

# IDET QUARTERLY

News from the DESNZ Industrial Decarbonisation & Emissions Trading directorate

## CO-DIRECTORS AND OUR PRIORITIES

### Introducing Co-Director Rob Hewitt

I joined the Industrial Decarbonisation and Emissions Trading Directorate (IDET) as co-Director back at the beginning of the year and I've had the pleasure of meeting a number of you over the past few months. This has involved visiting several sites that have benefited from some of IDET's key policies, from the John Radcliffe Hospital in Oxford that has received funding through the Public Sector Decarbonisation Scheme (PSDS) to the British Sugar factory in King's Lynn that is benefiting from the Industrial Energy Transformation Fund (IETF) and Combined Heat and Power Quality Assurance Scheme (CHPQA) and Palm Paper in King's Lynn that participates in the Emissions Trading Scheme and CHPQA.



*The John Radcliffe hospital tour was given by hospital executives and we were joined by colleagues from Salix Finance, who administer the scheme*



*Members of IDET undertook a very interesting and informative visit to the British Sugar site in Wissington. We were impressed with how they supported their local community.*

I have spent most of my career working on markets and investment – for the last 10 years focused on how they can deliver public sector outcomes. Before joining IDET I set up the REMA programme, which many of you will be familiar with as it covers wholesale electricity markets as well as reform of schemes such as the Contract for Difference. That has been really helpful for stepping into this role co-leading our industrial decarbonisation efforts, where incentivising business, the public sector and industry to move away from fossil fuels will rely on us helping to make that an economically rational choice. We're keen to support businesses wherever we can, and the IETF has been a really great way to do that. Our Phase 3.1 winners announcement in January was one of my early highlights as it showcased all the fantastic work small businesses in particular have done to reduce their emissions.

### An update from co-Director Rachel Armstrong

It's a pleasure to be reaching out to you all again and I hope you've been enjoying the sunny weather recently. I'm delighted that Rob Hewitt has now joined me as co-Director for IDET. The continued DESNZ focus here shows the importance of our mission to decarbonise business and industry and reflects the massive amount of work we need to do to achieve it. To continue on the theme of partnership, we're more aware than ever that we need to work hand in hand with our stakeholders and colleagues across the UK and Devolved Governments to ensure we have a coherent approach to industrial decarbonisation. We're focused on making sure your needs are met, that we're working closely with you to identify and tackle the barriers you encounter on your net zero journey, and that the right conditions for a planned and pro-growth energy transition are in place.

We're very grateful for all the proactive engagement we have from stakeholders, be it consultation responses or organising site visits – as Rob mentions the latter let us see the successes and challenges up close, and help us ensure our growth and decarbonisation missions are collectively held ones. Personally, I thoroughly enjoyed my visit to a cement plant with Minister Jones at the end of last year. Among other things, we discussed how to decarbonise that sector and just how important CCUS will be to address process emissions from cement-making. It brought home once again how decarbonisation works in practice as part of an interconnected system and the practicalities involved in planning to reduce emissions.

Back in the office, what do these partnerships mean for our work? Clearly, working with HM Treasury and colleagues at the Department for Business and Trade on the upcoming Spending Review and Industrial Strategy are key priorities. With the Spending Review, our focus has been to continue to progress current policies as well as exploring further policies to address information and market failures – so a space to watch once everything is finalised.

In addition to this, we've been busy working towards an updated Industrial Decarbonisation Strategy. We are currently exploring ways to engage with you all to gather feedback on policies and expect to share more information soon. At the same time, we're contributing to a Circular Economy Strategy, as well as progressing delivery across the Energy Savings Opportunity Scheme, Climate Change Agreements, the UK Emissions Trading Scheme and the Business Energy Advice Service. None of these would be possible without the help of our regulators, delivery partners, and the active involvement of a whole range of different stakeholders impacted by these policies.

Read on for updates on some of these important programmes and please get in touch if you want to contribute to their ongoing development.

