

## Net-zero Emissions Target: Volume 845: Affordability: debated on Thursday 3 April 2025

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Lord Howell of Guildford

### **“Who will really pay?”**

‘My Lords, I am certainly not a climate denier. I believe that world emissions are continuing to rise quickly, despite all our efforts and all the warnings of the noble Lord, Lord Stern, and many others, and the difficulties of controlling the climate seem to be growing rather than decreasing. I am not even against having targets of a kind. Ambitions and targets are all right for Governments to have, as long as people are not misled into thinking that if they spend enough money it will all work when it does not. I am certainly not against John Keats and many of his associates as well; that is a lovely world we all aspire to. But I want it to work for a modern economy and a modern society of social stability rather than bitterness, division and real suffering by millions of people.

There are two gigantic question marks over the present path of our policy. I do not want to get into partisan points, but you can say the pathway was set in the past, but it seems it is being followed with zest at present. These worry me a lot. We are fooling ourselves if we ignore the real problems of these two gigantic questions.

The first is cost. The costs for net zero range widely. The official figure, from the Committee on Climate Change, is £1.4 trillion; it is £3 trillion, according to National Grid; figures of £6 trillion to £10 trillion are batted about as well—Net Zero Watch has those very high numbers; and the Energy Technologies Institute has said that the cost of decarbonising housing alone could be up to £2 trillion. So we are talking about the most enormous resources, and it is irresponsible not to ask in detail where on earth they are going to come from and who is going to pay. I am looking at the capital side—I have not come to consumers.

The Government do not have any money—they say that all the time. We all want a lot more. There are endless demands; there is a huge defence bill looming. The financing of this whole gigantic transition will have to be predominantly from private sources, private capital, working in new forms of co-operation with public capital. There is a whole area of thinking on this, which was addressed very interestingly in the *New Statesman* about two weeks ago, on how new forms of co-operation can be developed between government and the private sector—there is plenty of money in the private sector around the world, ready to invest in Britain—and how that can be done with entirely new thinking, getting away from the old, stale ideological debates about state and markets. I would love to hear a lot more of that coming out than we hear at present. Not much thinking seems to be going on in that area: too much old ideology, not enough new ideas. That is the first question.

The second question is: where is the clean electricity coming from to replace the whole negativism, the whole abolition of oil and gas, that is hoped for and will of course take many years—perhaps until 2030,

2035 or even 2050? That has to happen if we are serious about a form of net zero and decarbonisation. People are very reluctant to give an answer.

The official line is that we are going to need about 200 gigawatts in all, against our present figure of 65 or 70, of which half, on average throughout the year, comes from renewables at present. Of course, it will be much more in the future. The snag is that for 3,000 hours throughout the year, which is about one-third of the year, there is no wind around the entire British Isles. There is a major intermittency problem, and it has to be addressed. An intermittency fulfilment by generating enough electricity at the rate which I think is coming—about 300 gigawatts or 350 gigawatts—is very expensive, for the simple reason that it cannot be used to earn profits all the time. It sits there idle, and someone has to pay.

We know what the answer is. We know that we must let our much-diminished nuclear system, which was run right down, be restored. There are some huge decisions to be taken: some for SMRs, which are the small, new technologies, and others—I look on this with great reluctance—for still plodding along with the old white elephant giant technologies. Those are full of risk, with investors reluctant to go near them and demanding enormous government input of resources, and, of course, charges on consumers.

There is a proposition I find incredible, following Hinkley, and which is in deep trouble. The chairman of the managing body, EDF, has just been sacked by the French Government and it has been advised not to invest further in foreign areas and to concentrate on cheap electricity for the French. The proposition is to replicate this very bad example at Sizewell. It seems absolute madness and the wrong direction. We should be going for SMRs; the order books are filling up. Other nations are ordering SMRs on every side, and we will be late in the queue. We should get on with it now.

That is the necessity and, unless we face it, we can order new combined cycle gas stations—indeed, we are doing so, because we can see that the so-called decarbonisation by 2030 is going to involve more gas, not less—but the carbon from them will have to be captured by new schemes, of which one, I think, has been commissioned. In fact, we need about 10 or 15 of them, but we have not started on that. The hope of getting there by 2030, however much we spend, is very remote and thin indeed. It is a delusion, and a very dangerous one, which the public will turn on angrily when they realise they have been misled.

It is possible to get a cleaner, better society and an energy transition. In the past, it has happened through markets; this time we are trying to make it happen through the activities of government itself, which is much more difficult, but possible. Whatever we call it, honesty and reality will have to be faced on an unprecedented scale, and that should be a matter for extreme concern in the minds of the governing party.'

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## **UK-US Trade and Tariffs: Volume 845: debated on Thursday 3 April 2025**

Lord Howell of Guildford

### **“Poor reparation for Trump’s Tariffs”**

‘My Lords, the Minister’s Statement and her answers seem to have completely lacked the time dimension, and I wonder why this is so. President Trump is embarking, in theory, on a huge programme of import substitution, major planning and investment for years ahead. There are some areas in which import substitution will not be possible, and others where it will take three or four years, by which time President Trump will be gone—unless he manages to wangle a third term.

Should it not be our priority to analyse and to navigate our industries through all the complexities of this? We should point out that, in some areas, the attempt to have an import substitution, if it does not succeed, may lead to an improvement in our markets and profitability. Why do we not have a proper analysis, with positive elements put forward to reassure and explain where we are going?’

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## **Steel Industry: Volume 845: debated on Saturday 12 April 2025**

Lord Howell of Guildford

### **“FACT: We will continue to import Chinese Steel”**

‘My Lords, it takes only a few minutes to see why British Steel is in dreadful trouble and chaos, and why we are where we are today. First, its costs are very uncompetitive indeed, especially the cost of electric power, as my noble friend Lord Hunt pointed out in his excellent opening speech. We have some of the highest energy costs for industry in the entire world—so we are told. Secondly, there is this premature and badly planned rush to go green—in all industries, not just steel—with various levies and additional costs at every point, and the cutting out of gas and coke, as we have heard, and all other cheaper alternatives.

We have to ask why electricity costs are so crushingly high that they are having this effect on our economy and the whole of our steel industry, including the

giant Scunthorpe plant. It is a big plant by our standards. We are fed stuff about costs being linked to the world gas price. We are big importers of gas nowadays, but this is the sort of marginal-cost economic argument that, frankly, could be swiftly corrected. There has been talk about blame, and that applies obviously to the previous Government as well as this Government.

