

UK ENERGY AND INFRASTRUCTURE: REVIEWING CONSERVATIVE AND LABOUR MANIFESTOS

The UK General Election on 4 July 2024 takes place in the broader context of heightened geopolitical tensions and inflationary pressures, with energy security, net zero targets, and economic growth remaining key concerns on both the national and international stage. The next government will need to take significant decisions in relation to the UK's energy and infrastructure sectors, leveraging private investment, to ensure the UK remains competitive in the face of these challenges.

Following publication of party manifestos, each political party has now set out the actions it wishes to take if it were to win the election. In UK politics, manifesto commitments also have a special status: by convention, the House of Lords should not reject at second reading any government legislation that carries out a manifesto commitment and has been passed by the House of Commons. But, with a number of important decisions needed imminently, the winning party will need to ensure that manifesto commitments are delivered without causing a hiatus in projects and investment.

In this context, we examine what the [Conservative party](#) and [Labour party](#) manifestos could mean for UK energy and infrastructure. We have not considered non-manifesto policies for this article or policies put forward in other party manifestos. These include, for example: the Liberal Democrat commitment to electrify all railway lines by 2030 and replace Ofwat with a new Clean Water Authority; the Green party's pledge to nationalise water, retail energy companies, and railways; the SNP's plans to promote renewables, low carbon hydrogen and CCUS in Scotland, as well as its demand for devolution of powers over energy regulation and production; and Reform UK's proposals to fast-track fracking and North Sea oil and gas licences, abolish renewable energy subsidies and net zero targets, whilst also scrapping HS2 and part-nationalising Britain's utilities. However, these may come into sharper focus should the formation of a coalition government be required.

1. [Overarching commitments impacting energy and infrastructure](#)

Before exploring sector-specific commitments, it is noteworthy that some manifesto commitments may impact the energy and infrastructure sectors as a whole.

The Labour party manifesto sees energy and infrastructure as one of the drivers for the UK economy. A cornerstone of its policy will be the development of an Industrial Strategy and, aligned with it, a ten-year infrastructure strategy. The infrastructure strategy is intended to “guide investment plans and give the private sector certainty about the project pipeline”. Alongside this, Labour proposes to create a new National Infrastructure and Service Transformation Authority, bringing together existing bodies, “to set strategic infrastructure priorities and oversee the design, scope, and delivery of projects”.

Both parties highlight planning reforms. The Labour party envisages reforms to accelerate development of new roads, railways, reservoirs, and other nationally significant infrastructure, promising to “set out new national policy statements, make major projects faster and cheaper by slashing red tape, and building support for developments by ensuring communities directly benefit”. New national policy statements for energy were designated as recently as January 2024, so we might expect Labour to focus on policy for sectors such as water, ports and rail networks. The Conservative manifesto also highlights an intention to bring forward reforms to the planning system to speed up decisions for major infrastructure projects from four years to one year.

Separately, the Conservative party manifesto highlights the need to consider the funding requirement to reach net zero. It commits to reform the Climate Change Committee by “giving it an explicit mandate to consider cost to households and UK energy security in its future climate advice”. Further, it rules out creating

further green levies and includes a commitment not to introduce road pricing schemes or any frequent flyer levy. With significant public sector funding required for UK infrastructure, estimated by the National Infrastructure Commission to total £30 billion each year in the 2030s and 2040s, the incoming government will face the challenge of ensuring the public understands the costs and benefits of this investment.

2. Energy Markets, Infrastructure and Energy Efficiency

Both the Labour and Conservative manifestos highlight actions across energy markets, energy infrastructure, and energy efficiency.

Energy markets

The Conservative party manifesto focuses significantly on changes to energy markets. Notably, these include introducing “local markets for electricity” which may be a reference to zonal pricing proposals under consideration as part of the Review of Electricity Market Arrangements programme.

The Labour manifesto proposes to support energy markets through a tougher system of regulation. Labour plans to work with the regulator to reduce standing charges, strengthen its ability to hold companies accountable for wrongdoing, require higher standards of performance, and ensure automatic compensation for failures.