## The Business Energy Advice Service (BEAS) Pilot

The Business Energy Advice Service (BEAS) Pilot is operational in the West Midlands ITL1 region until 31 March 2026 and is being delivered locally by the Combined Authority with various county councils, universities and private sector companies. The BEAS pilot offers free energy assessments to SMEs with match-funded grant support available to action recommendations. Our role is in sponsoring the pilot and our focus at present is on ensuring the extension is marketed to SMEs in the region; addressing issues with the new portal that is now live; and holding delivery partners to account on performance and risks. To date over 2,500 SMEs in the region have benefited from the audits and over £2.5m in DESNZ grant support provided, with an additional £2.5m from MHCLG. In 2025/26 approximately £8m of grants are in progress.

## Government backs businesses cutting carbon emissions with £51.9 million IETF investment

From beer brewing to baked beans, dairy farms and cement, 25 businesses across the country have received nearly £52 million in funding from the Industrial Energy Transformation Fund (IETF) to reduce their carbon emissions to boost the UK's mission as part of the Plan for Change to become a clean energy superpower and accelerate to net zero, supporting jobs and economic growth.

With industry paying for around two thirds of the project costs to cut emissions, this funding will help businesses of all sizes expand and innovate, including supporting new jobs through construction and operations – helping to cut their energy bills and boost local growth across the country.

Thanks to support from the government, Nestlé's coffee processing site in Staffordshire, Heinz's baked bean factory in Wigan, and a specialist craft beer company in Cornwall are among those benefitting from grants, supporting millions of pounds of investment made by winning companies, with many being small and mid-size businesses, to deliver emissions-cutting technology such as heat pumps and carbon capture – with projects worth £154 million in total.

Heinz, which received over £2.5 million and invested nearly £5 million of their own funding in the project, will use the funding to switch its dependence on fossil fuels to heat water, needed to blanch beans and boil spaghetti hoops, by installing heat pumps that reuse waste heat from other processes in the factory – improving energy efficiency to cut emissions and bills for the business, allowing them to invest more in other areas.

Hanson Cement in North Wales will use its £5.6 million grant to support its multi-million-pound carbon capture and storage project – creating hundreds of jobs during construction and capturing 800,000 tonnes of CO2 emissions per year once operational – the equivalent of taking 320,000 cars off the road. The full list of all IETF winning projects can be found [here](#).

# Industry news

## Local Industrial Decarbonisation Plans (LIDP) Competition

The LIDP competition, run by government in partnership with Innovate UK (IUK), provided up to £6 million in grant funding to support dispersed industrial manufacturers not located in the UK's existing industrial clusters to decarbonise and reduce their emissions. The competitive grant funding supported the advancement of place-based decarbonisation plans that demonstrate collaboration between closely located industrial businesses, and other stakeholders. Thirteen projects spanning regions from Northern Ireland to North Kent were successful in securing a portion of the grant funding available and commenced work in January 2024.

All thirteen LIDP clusters have now completed work and developed bespoke plans, including examining the potential for 'quick wins' for resource or energy efficiency on individual cluster sites and longer-term plans for offsite shared low-carbon infrastructure required to unlock emissions reductions in the cluster. For example, the Port of Poole cluster has identified low-energy lighting to replace old lights and replacing diesel fuel with HVO in port vessels. The West of England is exploring building and energy efficiency upgrades, such as building fabric upgrades and insulation, building management systems, control optimisation and LED lighting.

Quick wins like this will give the LIDP clusters momentum whilst they pursue longer-term plans for feasibility and engineering studies on shared infrastructure like microgrids and non-pipeline transport of CCUS across clusters.

Projects are now publishing their final reports to inform ongoing decarbonisation plans and have been hosting launch events; we have been pleased to support a wide range of these events alongside IUK colleagues. Published reports can be found [here](#); these links will be updated as more reports are shared.



*Edmund Ward, Deputy Director, Business & Industrial Transformation speaking at the launch of the NEW-ID (North East Wales Industrial Decarbonisation) plan.*



*Will Lochhead, Head of Industrial CCUS & Hydrogen Business Models, joined project partners for the launch of the Solent Cluster Local Industrial Decarbonisation Plan.*

We are keen to gauge interest in a knowledge sharing event focused on this local cluster, place-based style of decarbonising dispersed sites. This event would provide opportunity to hear from LIDP projects on their experiences developing place-based strategic plans, including working across organisations and collaborating on aspects such as skills and capability.

If this would be of interest to you, please complete [this short form](#). We will be in touch should an event go ahead.