But again, world gas prices are falling quite fast right now and there is plenty of gas available throughout the world, both through pipelines from Norway and elsewhere and from LNG galore—although Mr Trump may put a stop to that, because most of it comes from shale gas in the United States. So, no, the exceptionally high price does not come from that, really. It comes from the fact that we have drifted as a nation into the most extravagant and costly patterns of electricity generation possible. The planned massive increase in reliance on renewables will therefore mean massive reliance when the wind around the UK does not blow—about 3,000 hours a year: slightly

under one-third—mainly on new gas-fired plants, which we are sensibly looking at now, and new nuclear, preferably small, attractive to the private sector and built on time, to ensure that we continue to get a first-world, reliable, affordable power supply at a vastly higher level than hitherto, which we need in a modern industrial state.

In a few years it may be that cheaper hydrogen will help on this front, but, for the moment, there is no possible alternative to new gas-fired stations, which will have to be combined with carbon capture and storage facilities—one is being built and many more are needed—and new nuclear, which I hope will be small and attractive to private investors, in line with new technology and not in the white-elephant class, and a brand new transmission grid as well, at an estimated cost of £600 billion.

So no wonder our small steel-making sector—which, remember, is 0.3% of world production, as against China's 54%—was going to be in severe trouble, and that, as the noble Lord, Lord Kerr, has just reminded us, will continue. Why? Because, whether Scunthorpe is saved or not, we will continue to import Chinese steel. Most products and services in the world have a Chinese component because most of the world is computerised and most computers have Chinese components of some kind, whether through services or actual production. I hope that the President of the United States understands this but, frankly, I do not think he does. Instead, I fear that he will lead us not to MAGA—Make America Great Again—but to Make America Small Again. That would be a tragedy that we must seek ourselves to help America recover from.'

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## **National Debt: It's Time for Tough Decisions (Economic Affairs Committee Report) Volume 845: debated on Friday 25 April 2025**

**Lord Howell of Guildford**

***“A half starved public sector programme is crying out for private funds)”***

‘My Lords, like others, I congratulate my noble friend Lord Bridges on his ambition and boldness in

leading the Economic Affairs Committee to study the proverbially complex and nebulous subject of trying to control and direct our borrowing and the growth of our national debt.

I confess that I do not set much store by fiscal targets at all, especially when they apparently are adjustable to suit any changing conditions. That does not give them a great value. They are certainly not the fountain of all goodness, whether one year, two year or five years. Shocks always happen, as my noble friends have already observed. In fact, we are in one now, and I just wish and pray that the authorities of the governing party, and indeed all parties, would listen to the warning we just had from my noble friend Lord Forsyth about the extreme seriousness and dangers of the potential financial anarchy ahead. The truth is that borrowing and annual requirements adding to the national debt are the outcome of many judgments, decisions, red lights, shocks, as I have already said, and opinions on the bond market in world-lending conditions.

I am also no fan of the OBR. I am sure it works hard, but it is no more right or wrong than the rest of us. In fact, it is often wrong. I see it as a fifth wheel, or a sixth wheel, on the whole coach of processes, filtering, establishing and trying to control the level of borrowing that is needed in the annual budgetary scene. Creating the OBR was only a quarter way to what we really should be doing with the machinery of central government, which is to have a proper central, strategic budgetary authority looking at the whole national picture and our resources to meet it, public and private, long-term and short-term, right under the Prime Minister at the centre of government. We have been arguing for that for years. We have not got it. Many other countries—

America is the best example—separate these things out. Until we do that, we will have continual difficulties on understanding the whole picture.

I emphasise private because the state is obviously overwhelmed by every conceivable spending demand, as my noble friend Lord Bridges outlined, and there is much more to come. It is always short of money and always up against the limits of taxation and of borrowing and interest rates. The private sector has unlimited funds, by contrast, and it is absolutely ridiculous that we now have huge pension funds tucked away in trillions in this country, one of the biggest in proportion to our population, and yet they find themselves short of opportunities and the nation finds itself starved of the necessary investment it is crying out for on every side.

The real need is for new forms of collaboration between the public and private sector that do not blow up the public sector net debt and to find a new model that escapes from the outdated binary form of debate that has dominated thinking in the past. We tried the private finance initiative, the PFI, and it failed for various reasons, which there is not time to go into now. Missing in the report is the concentration on this crucial grey area between PSBR, government accounts and private money, which is in profusion. It is in not only the pension funds but in sovereign wealth funds, FDI and a thousand other resources as well.

Can the Minister reassure us that the brains in the Cabinet, his own party and the Treasury are looking at tough decisions in this area—not the tough decisions addressed in the report but those that require the highest priority—of how we mobilise the vast funds available in the private sector with such vast needs overwhelming the public sector? That is the key, and unless we can find the lock to put that key in, we will have much worse conditions ahead.'

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## **Ukraine War: London Talks Volume 845: debated on Monday 28 April 2025**

Lord Howell of Guildford

‘My Lords, we know that there is not the slightest chance of negotiation while Russia continues its systematic murder of Ukrainians. That is obvious, but does the Minister agree that, even if it came to some kind of initial negotiation, it will be bound to lay down only temporary arrangements of any kind because nobody can be trusted—and if it comes to the ceding of land, very temporary? These things will be under constant dispute for years ahead. But does she recall that two or three years ago, Moscow announced that it approved the idea of Luhansk and Donetsk as separate “independent” republics. Did that come into the negotiation, the discussion, at any point in recent days? It was not mentioned in the other place, yet I feel it is a piece of the jigsaw that may lead to possibilities.’

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## **Energy Grid Resilience: Volume 845: debated on Tuesday 6 May 2025**

Lord Howell of Guildford

### ***“Dinorwig and resilience”***

‘I want to reinforce the point made by the noble Lord, Lord Wigley. He is right, and the Minister is right, that in the past we did indeed have resilience. In this sort of case, resilience means bringing in a large amount of extra supply at very short notice, such as could be performed at Dinorwig, the pump storage station, which I was told could bring in several gigawatts at two minutes’ notice and, furthermore, that even if it was never used, the entire system would allow other plants to run at a higher margin, with a higher inertia factor, and, therefore, provide even more resilience and effectiveness for the whole system. In this age, as we move into reliance on renewables on a massive scale, are we providing support of that kind—rapid resource mobilisation—which will give us the modern and reliable system that we are going to need to compete in the modern world?’