Consumer energy bills are an area of focus for both parties, with both committing to reduce standing charges. Labour emphasises that its plans for Great British Energy (see further below) will help deliver lower bills. The Conservative manifesto highlights a number of policies aimed at reducing household bills including a commitment to “cut the cost of net zero for consumers by taking a more pragmatic approach, guaranteeing no new green levies or charges while accelerating the roll out of renewables”. The Conservative manifesto also includes a commitment to giving domestic customers a choice of smart energy tariffs, to maintain the energy price cap (but acknowledging that it will need to evolve as the market advances), and to ensure the regulator has sufficient powers to protect consumers.

Energy infrastructure

Both parties highlight the need to take action to develop electricity grid infrastructure. The Labour manifesto also recognises that the national grid has become an obstacle to the deployment of renewable

energy and electrification of industry, outlining plans to work with the sector to upgrade national transmission infrastructure. The Conservative party has pledged to implement the recommendations of the UK’s Electricity Networks Commissioner in the Winner Review to accelerate the deployment of electricity transmission infrastructure, with the aim of reducing waiting times for grid connections to deliver an estimated saving of £15 - £25 per household per year out to 2035. The Conservative manifesto also commits to “a rapid review into the advantages of alternative grid network technologies compared to overhead pylons”, including consideration of moving to a presumption in favour of undergrounding where cost competitive. Its inclusion is likely to be in response to public concerns around electricity grid expansion.

In relation to generation, alongside its investment in clean energy (which is outlined in the next sections) Labour will maintain a strategic reserve of gas power stations to guarantee security of supply. By contrast, the Conservative party manifesto includes a commitment to build new gas power stations to ensure energy security.

Energy efficiency

Labour’s manifesto includes plans to invest an extra £6.6 billion over the next Parliament into their Warm Homes plan, upgrading five million homes to increase their energy efficiency and cut bills. Working with authorities, devolved government and the private sector, Labour intends to offer grants and low-interest loans to support investment in insulation, solar panels, batteries, and low carbon heating. The manifesto also promises to ensure minimum energy efficiency standards are met in the private rented sector. The Conservative party has pledged to invest £6 billion in energy efficiency over the next three years, in this case to make one million homes warmer. In addition, it would fund an energy efficiency voucher scheme, open to every household in England, to support the installation of energy efficiency measures and solar panels.

3. Renewables

Renewable and low carbon energy is a headline issue for the Labour party, which has pledged to make the UK a “clean energy superpower”. If elected, it intends to decarbonise the power system by 2030, working with the private sector to double onshore wind production, triple solar power, and quadruple offshore wind. A new Energy Independence Act would establish the framework for its energy and climate policies, and provide the basis for the establishment of Great British

Energy (**GB Energy**). A publicly owned company to be headquartered in Scotland, it is envisaged that GB Energy would partner with industry and trade unions to deliver clean power by co-investing in leading technologies. GB Energy will receive £1.7 billion from the windfall tax on oil and gas as well as additional borrowing, within an overall capitalisation of £8.3 billion.

The Labour manifesto outlines three priorities to deliver its vision for UK renewables. Firstly, it would deliver a Local Power Plan focused on more distributed production capacity, working with local authorities, energy companies and co-operatives to develop onshore wind, solar and hydropower projects. A second lever will be proposals to reverse onshore wind planning policy which have, in practice, meant few new onshore wind farms being built in England since 2015. Finally, a Labour government would also engage internationally via multilateral and bilateral agreements to promote British energy and climate goals. This includes a “Clean Power Alliance” in which countries cooperate to protect and enhance low carbon supply chains. In addition, Labour plans to bolster renewables with a British Jobs Bonus (as explored further below).

Whilst the Conservative party manifesto provides less detail on renewables, it does include a pledge to treble offshore wind capacity in the next Parliament. It also restates a commitment to several existing policies for solar and wind power; solar will be supported “in the right places”, such as on brownfield sites and rooftops (rather than agricultural land); and it emphasises community benefits for onshore wind to be delivered through the recently updated National Planning Policy Framework. The manifesto also increases funding to £1.1 billion (from £960 million originally announced in autumn 2023) for the Green Industries Growth Accelerator to support renewable and energy transition supply chains.

