by 2030 and accelerating to net zero. The scale of the transformation required to achieve an affordable, secure and decarbonised power system by 2030, and to maintain this as demand grows through to 2050, requires significant investment in our generation capacity and close collaboration between the private sector and government.
- 3 Great British Energy's mission is to drive clean energy deployment to create jobs, boost energy independence, and ensure UK taxpayers, billpayers, communities benefit. Great British Energy will work in partnership with industry and unions, as well as communities, local authorities, and other public sector organisations.
- 4 To deliver this mission, Great British Energy will establish itself as an expert development partner that will develop, invest in, own, build and operate clean energy projects across the UK. Great British Energy will also increase support for local power generation and ensure local communities continue to directly benefit from clean energy projects. Finally, Great British Energy will help drive the growth of domestic manufacturing and supply chains.
- 5 While Great British Energy is being set up to have an early impact, it is also being set up for long-term success beyond 2030 to help meet future demand from delivering a net zero UK economy.
- 6 In accordance with its objects, which the Act establishes, Great British Energy is able to engage in all aspects of clean energy projects, including design, development, construction, commissioning and operation of projects. The policy intent is that this section covers supporting infrastructure across the clean energy supply chain, and measures that support the security of supply and energy efficiency. Great British Energy is able to provide support through a variety of mechanisms including, but not limited to, equity, loans, grants, insurance, and guarantees.
- 7 Great British Energy will also be a sector leader in ethical energy supply chains, including through taking measures to ensure slavery and human trafficking are not taking place in its supply chains.
- 8 Through the objects in section 3(2)(a) to (e), Great British Energy is able to:
 - a. undertake a range of activities to drive clean energy deployment. This includes, but is not limited to, investing in new technologies and partnering with the private sector to accelerate the deployment of mature technologies.
 - b. invest in, own, manage and operate energy projects that help to decarbonise the energy system. This could include, for example, power plants fitted with carbon capture infrastructure.

- c. support decarbonisation through energy efficiency measures, for example, where projects best address generation and energy efficiency together.
- d. support UK energy independence and respond to any potential future energy crises.
- e. undertake measures to ensure slavery and human trafficking is not taking place in its supply chains. This could include, but is not limited to, appointing a senior leader to provide oversight to ensure robust practices are in place across Great British Energy to tackle forced labour.

These objects can include projects involving or benefitting local communities, recognising the important role community energy has in delivering the clean energy transition.

Legal background

- 9 Great British Energy is a company under the Companies Act 2006 (c.46) and is wholly owned by the Secretary of State. The establishment of the company relies on the common law capacity of the Crown to form and support companies.
- 10 As a registered company, Great British Energy will be bound by the Companies Act 2006. This Act complements provisions in that Act (for example on reporting) and may in some cases overlay or modify the company's obligations (see for example sections 3(1), 5(8) and 6 as described below).

Territorial extent and application

- 11 Section 10 sets out the territorial extent of the Act, that is the jurisdictions which the Act forms part of the law of. The extent of an Act can be different from its application. Application is about where an Act produces a practical effect.
- 12 The Act extends and applies to the whole of the United Kingdom.

Commentary on provisions of Act

Section 1: Great British Energy

- 13 Subsection (1) allows the Secretary of State by notice to designate a company as Great British Energy, and subsection (2) that such a company can only be designated if it is limited by shares and wholly owned by the Crown.
- 14 Subsection (3) sets out the requirements for a notice designating the company. Those requirements are that it must specify the time from which the designation has effect and that it must be published by the Secretary of State.
- 15 Subsection (4) sets out the circumstances in which a designation is terminated. These are, if the company ceases to be wholly owned by the Crown or the Secretary of State withdraws the designation.

Section 2: Crown status

- 16 Subsection (1) provides that Great British Energy does not have any Crown status, and subsection (2) that Great British Energy's property is not to be regarded as owned by, or on behalf of, the Crown. The effect of this section (subject to other sections of the Act) is to put Great British Energy in the same position as other corporate entities in the sense that it will have no special immunities or privileges.