# Boiler Upgrade Scheme

Small and medium non-domestic buildings can benefit from a low-carbon heat pump to save on energy bills and reduce its environmental impact. **Grants are available through the Boiler Upgrade Scheme.**

## What is a heat pump?

A heat pump is a low-carbon alternative to a boiler. It uses electricity to move heat from the air or ground into your building. There are two main types:

- Air source heat pumps – take heat from the air
- Ground or water source heat pumps – take heat from the ground or water

They can provide space heating via radiators and, underfloor heating, and heat your hot water.

A heat pump heats a property using electricity. It works like a fridge in reverse, taking heat from the air or ground (even in sub-zero weather), increasing it to a higher temperature and transferring it to your home to provide heating and hot water.

The heat pump unit is fixed on the outside of a property. When properly installed and maintained, they operate quietly with sound levels similar to a boiler.



## What businesses and owners of small non-domestic buildings can get:

Current grants (one per property) are available for:

- £7,500 towards an air source heat pump
- £7,500 towards a ground source heat pump (including water source heat pumps and those on shared ground loops)
- £5,000 towards a biomass boiler

## Who can apply

Owners of small and medium non-domestic buildings in England & Wales.

They must:

- Own the property
- Have a valid EPC
- Be replacing a fossil fuel heating system or direct electric heating

## How do businesses apply

- Contact suitable MCS certified installers to get quotes for the work.
- Confirm they are eligible (the installer will tell them).
- Agree a quote with the chosen installer.

The installer will apply on the businesses' behalf on the Ofgem website. The value of the grant will be taken off the amount they pay for installation.

## What happens next

Ofgem will contact the business to confirm that the installer is acting on their behalf. They might also visit the property in order to check the installation.

For further details go to <https://www.gov.uk/apply-boiler-upgrade-scheme>

# UK Emissions Trading Scheme latest

It's been a busy start to the year for the UK ETS Authority, who have concluded four consultations on the development of the scheme. These aimed to give certainty over the long-term future of the scheme, gather evidence on the final aspects of the free allocation review and interactions with the UK Carbon Border Adjustment Mechanism from 2027, and seek views on the details of expanding the scheme to include the maritime sector and non-pipeline transport of CO<sub>2</sub>. We are now analysing responses to these consultations, as well as working on Authority responses to the waste expansion, greenhouse gas removals and markets consultations conducted in 2024.

DESNZ Minister Lord Hunt also confirmed in March that, ahead of the UK-EU summit on 19 May, the UK Government is actively considering the case for linking the UK and EU ETSS – an area we recognise has attracted significant stakeholder interest since the launch of the scheme in 2021.

Sign up for alerts from the UK ETS Authority to make sure you receive news on all of these topics, and get in touch with [emissions.trading@energysecurity.gov.uk](mailto:emissions.trading@energysecurity.gov.uk) if you have any questions.

# Energy Savings Opportunity Scheme publications

## Energy Savings Opportunity Scheme publications

February this year saw two publications related to the Energy Savings Opportunity Scheme (ESOS), which requires large businesses to carry out an energy audit every 4 years that identifies cost-effective energy efficiency measures.

On 5 February, the Environment Agency published [compliance data for Phase 3](#) of the scheme that ran from 6 December 2019 to 5 December 2023. This publication included data not publicly reported in previous phases, including metrics relating to each participant's total energy consumption, energy efficiency and potential for reducing their energy consumption. This publication increases transparency of the scheme, allowing participating businesses to see how they compare to others and supporting other interested stakeholders, such as members of the public and investors, to use the data to inform decisions on investments and purchases.

On 7 February, the British Standards Institution (BSI) published two new standards which set out an assessment methodology and assessor competences needed for an organisation to carry out a combined energy and decarbonization assessment. Such an assessment is designed to produce an implementation plan for the organisation to achieve net zero within the scope and boundaries of the assessment.

- [PAS 51215-1:2025 Energy and decarbonization assessment – Part 1: Process – Specification](#)
- [PAS 51215-2:2025 Energy and decarbonization assessment – Part 2: Competencies of lead assessors and assessment teams – Specification](#)

These standards were referenced in the government response to the ESOS consultation and participants will be able to use these standards on a voluntary basis for ESOS compliance in Phase 4 (6 December 2023 to 5 December 2027). Further information on ESOS can be found at <https://www.gov.uk/guidance/energy-savings-opportunity-scheme-esos>.