4. Carbon Capture, Usage and Storage (CCUS), and Hydrogen.

As noted in our recent blog [here](#), the election falls at a key moment for the UK’s nascent CCUS industry with the first projects gearing up to take their final investment decision in the autumn. The Conservative party policy on CCUS outlined in its manifesto appears to be largely a continuation of its existing policy. The party pledges in the next Parliament to “build the first two carbon capture and storage clusters, based across North Wales and, the North West of England and Teesside and the Humber, cutting carbon and creating tens of thousands of jobs in these regions, and progress

the second tranche of projects in Aberdeenshire and the Humber.” By contrast, the party makes little explicit reference in its manifesto to low carbon hydrogen, although CCUS policy is expected to support carbon capture-enabled hydrogen production. With the consultation on a funding mechanism for low carbon hydrogen still awaited, industry will also be seeking clarification on the manifesto commitment of “no new green levies”.

Labour’s commitments on CCUS are less firm than those of the Conservative party. There are pledges to “invest in carbon capture and storage” and to provide “£1 billion to accelerate the deployment of carbon capture” in the next Parliament from a newly established National Wealth Fund to leverage private investment. However, industry will be hoping that more firm commitments to deliver projects will be forthcoming if the party takes office, with the [Carbon Capture and Storage Association](#) noting that “the CCUS industry is looking for further signals from Labour that it will be ready to do what is required to ensure the UK achieves global leadership in CCUS technology”. In relation to low carbon hydrogen, the party makes a pledge to support investment in the sector, with £500 million earmarked for the manufacturing of green hydrogen through the National Wealth Fund. However, with the first electrolytic hydrogen allocation round underway, industry is likely to be engaging with both parties to ensure that these projects proceed.

5. Carbon Markets and Carbon Border Taxes

The Conservative manifesto restates the party’s commitment to introduce a UK carbon border adjustment mechanism (**UK CBAM**) by 2027 (please see our detailed commentary [here](#)). Labour’s manifesto also supports the introduction of a UK CBAM, acknowledging that an import tariff on carbon-intensive goods would protect British industries from overseas competition where carbon intensive production is less regulated. However, UK industry, as well as importers to the UK will be seeking further detail regarding the implementation of a UK CBAM, including whether Labour would depart from the proposals set out in the 21 March 2024 CBAM consultation paper (for example, through an accelerated timetable, closer alignment with the EU CBAM or an increase in the types of in-scope goods).

Neither party makes mention of the UK Emissions Trading Scheme (**UK ETS**) or the reforms to the scheme proposed by the UK and devolved governments in 2023 (see [here](#)), such as the accelerated phase out of free allowances or expanding the scope of the UK ETS coverage to maritime and/or waste sectors. There is

also no express mention of any voluntary carbon and nature markets in either manifesto, suggesting that a consultation on high integrity voluntary carbon and nature markets previously envisaged by the current government may be further delayed.

6. Nuclear

Both parties agree on nuclear power's fundamental role in decarbonising the UK's electricity sector. They also identify the potential of new nuclear power stations—such as Sizewell C nuclear project and Small Modular Reactors (SMRs)—to bolster the UK's energy security and create highly-skilled employment opportunities. The Conservative party pledges to approve two new SMR fleets within the first 100 days of the next Parliament. It further proposes to halve the time needed to approve new nuclear reactors in the UK, principally by accelerating planning and environmental approvals, allowing regulators to assess projects while designs are finalised, and improving coordination with overseas regulators assessing the same technologies. In line with its manifesto promise to deliver a new gigawatt power plant at Wylfa in North Wales during the next Parliament, on the day the election was called, the current Conservative government announced that Wylfa is its preferred site for a new large-scale gigawatt nuclear facility, Great British Nuclear having acquired land for the site in March 2024. The Conservatives also commit to supporting Wales' potential to host SMRs.

The Labour party manifesto pledges that, if elected, a Labour government would “extend the lifetime of existing plants”, and oversee the completion of Hinkley Point C. The party also comments that “new nuclear power stations, such as Sizewell C, and [SMRs], will play an important role in helping the UK achieve energy security and clean power while securing thousands of good, skilled jobs”.

Industry commentators [note](#) that the early election has caused further uncertainties about the timeline for a final investment decision on Sizewell C, as well as developers' plans to build SMR fleets. Separately, Great British Nuclear intends to announce successful bidders for its SMR competition before the year's end. In parallel, government consultation processes are continuing on alternative routes to market for new nuclear projects, how best to support investment in advanced nuclear technologies, as well as on a new National Policy Statement for siting fusion energy facilities. It remains to be seen how these initiatives will be impacted by the election outcome.