Section 3: Objects

- 17 Subsection (1) provides that Great British Energy's articles of association must contain a statement of its objects.
- 18 Subsection (2) restricts the objects of Great British Energy to: facilitating, encouraging and participating in the production, distribution and storage of clean energy; the reduction of greenhouse gas emissions from energy produced from fossil fuels; improvements in energy efficiency; measures for ensuring the security of the supply of energy; and measures for ensuring that slavery and human trafficking is not taking place in its business or supply chain. And any projects fulfilling the objects set out in this subsection could involve or benefit local communities.
- 19 These subsections change the standard position under section 31(1) of the Companies Act 2006 which provides that, unless specifically restricted, a company's objects are unlimited.
- 20 Subsection (3) contains definitions of "clean energy", "distribution", "fossil fuel" and "greenhouse gas" which are relevant to the terms used in subsection (2).

Section 4: Financial assistance

- 21 Subsection (1) enables the Secretary of State to provide financial assistance to Great British Energy. This will be done in line with its agreed financial framework and HMT delegations.
- 22 Subsection (2) sets out that financial assistance under section 4(1) can be provided in any form, including grants, loans, guarantees, indemnities, and through acquisitions and contracts.

Section 5: Strategic priorities and plans

- 23 Subsection (1) requires the Secretary of State to prepare a statement of strategic priorities for Great British Energy. This statement will provide Great British Energy with a steer on where, in the Government's view, the company should prioritise and focus its activities
- 24 Subsection (2) requires the first statement to be prepared within six months of Royal Assent, granted on 15 May 2025. Subsection (3) provides for a statement to be revised or replaced by the Secretary of State.

- 25 Subsections (5), (6) and (7) provide that the Secretary of State must not, without the consent of the Scottish Ministers, Welsh Ministers, and Department for the Economy in Northern Ireland, include in a statement of strategic priorities anything which concerns a matter about which would be within the legislative competence of the Scottish Parliament or Senedd Cymru or concerns a matter about which meets the conditions related to Northern Ireland.
- 26 Subsection (8) also requires Great British Energy to secure that its articles of association provide for the company to publish and act in accordance with strategic plans, which must reflect the Secretary of State's strategic statement; and for Great British Energy to update those plans whenever the Secretary of State's strategic statement is revised or replaced. The policy intention is that Great British Energy will do so within a reasonable timeframe, taking into consideration the scale of the changes required in response to any updates.

Section 6: Directions

- 27 Subsection (1) allows the Secretary of State to give directions to Great British Energy and subsection (2) requires Great British Energy to comply with those directions.
- 28 Subsection (3) requires the Secretary of State to consult Great British Energy, and such other persons as the Secretary of State considers appropriate, before giving a direction.
- 29 Subsection (4) requires any directions given to be published and laid before Parliament by the Secretary of State.
- 30 This section ensures the Secretary of State's direction-giving power is of a reserve nature, exercisable in cases where a more precise, tailored, and expeditious form of intervention may be needed than general company law could afford.
- 31 In line with the Government's policy, this influence should be used sparingly in practice, and the default position is that Great British Energy is independent in regard to its operations and investment decisions. The Government is constrained by public law and public policy considerations to act rationally and proportionately in any use of its influence over the company.
- 32 This power is consistent with the power that the Government has to direct comparable institutions, for example: the Department for Energy Security and Net Zero has a statutory power to direct Great British Nuclear, although this has never been used to date.

Section 7: Independent Review

- 33 Subsection (1) requires the Secretary of State to appoint an independent person to carry out reviews of the effectiveness of Great British Energy.
- 34 Subsection (2) requires the independent person to have regard to the statement of strategic priorities prepared by the Secretary of State under section 5.
- 35 Subsections (3) and (4) require the report to be submitted to the Secretary of State who, in turn, must share it with the Devolved Governments and then publish it and lay it before Parliament.
- 36 Subsection (5) requires the first of these reviews to be published within 5 years of Royal Assent and subsequent reviews at intervals of not more than 5 years.

