All-Party Parliamentary Group on

# Deep Geothermal

## Thursday, 5th September 2024, 12:30 – 14.00

Room M, Portcullis House, SW1A 2LW

Attendees

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| **Name** | **Job title (industry) or Constituency (MPs)** |
| Adam Thompson MP | MP for Erewash |
| Anna McClean | Lecturer, Newcastle University |
| Catherine Atkinson MP | MP for Derby North |
| Charlie Palmer | Chairman, Consortium Drilling |
| Charlotte Adams | CEO, National Geothermal Centre |
| David Townsend | Founder and CEO, TownRock Energy |
| Diane Frachon | Director, SLB New Energy |
| Grace Skelton | Director, Hawthorn Advisors |
| James Naish MP | MP for Rushcliffe |
| Kieran Mullan MP | MP for Bexhill & Battle, Chair of the APPG |
| Kishan Rana | External Affairs Executive, REA |
| Lisl Lewis | Business Development Manager, SLB New Energy |
| Mark Sommerfeld | Deputy Director of Policy, REA |
| Matt Bilbey | Chief Underwriting Officer, Chubb |
| Paul Newcombe | Finance Director and Company Secretary, Eden Geothermal |
| Polly Tandy | Advisor Drilling Engineer, MWEM Services |
| Robin Jones | Kieran Mullan’s office |
| Rollo Maschietto | Public Affairs Manager, REA |
| Ross Glover  | CEO, Star Energy |
| Roy Baria | Director, EGS Energy |
| Sam Rushworth MP | MP for Bishop Auckland |
| Stuart Sinclair | CEO, Consortium Drilling |

Actions

* KM and REA to explore possible amendment to the Great British Energy Bill to include “heat”.

Minutes

**Introduction to the APPG and actions since the last meeting in the previous Parliament**

KM opened the meeting, thanked everyone for coming, and then provided a quick recap of the subjects discussed in the APPG in the previous Parliament. While waiting for further Members to arrive, he asked REA colleagues present to provide an update on actions pursued since the last meeting of the last Parliament.

RM said one of the actions was to engage with other sector organisations. The REA has had meetings with Offshore Energies UK, Members of the Scottish Parliament with an interest in geothermal, Scottish civil servants and the Coal Authority.

* SR mentioned that among the trade unions, GMB may be interested.

Another action was to engage with Prospective Parliamentary Candidates with a view to raising awareness about geothermal energy. The REA did so and continue to engage with those candidates successfully elected.

* SR mentioned that Darren Jones MP may be interested in getting involved.

DT asked a question about KM’s engagement with the Department for Energy Security and Net Zero (DESNZ) as it was raised in the last meeting.

* KM said, with the election and change of power, he has less easy access to the Department’s civil servants. Having said that, the Secretary of State has said positive things about our activities in Parliament so there is a chance for further engagement.
* MS added that in the REA’s discussions with civil servants, there are positive feelings about it, however civil service actions are guided by ministerial direction and so far, the Government has not yet explicated its heat decarbonisation strategy beyond the limited amount they stated in their election manifesto on domestic heat decarbonisation.

**Election of officers and appointment of the secretariat**

All MPs present elected the following Officers:

* KM to be elected as Chair
* Lord Cameron, Tom Hayes, and Jayne Kirkham to be elected as Officers

The REA was also appointed the secretariat for the group.

**Summary of the Local Authority Roundtable in May 2024**

KM summarised the key takeaways from the roundtable session he chaired with 14 Local Authorities before the election was called. The main areas of discussion were: risk management, costs and funding, best practice, and asks to Government.

SR suggested New Towns may be worth looking into as a way of achieving economies of scale with heat networks.

KM suggested the best route might be to pick 5-7 councils who are enthusiastic about exploring geothermal energy and see if they can make it work.

JN and SR asked KM if there were any councils attending from the ‘Red Wall’ area, for example in Derbyshire and Sherwood. It was mentioned that the APPG for Coalfield Communities will be meeting next week, and the group may want to work with them. PT offered to host a site visit at a land rig in Chesterfield for MPs and other representatives. JN suggested reaching out to Claire Ward, Mayor of the East Midlands, and was happy to be the intermediary for that conversation.

KM said there can be controversy around what’s seen as “fracking”, though this varies from place to place. Some communities are more accustomed to associating digging in the ground with making a living than others. The key thing is to manage these projects, and the communications around them, carefully, and tackle false claims around seismic activity.

**Heat networks mapping and planning**

KM then moved on to talk about heat networks, and posed the question of how we can engage with the heat network zoning better.

* MS offered an update on the policy side. There was a consultation before the election that the REA fed into. The new Government is still looking at the results of the consultation and has not yet announced its plans in this area. It is likely the Government will find Local Authorities asking for two things: resources, to carry out the survey, and expertise, to explore the potential for different kinds of heat. The latter is where this group can contribute.

DT said we should be practical about the role of geothermal heat in LA heat networks and focus on how it can work. KM said we should focus on the LAs where geothermal has the greatest potential to decarbonise heat.