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## **Energy Prices: Energy-intensive Industries: Volume 845: debated on Tuesday 6 May 2025**

Lord Howell of Guildford

‘My Lords, if the Minister is correct in his economic theory about gas and electricity prices—frankly, I am not sure that he is—why is the lower price of oil, which is now getting quite low, not bringing down the price of gas as well?’

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## **80th Anniversary of Victory in Europe and Victory over Japan: Volume 845: debated on Friday 9 May 2025**

Lord Howell of Guildford

### **“Foundation of lasting-peace have to be learnt from 1945: A personal memory”**

‘My Lords we have heard some very fine speeches, and I shall use my brief five minutes for a personal memory, first, and then reflections on where it has all taken us and where it is taking us now.

First, I was in fact there on the glorious, crowded day of 8 May—there are fewer and fewer of us who can say that. My father had returned from three years away in the desert and Italy. He took me that morning to the top of the park, where we watched the parade along the Bayswater Road and the generals going by waving from their open cars. General Alexander was by far my father’s most favoured and admired leader and general. My father had come back unscathed, but I am afraid this was not the same for my wife’s father, who was killed in that war in the last days, along with all three of his brothers—in fact, an entire family more or less wiped out.

Later that day, my father had to go back to work somewhere in Whitehall, which was very odd, because it was supposed to be a national holiday. Of course, although he never told us or mentioned it, he was not working just in Whitehall; he was in fact in Mr Churchill’s War Rooms by St James’s Park, where the war was still being run from, staffed by a continuous duty roster of which he was part. I discovered this only some 20 years later, when the Cabinet Office released photos of him and his colleagues at their desks in the War Room, which was not open to the public until several decades later—or even its existence admitted. Years later, when I happened to be working in the Treasury, in an absurdly large office, I arranged to go down three floors in the lift to those rooms, which were still frozen in time, with my father’s desk there, and I noticed two lumps of sugar in the drawer, reflecting the shortage world that we all lived in and have long since forgotten.

Anyway, that was the end. There was a little sign on the wall saying that, on the morning of 15 August—VJ Day—two Japanese Zeros had been shot down in the Philippines; heaven knows what they were doing there. It was then blank—empty. The weekend roster was cancelled. It said, “This office is closed as of today”. It was the end of an era.

It is worth reflecting that our fathers and forefathers had learned a lot about peacemaking. They knew what people seem to have forgotten today: if peace is built on temporary factors or quick deals, it is worse than useless. It is no use getting assurances from pariah nations that intend to go straight back to aggression afterwards. The clear lesson from Ukraine about which we have all talked is that something will have to change inside Russia itself, which is now a pariah nation, if we are to get another 80 years—or eight years, or even eight months—of peace.

The foundations of peace have to be learned from 1945, now even more than then. In this age of drones and digital, war is now totally against civilians. It is not entirely the front line at all. The defence of civilians must be the total approach, not just a military matter, including in Ukraine. A vast amount of diplomatic effort is needed to get the whole world to grasp what is now at stake. The

UN will of course have to be rebuilt, built on or replaced. Ukraine will have to be rebuilt, certainly with Russian funds.

Even the 56 nations of our Commonwealth are not united in seeing and understanding this. We should be concentrating much more on getting not just Europe but Asia and the vast Commonwealth network agreed on a common course and a common stance. I welcome the India deal that has just been reported, which, despite the obvious problems, shows that the growing Commonwealth is alive, networking and very much part of the settlement that we are working towards for the future. I also welcome the US deal. I hope that it will last more than 24 hours; it should do, but we have to work on that as well. Finally, I hope that the new Pope will bring a dose of wisdom to a volatile America.

So perhaps there are some slim grounds for optimism beginning to emerge, particularly if we pay attention to those lessons from 1945 on how to build lasting peace. Let us hope, let us learn and let us remember.'

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## **National Policy Statement for Nuclear Energy Generation: Volume 846: debated on Wednesday 21 May 2025**

Lord Howell of Guildford

### ***“Miles below what is needed.”***

My Lords, like the Minister, I look forward very much to the maiden speech of my noble friend Lady Maclean. With her reputation and past work, I am sure she will bring a fresh mind. Fresh minds are certainly needed in this area, where technology is changing extremely fast—faster than some people realise.

If I could find a word to sum up my feelings about EN-7, it would be one borrowed from the Prime Minister, who uses it quite frequently. I am afraid it is “disappointment”. I am disappointed. When I went to get EN-7 from the Printed Paper Office, I thought the office had failed to give me all the adequate paper, because when I read it through, I could not find very much addressing all the energy issues that are preoccupying the people of our nation and the industry. I am sorry to say that it left me very disappointed. It is not very different from EN-6, which mentioned SMRs. It is not all that different from EN-1, published back in November 2023, which also mentioned SMRs and so on. There is a difference: the move towards more criteria-based decisions for sites, which I will come to in a moment, and more references throughout to SMRs. They are included in the words, but not very much in the action.

I sound—and feel—negative. When I opened it, I found that the very first sentence of the entire document, about demand doubling, is wrong. It does not seem to be understood by the department that we are running at about 65 gigawatts of electricity—these figures are rough—which is 20% of our total energy use. The talk in the first sentence of the document is that demand will



“more than double by 2050”.

As I said, 65 gigawatts is 20% of total energy use, so double will be 130 gigawatts. That is miles below what will be required for an all-electric decarbonised economy. It will be well above 130: most people who examine these things closely say that it will be more like 250, and some say 300 gigawatts. That is the kind of clean energy volume we have to mobilise, and I totally agree with the Minister that nuclear is essential to it. With 3,000 hours of windless time around the United Kingdom and in this part of northern Europe, we will need a massive nuclear contribution, miles above what we have now or are likely to have in the next two or three years. The official figure is 24 or 25 gigawatts. I would like to take a bet—except I am not a betting man—that we will wish we had 50 gigawatts by the time we move into the 2030s. I am very glad to hear that, from the Minister’s and the Government’s point of view, there is no limit on what we should be building; it should be determined by other factors.