## Call for participants – research into energy and carbon reporting

DESNZ, in partnership with IFF Research, is conducting research into how organisations compile and report data on energy use and carbon emissions, and government regulations related to this. We invite you to take part in our short survey (20 minutes) to help us better understand how regulation in this space could be optimised. All responses will be treated as strictly confidential. If you are interested in taking part, please email [secrevaluation@iffresearch.com](mailto:secrevaluation@iffresearch.com) with a suggested time for us to contact you and a member of IFF Research's team will do so.

## CCA Scheme and the CHPQA programme

We recognise it has been a very busy period for everyone involved in sending returns for the several hundred million pounds in incentives accessed annually through the Climate Change Agreements Scheme and the Combined Heat and Power Quality Assurance programme across the UK. We would like to thank you for your participation. For CCAs, the asks were for TP6 reporting (with initial data showing 97% of target units met the 1 May deadline), alongside the SATs/baseline data milestones needed as part of the target setting process and information from potential new CCA sectors; and for CHPQA the end of March deadline for your 2024 data to allow recertification by 1 July of the 1400+ sites across industry, commercial and public sectors.

# Closing the Loop: A Waste-Free World with a Circular Economy

Imagine a world where waste doesn't exist: where products are designed to be reused, materials circulate continuously, and economic growth does not rely on the consumption of finite resources.

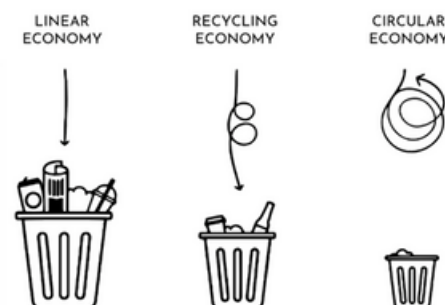
This is the vision behind a Circular Economy, a transition that the UK government is championing as part of its broader commitment to Net Zero and delivering a zero waste target.

The circular economy ditches our current 'take, make, dispose,' thinking and offers a more regenerative approach. This involves: sharing, leasing, repairing, refurbishing, and recycling existing materials and products to make them last as long as possible.

## What Goes Around... Comes Around

There are a number of reasons why this is important. A circular economy helps us:

- Reduce our environmental impact: circular practices can help industrial supply chains significantly reduce their carbon emissions, cut waste and conserve precious natural resources
- Create job opportunities and growth in green sectors such as repair, remanufacturing and resource recovery
- Reduce raw material dependence and increase economic resilience: currently c. 90% of the materials we use comes from virgin sources, and 80% of this is imported. We can get more use from these materials if we adopt circular economy approaches, while also reducing our reliance on imports and mitigating the risks of supply shortages.
- Build a more productive, resource efficient economy: bringing savings to businesses and consumers through improved resource efficiency



## The Circular (Strategy) of Life

Led by Defra – with DESNZ, DBT, DfT, HMT and MHCLG input - the government has committed to developing a Circular Economy Strategy, which will lay out a clear roadmap to drive the UK towards a circular economy.

DESNZ will play a critical role to ensure that the UK's first Circular Economic Strategy goes beyond waste and recycling policy, supporting our Clean Energy Superpower Mission.

## Moving in the right circles

Within our Department, this work is coordinated by the Resource Efficiency Team, which sits in the Industrial Decarbonisation and Emission Trading (IDET) Directorate.

Jemima Silver, Resource Efficiency and Circular Economy Policy Advisor said, "We are very excited that circularity is now at the top of the government's agenda. We've worked hard over the past two years to bring together stakeholders across government, industry and academia to inform our evidence base."

"Next, we'll use this evidence to develop circular transition plans for emissions and resource intensive sectors such as chemicals and plastics, construction, automotives and batteries. This means your old car could become your new car."

## We would like to hear from you...

We always welcome feedback on any of our products, so please do let us know if you have any ideas or views of how we could improve our communications with you. If you would like to suggest anything, please contact the IDET Stakeholder Engagement Team at [IDET@energysecurity.gov.uk](mailto:IDET@energysecurity.gov.uk)