RG said he is working with some LAs who have already done a lot of heat mapping. The main things to come out of these discussions are the need for support mechanisms; the need to be clear about the massive opportunity for heat (rather than electricity); and that LAs are also just waiting for a national policy – and support – like industry is.

KM said the initial judgement of the civil service of geothermal was made in the context of electricity, where it did not quite make sense, so it is important to emphasise we are exploring geothermal in the context of heat.

PN said another thing to consider is pressure on the grid. Geothermal would connect to the gas network rather than the electricity network, the latter of which has a wait time of 12 years.

KM said he has spoken to the North Sea Transition Authority, whose officials may be positive about exploring geothermal, however they are waiting for a direction from the Government.

KM then handed over the AM to provide an overview of the legislative and regulatory landscape.

**Regulation and legislation for deep geothermal**

AM introduced herself and the scope of her research at Newcastle University before presenting to the group.

* AM talked about the need for regulation, given the risks and impacts.
* Current regulation of the geothermal industry spans different laws and regulations, rather than all in one (set of) legislation. This includes environment, planning, access to resources and health and safety.
* There are also different notification requirements under different laws, dependent on what kind of drilling is taking place
* There is a need to regulate given the risks of groundwater contamination, over-abstraction of water, induced seismicity, visual impacts (planning), and access to resources
* However most existing regulation is carry-over from the oil and gas industries, which are not always suitable or appropriate for the geothermal industry
* There are gaps in current regulation, such as inconsistencies between local planning authorities in e.g. how they look at seismicity
* Possible solutions to these problems include: recognising heat as a resource (which other countries do), one regulator for the industry (an existing body, if not a new one), and better data sharing requirements of operations

After AM concluded her presentation, RM asked if the recognition of heat as a resource is something that would require legislative action, for instance an Act of Parliament. AM said it would, and MS suggested the existing wording of the GB Energy Bill did not exclude the future organisation investing in heat projects, although acknowledge that heat is not specifically referenced.

PN said Cornwall Council gave the licence for their project, which worked out fine, but the oil and gas related regulation was very expensive, given that there are no hydrocarbons being extracted.

RG said that there is no industry-specific regulation, however, there is also very little industry to speak of in the first place. It’s too early to place too much of a regulatory burden on a nascent industry. The risk is businesses will leave to operate elsewhere. Accepting regulation may be bitty, it is at least fit for purpose as it is. Further, there is a five and a half month wait for a caseworker from the Environment Agency – the regulators are under-resourced anyway.

* KM asked if that might be due to the new nature of the industry, but RG replied to say this is a broader issue affecting all industries under the EA’s remit.

KM said this was a good example that illustrates the difference between shallow and deep geothermal, as there’s less to worry about with deep, except for seismicity. RB said there are maps of seismicity that can be used.

DT said it is the EA that currently has the best understanding, but, as RG said, it is under-resourced. They can be slow but are easier to work with than the Coal Authority. Mine gas is not covered by the EA as it’s covered by the CA, and there should be more collaboration between both agencies.

KM referred to the research he undertook in his report and the feedback he received from investors suggesting that regulation isn’t the be-all-end-all factor influencing decision-making.

CA suggested that there is a case to be made that deep geothermal has less need for regulation than shallow, on the basis of there being less risk to local aquifers.

There was a suggestion among attendees that an insurance-backed scheme may be desirable, as happens in France.

RM shared with the group that an official from the EA had intended to come but were unable to, though said they were happy to engage with the group.

**Next steps for the APPG**

REA colleagues then provided an overview of next steps being undertaken on behalf of the group.

* The APPG’s next meeting will take place in December. We are hoping for a DESNZ Minister to attend.
* The REA is in the middle of negotiating a Memorandum of Understanding with the National Geothermal Centre. The aim is to produce a joint report for the group in the future. CA said the NGC is happy to support the group, which KM welcomed.

RB commented on mineral allocation rights, and how this can prevent exploration.

* The REA has produced a high-level briefing for deep geothermal which is available on the REA website.

**AOB and final remarks**

PN said he is keen to have visitors at Eden as it is nice to see the operations in real life and see the direct impacts it has. Darren Jones and Cherilyn Mackrory have both visited.

KM said he is positive that we will make good progress in this Parliament.

LL said it is important for heat to be recognised as a resource, as it is in Europe to attract investment.

* KM said that in his review this designation did not actually seem to be a key consideration for investors. Financing arrangements were more significant factors.

PN mentioned the Green Gas Support Scheme, which had an underspend – it would be nice to have this money spent on geothermal support instead.

RG raised the Great British Energy Bill, which was receiving its second reading during the meeting. The Bill as it currently stands does not mention “heat”.

* MS said whilst the Bill does not specifically mention heat, it refers to energy, and this means heat is not excluded.
* KM said it may be possible to get two words added into the Bill - “and heat” and this could be worth exploring.
* CA said she had worked with Lord Jenkin to make a similar amendment to the Infrastructure Act 2015.

KM thanked everyone for coming and brought the meeting to a close.