As for SMRs, which the rest of the world is busily ordering, I can find nothing here on the obvious siting differences arising between putting down on the ground sets of four, six or eight smaller reactors, depending on their size and the total required, and putting them down on different areas from the usual list, which appears on page 10 and is the list we have all been looking at for the last 20 or 30 years. It seems to miss out the possibilities of all the other abandoned, closed or still-suitable sites.

I am not arguing for a moment that the world is ready for individual SMRs to be placed at the end of this or that street or in this or that locality. I do not think the public are ready for that. There has been absolutely no education of or discussion with the public on the question of ionised radiation machinery being spread around the country. I am talking entirely about sites that either have been, are still or could be safely and securely nuclear. What about all the old Magnox sites? What happened to them? There are Trawsfynydd, Berkeley, Hinkley Point A and Sizewell A—followed by B, which was the only one that was rescued from the ones I announced in the lower House in October 1979 when we wanted nine new reactors, but only one emerged from that plan. There are Heysham 1 and Dungeness B, which I have visited and has, I think, already closed, and there are the old coal-fired stations. In California, industries are saying that they do not trust the grid any more and cannot feel safe with it.

They are buying up old coal stations and installing SMRs in them, very small ones, to get the reliable electricity they need for their production, so nothing is needed there.

I am looking forward to EN-8. I hope it is now being drafted, telling us the possibilities of setting down sets of small reactors from the various producers telling us that they can produce fully operative, commercially competitive models by the early 2030s, which is years ahead of anything being considered for Sizewell C. They say that the new one at Hinkley C will be completed in 2029 but, quite honestly, heaven knows when it will be. The original idea from the then chairman was that we should cook our turkeys for Christmas 2019. I think that the original deals approved by the Cameron Government and the first contacts with EDF under Tony Blair’s Labour Government were talking about an original expenditure of £9 billion. Then it became £17 billion, then £19 billion, £23 billion and so on. The latest figures I have seen are £46 billion- plus. One figure says £51 billion. Obviously, inflation affects that, but the expansion of cost has been enormous. I marvel that we

want to proceed with a replica in the rather charming belief that we will have learned all the mistakes from Hinkley C and therefore it will all cost less and be much quicker. I do not believe a word of it.

There is nothing on offer about a central point when you come to building and siting nuclear power stations, which is that SMRs can be fabricated in a factory. There is not that business of trundling trucks smashing up country lanes and destroying the environment for years and years on end, which of course is one of the driving forces of planning objections and delays. If you can bring in fabrication in the factory, you gain an enormous advantage, take a great deal of heat and tension out of local objections and probably cut years off the construction time. There is nothing on the advantages of a more distributed electricity system, which is what we are discussing and what many people are beginning to analyse, and which the use of SMRs and AMRs would greatly contribute to.

That means—and this is a very important planning thing—fewer pylons. If we can distribute our electricity—if we can get to the point at which we can convey North Sea electricity through switching stations into hydrogen by electrolysis, and move that in the same way that we move petrol today; and if we can then localise and get to market electricity or an electricity vector such as hydrogen—we will need fewer pylons. That would save years of planning objection, difficulty and political problems. I am amazed that there is nothing about that.

There is nothing on the fuel side. Some companies have said that they can manage perfectly well without enriched uranium at all. They are going to use already irradiated plutonium, of which we have a store at Sellafield, which we are guarding at considerable cost. That is a whole new possibility.

Above all—I know I am a little over my time—the factor that is really missing in this is finance, on which there is nothing. The fact is that small reactors can be financed profitably and will be in the future. There are several companies ready to do that without government money, whereas the big boys—the giant gigawatt machines—will cost the Government money, which means that they will cost the consumers, who are already

overloaded, and the taxpayers money. Both Sizewell and Hinkley C, the big ones in the pipeline, are already in deep financial trouble. We remain to see and hear how they will get out of it.

The whole world is into this new design system. Countries are ordering and building SMRs. Canada is putting four in Ontario. Denmark has said it wants to start, after years of being anti-nuclear. Indonesia has ordered 20. Poland is in the business, as are Korea, Japan, the United States and, of course, China and Russia. They are all building small nuclear reactors. There is a very long queue building up, and we will be at the end of it unless we move very fast indeed—faster than this EN-7 indicates or suggests.'

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## **Parliamentary Commercial Department: Volume 846: debated on Thursday 12 June 2025**

Lord Howell of Guildford

‘hope the Leader of the House has not overlooked that every moment the unworking door remains unworking, we are haemorrhaging money. There will have to be permanent staff there to press the button, which will presumably require a team of three or four who will have to be salaried. In any normal arrangement, it should be mended tomorrow morning. Can we afford to leave it as it is?’

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## **HS2 Reset: Volume 846: debated on Thursday 19 June 2025**

Lord Howell of Guildford

### **“Combine private finance with state finance”**

‘My Lords, I declare my interests as a former Secretary of State for Transport, I think one of rather many in this House, and as an adviser for many years to the Central Japan Railway Company, which is now busy building the fastest railway in the world, the Yamanashi Maglev. It may be of some comfort to all sides of the House that it is

running considerably over budget and two or three years late, emphasising the point that these gigantic projects again and again, almost for the last century, have been becoming wildly over budget and raising all sorts of issues, such as social and environmental consequences, that were not seen to start with and were not brought into the consultation. That remains the situation.

I welcome the moves the Government are making to pull it together with the new appointments, which I am sure are of the highest quality. I think we should all try to live with the remarks of the Minister and others that it is all the previous Government’s fault. They always say that. We should swallow our pride and recognise that if we have joint support, all round, of the least partisan and most constructive kind, we will get this project through. My Japanese friends said from the start that building should have begun from the north and come downwards rather than starting from London. There might have been rather different politics if it had.

Is the Minister aware that there will be more overruns? There will be more costs that no one had foreseen. Their efforts should be welcomed, as I said, but they must also be prepared for being quite frank in coming before this House, and obviously the other place, with the details of where the overruns are and how they fit in. There is a much bigger lesson, as my noble friend rightly said in his excellent opening remarks, that in these giant projects, we have not quite got right the co-operation between the Government, the state and the private sector. I see another huge whitish elephant coming up at Sizewell C, not because there should not be nuclear power there—I am all for that—but because it is the wrong design. It is vast. It is going to take years, and it is going to cost nearly the same sort of money in the end as we are spending on this railway. Figures of £30 billion to £40 billion are freely mentioned. There needs to be a vastly greater concentration on combining finance by the state that does not end in borrowing and taxation that we cannot afford with the private sector, where there is lots of money ready to go into well-formed and properly investable projects.