7. North Sea Transition

The North Sea features in both Labour and Conservative party manifestos, however there are key differences in the Conservative and Labour approach to North Sea oil and gas production.

To “boost our energy independence in an increasingly unstable world”, the Conservative party restates its intention to legislate for mandatory annual oil and gas licensing rounds. By contrast, Labour would not issue new licences if elected - although it would honour existing licences and work with business and workers to “manage our existing fields for the entirety of their lifespan” and “ensure a phased and responsible transition in the North Sea”.

Regarding the Energy Profits Levy (often referred to as the windfall tax) on oil and gas companies, the Conservative party intends to retain the levy at its current rate of 35%—and the total headline rate of tax on oil and gas profits to 75%—until 2028-29, and to maintain the current investment allowance regime (for further details, please see our Tax and Energy Sector briefing [here](#)). By contrast, Labour has pledged in their manifesto to increase the Levy to 38%—bringing the headline rate to 78%—and remove investment allowances, channelling the proceeds through a range of instruments to support new energy technologies (including via its proposed National Wealth Fund and GB Energy).

In relation to the North Sea workforce, both parties acknowledge the need to support the development of skills in new industries such as CCUS, hydrogen, offshore wind and tidal energy. The Conservative manifesto highlights £15 million for the Energy Transition Zone's skill programme. Meanwhile Labour has said the North Sea transition will be “managed in a way that does not jeopardise jobs”, outlining plans for a British Jobs Bonus of up to £500 million per year from 2026 to “incentivise firms who offer good jobs, terms and conditions and build their manufacturing supply chains in our industrial heartlands, coastal areas, and energy communities”.

8. Transport Infrastructure

Although both major parties recognise the urgency of reforming the regulatory and investment environment for the UK transport infrastructure sector, they differ on the level of regulatory intervention and public funding required for its delivery. For example, in addition to simplifying the planning system, the Conservative party manifesto promises funding to rail, road, and ports infrastructure projects; whilst Labour

pledges to create a new National Infrastructure and Service Transformation Authority, which would coordinate existing bodies to set strategic infrastructure priorities and provide oversight for the design, scope, and delivery of projects. Both parties have announced further specific details in relation to rail, road, and ports infrastructure outlined below.

Rail

The Conservative party restates its intention to progress the Rail Reform Bill (paused with the announcement of the General Election). The Bill establishes a new Integrated Rail Body (also known as Great British Railways (GBR)) as both the franchising authority and infrastructure manager for the rail network. The Labour Party supports GBR's creation but envisages that GBR would progressively bring railways into public ownership. More specifically, under Labour's rail reform plan, GBR would inherit existing contracts currently held by private train operators either as they expire, or if breached by operators "who fail to deliver for passengers". Under its GBR plan, therefore, "track and train will be brought together", enabling unified railway cost and revenue decisions on an industry-wide basis. Labour would also create a new rail passenger watchdog, focused on driving up standards.

The Conservative party pledges a range of rail funding, in addition to £44 billion of funding for Network Rail over the next five years, and in its Transpennine Route Upgrade. It commits to completing HS2 between London Euston and the West Midlands. It also promises a further £12 billion, in addition to funds from HS2 savings, to deliver the section of Northern Powerhouse Rail between Manchester and Liverpool, as well as £1.75 billion to fund the Midlands Rail Hub. Whilst Labour also plans to improve rail connectivity in the north of England, these plans will be developed further in its ten-year infrastructure strategy (see above).

Roads

The Conservative manifesto indicates the party's intention to invest £8.4 billion to upgrade and resurface roads, with a further £1 billion to support new bus routes. Labour is also planning to maintain and renew road networks, with a view to improving safety and reducing congestion, and to provide new powers for local leaders to franchise local bus services.

In relation to electric vehicles and charging infrastructure, the Conservative manifesto commits to deliver the party's Zero Emission Vehicle Mandate (ZEV), which (although not defined in the document),

is understood to be the existing policy aim that all new cars and vans be zero emission by 2035. It also pledges to roll out nationwide charging infrastructure. A Labour government would also implement measures to accelerate the roll out of electric vehicle charge points but commits to restore the ZEV's original 2030 phase-out date (pushed back to 2035 by the government in 2023).