Section 8: Annual accounts and report

- 37 Subsection (1) requires Great British Energy to provide the Secretary of State with a copy of the annual reports and accounts that they will be required to produce by section 441 of the Companies Act 2006. Subsection (2) also requires the Secretary of State to lay a copy of these documents before Parliament.

Section 9: Sustainable Development

- 38 This section requires Great British Energy to keep under review the impact of its activities on the achievement of sustainable development in the United Kingdom. Sustainable development means having regard for the impact of activities on the environment, society and the economy. Great British Energy will include – in its annual report – a report of its activities in relation to sustainable development.

Section 10: Extent, Commencement and Short Title

- 39 Subsection (1) sets out the territorial extent of the Act which extends to the whole of the UK.
- 40 Subsection (2) provides that the whole Act comes into force on Royal Assent.
- 41 The title is the Great British Energy Act 2025.

Commencement

42 See paragraph 40 above.

Related documents

43 The following documents are relevant to the Act and can be read at the stated locations:

- Companies Act 2006
<https://www.legislation.gov.uk/ukpga/2006/46/contents>
- Labour Party Manifesto 2024
<https://labour.org.uk/change/>
- Department for Energy Security and Net Zero press release: Energy Secretary, Ed Miliband, sets out his priorities for the department (8 July 2024)
<https://www.gov.uk/government/news/energy-secretary-ed-miliband-sets-out-his-priorities-for-the-department>
- Great British Energy founding statement
<https://www.gov.uk/government/publications/introducing-great-british-energy/great-british-energy-founding-statement>
- Great British Energy Act 2025 factsheet
<https://www.gov.uk/government/publications/great-british-energy-bill-factsheets/great-british-energy-bill-overarching-factsheet>

Annex A - Hansard References

44 The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
<i>House of Commons</i>		
First reading	25 July 2024	n/a
Second reading	5 September 2024	Vol. 753 Col. 455
Committee	8 October 2024	First Sitting Vol. 754 Col. 1
	8 October 2024	Second Sitting Vol. 754 Col. 33
	10 October 2024	Third Sitting Vol. 754 Col. 87
	10 October 2024	Fourth Sitting Vol. 754 Col. 119
	15 October 2024	Fifth Sitting Vol. 754 Col. 149
Report	29 October 2024	Vol. 755 Col. 709
Third reading	29 October 2024	Vol. 755 Col. 709
<i>House of Lords</i>		
First reading	30 October 2024	Vol. 840
Second reading	18 November 2024	Vol. 841 Col. 29
Committee	3 December 2024	Part One Vol. 841 Col. 1049
	3 December 2024	Part Two Vol. 841 Col. 1113
	17 December 2024	Vol. 842 Col. 162
	13 January 2025	Vol. 842 Col. 918
	15 January 2025	Vol. 842 Col. 204GC
	22 January 2025	Vol. 842 Col. 394GC
Report	11 February 2025	Part One Vol. 843 Col. 1115
	11 February 2025	Part Two Vol. 843 Col. 1186
Third reading	25 February 2025	Vol. 843 Col. 1585
<i>Ping pong</i>		
Consideration of Lords Amendments	25 March 2025	Vol. 764 Col. 869
Consideration of Commons amendments and / or reasons	30 April 2025	Vol. 845 Col. 1236
Consideration of Lords message	14 May 2025	Vol. 767 Col. 400
Royal Assent	15 May 2025	Vol. 767 Col. 499 (Commons)
		Vol. 845 Col. 2313 (Lords)

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Annex B - Progress of Bill Table

45 This Annex shows how each section was numbered during the passage of the Bill through Parliament.

Section of the Act	Act as introduced in the Commons	Act as introduced in the Lords	Act as amended in report in the Lords	Act as amended in third reading in the Lords
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
5	5	5	5	5
6	6	6	6	6
7	-	-	-	7
8	-	-	7	8
9	-	-	8	9
10	8	8	9	10

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