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## **National Security Strategy: Volume 847: debated on Thursday 26 June 2025**

Lord Howell of Guildford

### **“Excellent in Parts”**

‘Does the noble Baroness agree that the growing Commonwealth network, with its people involvement at all levels, its unifying soft power—and indeed, increasingly, its hard power, as we have recently seen—and its maritime data integration powers, is a key part of our national security, our influence and our adaptation to a totally changed security world that is going on around us? Can she direct me to the page in the strategy where all this is mentioned? I cannot find it.’

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## **UK-Mauritius Agreement on the Chagos Archipelago: Volume 847: debated on Monday 30 June 2025**

Lord Howell of Guildford

### **‘Will it be needed in five years’ time’?**

‘My Lords, I join with others in the very best wishes to what might be called the Boswell team. The noble and learned Baroness, Lady Prentis, has shown by her speech that she has a thoroughly professional mind and training, which will bring great value to our counsels, and we are very lucky to have her here. I have known the noble Lord, Lord Boswell—I call him Tim Boswell—for years in and out of government. I always found that he was a rock of common sense, particularly in the Brexit quagmire, where a great deal of nonsense is talked. I shall be sad that he is going. All I say to him is that I hope he enjoys retirement and does not spend time trying—dare I say it—to write a *Life of Samuel Johnson*.

I am glad that some noble Lords got the joke.

I will use my four and a half minutes to discuss the security aspects of the whole project, which are by far the most important in the present state of the world. The position of the Chagos Islanders has been strongly debated and is covered in our very thorough International Agreements Committee report, which the noble and learned Lord, Lord Goldsmith, so excellently chaired and introduced today. I had the honour of being on that committee, like the noble Lord, Lord Hannay. I am sorry that, for legal reasons that I do not fully understand, the Chagossians have had—once again—virtually no say in their future. I understand that the last place into which many of them want to be subsumed is Mauritius, which is 2,200 kilometres away. An association or tie-up with Australia was much preferred by some, but it is too late for a more imaginative solution; that was not put on the table at all.

On security, in this very dangerous time the issue comes down, in hard terms, to leasehold or freehold. Are we safer hanging on to the freehold, which will be constantly challenged by various courts of various qualities around the world, with the prospect of continuous rulings against us? Or are we better off with a long lease, which in theory should be safe but can of course be abrogated or

have new conditions applied or other changes made to it? Look at what happened in the case of Hong Kong—we should never forget that.

That does not even put the whole question in balance, because with the lease option comes the most enormous bill. I would like the Minister to explain just what that bill is. The Explanatory Memorandum talks about £3.5 billion in today's money through the so-called Green Book methodology. When my noble friend Lord Callanan rightly and robustly questioned these issues, he mentioned £30 billion—so one side is almost 10 times the size of the other.

I have never known a debate like this before; I have been in these two Houses for 59 years, and I have never heard such a cavalier approach by a Government to cost. It is essential that, if they are to ask for approval of any kind from this House or any other body, Ministers make clear just what the monetary implications are. The sums are vast—think what we could do with them here at home. No doubt, Mauritius will make good use of these colossal sums of money; perhaps it

might even lend us some back, as we need it. This certainly needs clarifying; we cannot stand in the complicated situation into which we have now been put.

The immediate security considerations are much clearer and more pressing. The immediate area we are discussing is either side of the 52nd meridian line, which roughly bisects the Indian Ocean and is teeming with activity by hostile powers—the so-called counteraligned nations, notably China. Most of our sea-borne trade, and 80% of all world sea-borne trade, has to cross that meridian line. The Chagos Archipelago is just about plumb in the middle of it. China is building ports all around, such as currently in Kenya. Chinese closeness to Mauritius is a fact, not an exaggeration, as one witness to our committee implied.

Disruption of sea trade would be devastating for all of Europe but especially for us; it has been christened as Europe's nightmare. Remember that the Red Sea and its mouth at Bab el-Mandeb are virtually closed already, and shutting the mouth of the Persian Gulf at the Strait of Hormuz is also on the table. Benjamin Disraeli and other great statesmen of the past must be turning in their graves. This is all the more urgent when land routes are blocked and overflight western air routes to Asia are already shut off. Yet Asia is where all the growth comes from and where we must be.

The Government seem set on this change of status at what has become the cross-routes of the world. Let us pray and hope that it proves worth it and makes us stronger, not weaker, in the storms ahead.'

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## Overarching National Policy Statement for Energy: Volume 847: debated on Wednesday 9 July 2025

Lord Howell of Guildford

### **“I want our lights to stay on”**

‘My Lords, I declare my interests as set out in the register, as an adviser to the Kuwait Investment Office and, on the unremunerated side, as chairman of the Windsor Energy Group and several other similar groups.

I note with slight regret the departure of the noble Lord, Lord Hunt of Kings Heath, with whom we have had some exhilarating debates. That is rather sad for me; I think we were getting on pretty well, although he spent an entire column of Hansard ticking me off for allegedly being against Sizewell C, when he claimed that everyone else was in favour. I understand why he said that, but it is not quite true. I am, in fact, strongly in favour of further development of Sizewell C; I had something to do with the final kick-off for Sizewell B, which took 15 years to build. I am sure there is a good site at Sizewell C. What I am against is dumping on it another white elephant EPR of the design being painfully worked out at Hinkley, which has not worked in many other places, is vastly expensive, will probably take another 15 years to build, and will cost huge amounts of government money at a time when we do not have much.

It is perfectly clear that if the alternative, which I shall come to, involving a set of smaller products built by Rolls-Royce, GE Hitachi or anybody else, were placed on that prepared site of Sizewell C it would have enormous attraction for private investment. Several private investors—small modular reactor builders—have already indicated that it could be done in a quarter of the time and would involve far less uproar over planning and construction sites, because these things are fabricated mainly in factories. It would also greatly ease the huge pressures building up on the state, on the Government, on the consumer—who is already very hard pressed and paying some of the highest electricity prices in the world—and on the taxpayer. I cannot imagine or understand why it has been decided to use this site for a replica of Hinkley C.