Ports

The Conservative manifesto emphasises the government's existing funding for port upgrades. It pledges to expand the number of freeports, building on the 12 existing sites, which are reported to have generated around £3 billion to date. The Labour manifesto notes that ports will have a key role to play in helping the UK become a "clean energy superpower". It has pledged to channel £1.8bn in direct public investment—through the National Wealth Fund—to upgrade ports around the country, including to bolster the deployment of renewable technologies, such as floating offshore wind, hydrogen and CCUS.

9. Alternative Fuels

Although support for alternative fuels is likely to fall within both major parties' broader decarbonisation strategies, there is no explicit policy from either on how they plan to develop these, other than through express support for sustainable aviation fuels (SAF) in their manifestos. The Conservative party manifesto refers to its SAF Mandate, details of which are set out in its recent consultation outcome published in April 2024, which includes a revenue certainty mechanism for SAF under development by the Department of Transport. Labour also notes in its manifesto that it will promote SAFs as part of its long-term strategy for transport. However, it remains to be seen whether a different policy approach to support SAF would be taken by a Labour government.

10. Digital and Telecoms Infrastructure

Recognising that digital and telecoms infrastructure is critical in driving the UK's economic growth, both parties express support for the ongoing roll out of full gigabit and nationwide standalone 5G coverage by 2030. In its manifesto, the Conservative party also restates plans (originally articulated in Chancellor Jeremy Hunt's 2023 Autumn Statement) to invest £1.5 billion in large-scale "compute clusters", for the purposes of assembling the raw processing power necessary to fully harness the potential of artificial intelligence.

The Labour manifesto includes pledges to orient its industrial strategy to support development of the artificial intelligence sector and to remove planning barriers to new data centres. It would also update national planning policy to make it easier to build digital infrastructure, and it intends to establish a National Data Library to centralise and facilitate the delivery of data-driven public services.

11. Water

Although light on detail, both parties outline similar priorities for the water industry in their manifestos, highlighting plans to work with Ofwat to mitigate pollution and increase monitoring of sewage leaks, fine companies for environmental offences, and to block bonuses for executives of persistent polluters. Neither party refers to concerns regarding the financial resilience of the industry.

Labour appears to take a strong position on enforcement, noting that it will “bring criminal charges against persistent law breakers”, “impose automatic and severe fines for wrongdoing” and “put failing water companies under special measures to clean up our water”. The [Institute for Government](#) has observed that Labour’s suggestion of a tougher regulatory regime could indicate a “greater appetite than the current government to use regulation for delivering outcomes”. There is, however, no proposal in the Labour manifesto to reform Ofwat or renationalise the industry, as some commentators had anticipated. But also lacking are plans to encourage investment in water and sewage infrastructure.

By contrast, the Conservative party has pledged to reform the five-year price review process which determines how much water companies can charge customers to support new investment (the provisional decision for the current PR24 consultation for the 2025-2030 period has been delayed to after the election). The manifesto notes this reform will consider how to

“move to a more localised catchment-based and outcome-focused approach, that better utilises nature-based solutions and further strengthens sanctions for water companies that fail to deliver for the public, coasts and rivers.”

12. Waste

Although waste management has an increasing role to play in ensuring resource resilience and achieving net zero targets, neither party focuses on the sector in their manifestos.

Labour’s manifesto asserts a commitment “to reducing waste by moving to a circular economy” but provides only references to a plan to “give councils multi-year funding settlements”. Commentators have noted that this pledge comes just as a high proportion of [municipal waste contracts](#) are coming up for renewal.

In its manifesto, the Conservative party promises to continue to develop a UK-wide Deposit Return Scheme and “crack down on organised waste crime”. In addition, it says it will “prevent new waste incinerators being built, including those with recent permit approvals, revoking those where substantial construction has not taken place”. This follows a ministerial Direction to the Environment Agency on 4 April 2024, which paused permits for new waste incineration facilities until 24 May, covering facilities with the primary purpose of energy recovery, either directly through power, gasification, or conversion of residual wastes to a fuel.

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