The Secretary of State says, “Oh, it’s fine, we’re the driving force in promoting nuclear; it’s a very good thing”, and mentions a list of things including Hinkley and Sizewell C. All I can say on Hinkley is that we were supposed to cook turkeys with Hinkley electricity in 2017, so we are eight or nine years behind time. Originally, way back when it was first mooted under a Labour Government in 2007, believe it or not, it was supposed to cost £9 billion. The Tories continued to approve it through their period and the price gradually

rose from £9 billion, to £17 billion, to £23 billion, to £30 billion and then to £33 billion—admittedly with inflation obviously operating on it. Now the figure is £46 billion, although I have heard a figure of £51 billion mentioned. The prices are out of control.

Is this a system that we want to replicate? Do we really believe that we will learn all the lessons of Hinkley C and other EPRs around the world that have not been at all successful and are of a design that even the French recognise as “unbuildable”, as the chief executive of EDF has said? Is that really the best use of this site? I think not. Having spent vast sums—£2.7 billion—preparing the site,

we should think again about whether we want either to see carbon-free electricity flowing from that site in the next 10 years or to resign ourselves to the fact that it is very doubtful that it will be in time for the 2050 net-zero targets.

We will come back to that, but here we have this rather complicated suite of documents. We are debating EN-2, EN-3 and EN-5 today—and, of course, a revised system in EN-1; I see the logic of why we need to revise the base of the system each time we move forward into new areas. We have already discussed EN-7 in this Room, which was very useful in opening up, more widely than hitherto, the nuclear side and recognising more strongly the case for SMRs, AMRs and other new technology in nuclear power. All that should be fully applied in the next stage in nuclear development, including a very large number of SMRs. We need to move quickly because the order books of the world are filling up as many other nations move into the area of SMRs. The latest, I saw this morning, is Indonesia, which is ordering 20 new SMRs, which it believes will be in operation in 2028.

Nevertheless, here are all these documents. I will try to concentrate on EN-2, EN-3 and EN-5 although, inevitably, our questions spill over to EN-7, the response to EN-7 by the Government, and EN-6, although that is not actually available. The Printed Paper Office tells me that EN-6 has effect for listed nuclear projects capable of being deployed by the end of 2025 and that the Government are in the process of preparing a new NPS. We cannot debate what we have not seen, but that will obviously overlap with many of the things that we have seen in the three documents before us.

I will go through a list of what one welcomes and what one deplores. I welcome the comprehensive approach in every conceivable aspect of the construction, the environment and the impact. A tremendous amount of work has been done by very many minds, and it is very impressive.

I welcome that it is recognised that we need new gas infrastructure. Surely that does not fit into a net-zero world—but yes, it does. We will see in a moment that it is confirmed in these documents. I welcome that the NPSs take a cautious step forward on the whole issue of how on earth we get electricity to the place where it is needed, from the new sources to the new consumer markets, with the very sensitive issue of pylons and how it is carried and transmitted. I shall come to that in a moment.

I welcome the fact that EN-5, I think, openly recognises that only half of the total energy demand for electricity will be met by 2050—and the other half will presumably

come from unabated or abated gas and oil. That opens the question of how on earth you handle the emissions from the unabated electricity, which is necessary for our modern electricity demand. The answer takes us into the world of carbon capture and storage, which again is covered and referred to fairly comprehensively in one of the three documents—I forget which.

I notice the enthusiasm with which the Government, from the Secretary of State downwards, say that we are driving all these nuclear plans forward. I have to say that if he is driving the Hinkley C plan forward, he is a very slow learner driver indeed. As I have already remarked, it was meant to be ready in 2017, or even earlier.

Those are things that are good. Now I come to the rather negative side. Of course, the nuclear replacement programme is miserably slow. We are all waiting for the final decision on Sizewell C. It was rumoured that it was going to be announced while President Macron was here yesterday or today. I do not know whether that has happened—I have not heard anything on the radio or seen anything in the newspapers or on the television, but that was the idea.

We are moving really very slowly in the direction of the final decisions on the real momentum needed for small nuclear reactors, which are sweeping the world not as a diversion or an alternative but as the next stage on from the huge gigawatt plants that are being built at Hinkley and one or two other places in the world, one of which is apparently about to be built at Sizewell. That is yesterday's scene; those are the technologies of yesterday. We need the technologies of today: hundreds of smaller modular reactors that will be built much more quickly and attract private money.

There is a lot of talk about how somehow private money can be induced into Sizewell, through the regulated asset bases; the more I try to work out why private investment will be attracted, the more complicated it becomes. Perhaps the Minister will tell us what the latest story is about this, since one rumour is that nothing has been raised at all. Other rumours are that there has been some development in attraction from the regulated asset base income stream, paid for by consumers, years before anything is actually completed, let alone before a single kilowatt of electricity is generated and sold.

I deplore, though not quite so strongly, the handling of the hydrogen sector, which is interesting. It is recognised that hydrogen is not a fuel but a vector; it is a means of carrying power from one place to another and of encouraging local distribution. There is no reason why the considerable amount of electricity that, at present, is not generated in the night when not wanted, even when there is a good wind—of course, that costs the consumer a lot of money—should not be used to convert into hydrogen. The hydrogen can then be shipped, just as petrol is now in petrol trucks, to the destination markets where it is used.

That has another implication, which is interesting and not mentioned at all: if hydrogen is being shipped by truck to markets where it could be either fed into trucks or turned back into electricity, you will not need pylons. You will avoid all the agony and debate,

which we are going to get stuck into, about where pylons should go, and areas they are going to go over, including

“some rural and coastal parts of the UK”

that

“have not been near sources of electricity generation”.

Those are bureaucratic, polite words for, as we know, some big pylons marching over beautiful areas. That will involve a long planning battle and be expensive, although putting them underground is not much improvement even on that. I am told that, nowadays, it is not just a question of digging a trench; it is necessary to have at least two wires a tennis court's distance apart, and a far bigger disruption of the landscape—equivalent, temporarily, to building a motorway. None of these



documents goes into that reality, which is being widely discussed by many people outside the Department for Energy Security and Net Zero.

I am sad that the whole idea of the Morocco interconnector has been dropped—it was in early White Papers. That is 3.2 gigawatts of clean electricity that we will not have. I am sad that the CCUS projects are moving much too slowly, because how can we get to net zero and abate all the gas and oil that will still be burned without a massive expansion of CCUS? I regret that our contribution to lowering world emissions will thereby be lower than it is going to be anyway. I regret that the technology that we developed for CCUS—which would have a real benefit in high-emissions countries such as India, China and, indeed, the United States—which we could be exporting will not be exported. It is not even mentioned in these in these documents.

I regret that the limits of the Secretary of State's power in agreeing or disagreeing infrastructure projects are so vague. All we get is guidance that there must be an "appropriate balance". How nice that the Secretary of State should be guided by an appropriate balance. What is an appropriate balance? Who will decide it? How will it be fair and just between all the different and immense pressures?

I regret that there is a vast underestimate throughout all these documents of the amount of clean electricity demand that will be required. In one of the earlier documents there was talk about doubling electricity demand. When one realises that electricity demand is now about 1/10th of total energy usage, doubling it will get us nowhere. We are talking about 300 gigawatts at the very least. The official figure appears to be under 200 gigawatts.

Finally, I regret that there is an underestimate of the enormous complexities, about which I was warned 40 years ago as Secretary of State, of integrating intermittent electricity into a stable grid system. It requires vast engineering ingenuity of the kind that clearly did not exist the other day in Spain and Portugal, where the lights went out completely. I want our lights and power to stay on. I want our power to be affordable. I do not see any big reassurance, even in all this literature and huge suite of documents, that that will be achieved.'

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## **Strategic Defence Review 2025: Volume 847: debated on Friday 18 July 2025**

Lord Howell of Guildford

### **“Excellent in Parts”**

‘My Lords, like others, I congratulate the noble Lord, Lord McCabe, on his maiden speech, which seemed to be robust and sensible. No doubt we will hear many more excellent words from him. I cannot conceal from noble Lords my extreme pleasure that we are able to hear again the tones of my friend, the noble Lord, Lord Hennessy, who guides our thoughts so skilfully on the constant need for constitutional evolution and reform for our society to stay together. Indeed, he begins to cast a beam of light on the whole changing relationship between the state and the citizen, which of course affects everything else, including in particular the nature of defence in our society.

I hope that the excellent and wise reviewers, whom I greatly respect, will not in any way feel I am being deprecatory in saying that I see this review as very excellent in parts—there are many new insights and concepts about the changed nature of warfare in the digital age recognised in it, and about time too—but that, alongside those, there are some very curious omissions and flaws that challenge the value and thrust of the whole exercise. I will come briefly to those.

First, on the positive side, the emphasis the noble Lord, Lord Robertson, put on whole-of-society thinking is absolutely right and, of course, it is the same as the emphasis in the national security review. It is not a new thought; as noble Lords know, the Russians have made an open aim of trying to undermine civilian morale and destroy civilian facilities in order to undermine, in turn, the front-line troops. The aim, in all these things, is to destroy civilian life and morale—to put that first, and the military collapse will follow. That is what has happened in history: the Germans thought they could do it in 1939, and the Russians are trying to do it now. They are trying to kill the supply lines, kill civilian life and kill the nation. It probably fails every

time, and it will probably fail again. But it is what the whole thrust of modern, as opposed to traditional, warfare has introduced.

Secondly, there is a marvellous emphasis in this review on new technology: microchips, hyperconnectivity, fundamental change brought on by drones of every shape and size in huge quantities, amazing missile accuracy, and enormous range. As the review itself says, technology is driving the greatest change in how war is fought for a century—I would say almost the greatest change in the whole of our history. Then there is a call for a new national armaments director, something we tried back in 1970 with Sir Derek Rayner and the new ministry of procurement. There were difficulties. We learned from it, but I am not sure we have yet learned enough.

There is the huge expansion of reserves, which the noble Lord, Lord Soames, has just welcomed—that is absolutely excellent—and of course the cadet forces as well. This sounds a bit like restored national service, and I would like to know more; this is a big move in the right direction. There is quicker recruitment and much better force integration, although I note there is no actual merging of forces, which is always a delicate matter with regimental loyalties. There is talk of the hybrid Navy: yes, the Navy will have to concentrate on undersea drones and unmanned submarines patrolling

the seabed. These will be features 10 years from now, and they will require a whole new approach via the naval strategy. There were good remarks on space warfare. That is the good part of the story.

The bad side has briefly to be mentioned; I do not think it can be hidden. First, there is no reference in this whole document to nuclear proliferation, which the rest of the world is discussing. We have spent 50 years trying to prevent nuclear proliferation through the NPT, but now, suddenly everyone is talking about it and saying that, if Ukraine had hung on to its nuclear weapons, it would not be where it is now.

There is nothing on the central financial issue of Treasury overdominance, the need for a revised private finance initiative and the sort of ideas touched on just now by the noble Lord, Lord Hennessy—restoring a central drive to a budgetary strategy system at the very heart of government, one that is not always dominated and delayed by Treasury bean-counting. I would like to see much more island patriotism in this report. I do not mean nationalism; I mean that everyone needs a country to love, and we certainly do. I am worried about placing too much emphasis on NATO first: the next challenge may well come from a new war zone in the Indo-Pacific, which has now become the really dangerous crossroads of world trade and prosperity, with Diego Garcia in the middle of it.

The Commonwealth was mentioned. The coastal and island states of the Commonwealth are the ideal network for the integration of maritime data on movements of all shipping—surface and subseas—and they should be exploited. I could not find any reference to that in this report. Bearing in mind that the Red Sea entrance is now closed, the Strait of Hormuz is now threatened and the Cape route is now also being challenged, these are very dangerous times for this

nation on the high seas. I would like to see a much stronger hand stretched out to Japan, which is anxious to merge with us on all sorts of new projects, including AUKUS and the combat aircraft it is working on.

Finally, what about the United Nations? Everyone says that it should either be reformed or replaced because it is not doing its job. We will not be safe until we have joined in and contributed powerfully to what should replace the international order for the new international issues in the present time: climate, energy, migration and all the rest. Populism is more assertive.

On all sides, the international rule of law and rules of war are being broken, and for that, above all, we must be alert, prepared and defended.'

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## **Power Struggle: Delivering Great Britain's Electricity Grid Infrastructure (Industry and Regulators Committee Report): Volume 849: debated on Tuesday 4**

**November 2025**

Lord Howell of Guildford

### **"No Need for pylon problem"**

'My Lords, I apologise for delaying the Committee for another four minutes, but my own Select Committee was cancelled at short notice at 4 pm, so I was able to come here and listen to the considerable wisdom on an issue with enormous implications for the future. In the four minutes, I have time to comment on only one factor—one omission, if I may call it that—in the otherwise excellent and very thorough report.

The omission relates to the transmission and grid system. We have all read in the newspapers about the long queues of would-be applicants to transform from fossil fuels to electricity, and maybe the intention of getting them reduced will be achieved. But there is one obstacle. Although we can get the electricity to switching stations on the coast—from the growth of sea pylons in great numbers, where most of our electricity will come from on fine days—we know that the problem is then the transmission: getting it from the switching stations to the city gates and the markets where it is needed. We know that the problem there is the pylons, which the noble Baroness, the noble Lord, Lord Teverson, and others mentioned. Obviously, this is a huge difficulty and problem. Why? It is expensive and there are all sorts of planning problems and delay in getting these pylons built, because there is a general hostility from environmentalists to this sort of thing.

Therefore, one needs to ask: are we on the right track at all in thinking about the pylon problem? Are there alternatives? Yes, there are: hydrogen tanks, tankers and other vehicles can of course transmit hydrogen just as they transmit petrol now. We do not need pylons to get petrol and diesel to every garage in the United Kingdom. People say, "That's all very well, but it's much too costly". But I wonder. Think about the alternative cost: the £1 billion or more that we pay each year not to produce electricity, despite the increased demand for electricity and the shortage of it—an absurd situation. Think about the enormous delays that will result from trying to put up 1,000 kilometres of new pylons, mentioned by the noble Lord, Lord Chandos, and others. Think of the years of planning that lie ahead while every single pylon is disputed. Think that the likelihood is that hydrogen technology costs will come down and we will be able to transmit hydrogen by pipeline or tanker easily, and a great deal of these pylons will be completely redundant in five to 10 years' time. Are we on the right track at all?

That is all I have to ask in my four minutes. I fear that we are not on the right track. I fear that the costs of alternatives—the electrolysis for transforming north Atlantic electricity, clean, to the vast new demands of the electric economy that lies ahead—have not been calculated or set against the enormous cost of trying to build 1,000 kilometres of new pylons, which is said to be £60 billion; I will believe it when I see it. This is really a great gap in the whole argument and strategy which NESO has not addressed properly. Previous Governments probably have not, and the present Government do not seem to be doing so. Therefore we have a case, as the noble Viscount, Lord

Chandos, said, for another report to look at the real facts of the overall transmission situation in the coming decades. That is all I have to add to an otherwise excellent document and much wisdom around on the enormous problems of trying to get adequate clean electricity 24/7, not intermittent, to our industry in the future. Unless we do, we will fall even further behind in competition in world markets.’

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## **Economic and Taxation Policies: Jobs, Growth and Prosperity: Volume 850: debated on Thursday 13 November 2025**

Lord Howell of Guildford

### **“Increased Tax & borrowing? Cutting Government spending? The third way they keep forgetting”**

‘My Lords, it is always a pleasure to follow my noble friend Lord Saatchi, who has considerable wisdom in these affairs. The

Government’s multiple dilemmas over their economic and budgetary policies are well known; they have been widely aired in the press, and many media experts and economists have declared them to be completely insoluble. One way, they say, is blocked politically, and other ways are blocked by the simple facts of arithmetic and life. There are limits to the amount of tax you can squeeze out of an economy, especially one that is not growing much, and if you borrow more, bondholders will want to be paid more interest. Incidentally, that never happened in the distant past. More recently, monetary policy and fiscal policy have become inextricably intertwined, so there appears no way out.

However, looking at Germany, for example, which has been in roughly the same situation as us, I wonder whether this whole messy scene may not be based on some false assumptions. Germany faces the same sorts of dilemmas as we do, having inevitably planned too much spending at the Covid time and when the price of gas suddenly erupted four years ago, as well as on welfare, meeting the immigration wave and now defence. So what did Germany do? It arranged to borrow another €1 trillion—that is about £900 billion—to pay for the endless and extra spending demands upon the country. Germany is doing this without blowing up its fiscal rules, which are just as tight as ours—in fact, unlike ours, in Germany they are constitutionally embedded. How on earth is Germany doing what is causing us so much difficulty?

The answer is: by building on a reputation of past iron fiscal prudence and the lessons of the 20th century, which, of course, destroyed Germany; by having a reasonably clear forward strategy and national direction on how it is going to use the extra money, which is mostly for defence and infrastructure, although there is an argument going on in Berlin about exactly how it is to be allocated; by having a political system of machinery capable of driving Germany’s plans through, all with the right mix of private enterprise resources within a government framework of determination and initiatives to meet public needs and purposes with both public and private resources; and by methods that do not swell what we used to call the PSBR, which is now called the public sector net cash requirement.

Here at home, we know that considerably greater funds could be raised through smart new ways of public and private co-operation in building and financing capital projects in areas such as health and the NHS, military projects, new development aid through World Bank bonds, and building new nuclear power stations, which can be done without a huge burden on government finances. All these would deliver what is needed in a modern society. I have heard of NHS chiefs who are seeking permission to raise billions from combining with private finance but who are being blocked by Treasury rules. It is the old story.

All in all, a picture builds up of a potentially greatly reduced burden on the public purse, borrowing, interest rates and taxpayers. That is not ideology; it is a matter of proven experience all over the world, even in the giant autocracies. Here, the intention of fiscal balance is okay, but the root trouble is the absence of smart thinking about how to combine public needs with private co-operation and resources.

Indeed, the Government have relied on their own propaganda by blaming the consequences of everything—Covid, Russia's illegal assault on Ukraine, the lot—on their predecessors. That is political fun, but it is based on a completely false proposition and the assumption that everything would come right when Labour was elected, which, of course, has not happened. When Labour swept in, we were promised stability, but since then we have had endless instability.

Now the Prime Minister has spoken to the Health Secretary, so I am sure that everything is going to be all right, and the bond market will no doubt be very pleased to hear the news. All we can do is wish for a more honest stance before a hurricane of wishful thinking and wrong-headed policy brings our non-growth economy to a complete halt.'

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