

Autumn Budget 2025: Summary for the Renewable Energy and Clean Technology Sector

[The full Budget document can be read here.](#)

Initial Views:

- We have released a press comment on the [EV Pay per mile proposals](#), stressing that the measure needs to be fully thought out as part of a fundamental reform of road user charging, based on a polluter pays principle that doesn't slow down the EV transition. We have previously setup a group to discuss the proposals and come up with an industry-led option for implementation.
- Other measures such as new funding for EV charging infrastructure are positive but will be overshadowed by this proposal.

The [additional £1.5 billion allocated to the Warm Homes Plan](#) will be partially offset by scrapping the Energy Company Obligation (ECO). This new funding must be spent wisely and could be directed toward funding an expansion of the salary sacrifice scheme to cover clean home-energy technologies such as insulation, biomass boilers, heat pumps, home energy-storage systems, and rooftop solar. Using these funds to support salary sacrifice would allow households to spread costs more affordably, accelerate the uptake of low-carbon heating and energy-efficiency measures, and ensure that the transition to cleaner homes is accessible to middle- and lower-income families. By aligning Warm Homes Plan investment with a proven, cost-effective financing mechanism, the government can reduce energy bills, cut emissions, and make electricity-based heating more attractive relative to gas.

- Other accompanying announcements confirming the [reduction to electrolytic hydrogen production electricity costs](#) and [expansion of Permitted Development Rights to cross pavement EV Chargers](#) are welcome as we have previously called for or supported such measures.

Transport

- EV Pay Per Mile charges to be Introduced from April 2028 – a 3p per mile charge for Electric Vehicles and 1.5p per mile for PHEVs 'Electric Vehicle Excise Duty (eVED)' is being consulted on, [here](#).
- Vehicle Excise Duty for petrol and diesel cars will remain frozen until September 2026 but after this will increase in line with (RPI) inflation from April 2027. This mechanism had been frozen for the past 16 years.
- The current Electric Vehicle Car Grant has been allocated a further £1.5 billion in funding and extended until 2029/30. This could offset some of the damage from the eVED proposals.
- There will also be an extra £1.5 billion for EV manufacturing through the Drive35 programme.
- The threshold at which motorists with new EVs have to pay the VED Expensive Car Supplement will increase from £40,000 to £50,000 from 1 April 2026.

- Previously proposed changes to benefit-in-kind rules for Employee Car Ownership Schemes will be delayed until April 2030.
- A consultation has also been published on new permitted development rights for cross-pavement EV charging – an REA policy priority for the past few years - details available [here](#).

EV Chargepoints rollout – new support

There is a mini package of new support measures for installing EV chargepoints:

- £100m extra for training and new staff in local authorities to deliver new chargers;
- £100m extra for home and workplace charger infrastructure (likely through the grants mechanisms)
- The “government will review the cost of public EV charging, looking at the impact of energy prices, wider cost contributors, and options for lowering these costs for consumers. The review will start in Q1 2026 and report by Q3 2026”;
- A new 10-year, 100% Business Rates relief for EV chargers and EV only forecourts.

Heat and Hydrogen

- The Warm Homes plan has retained it’s full capital allocation of £13.2 billion of funding, allocated at Spending Review 2025, despite rumours of cuts.
- ECO home energy efficiency scheme scrapped, contributing to the aim to save £150 on consumer energy bills.
- An additional £1.5 billion capital investment announced for the Warm Homes Plan. We believe the bulk of this new funding should be used for expanding the Salary Sacrifice Scheme for domestic retrofits such as renewable heating options, rooftop solar and home batteries.
- The previously consulted on proposals to scrap CCL rates for electricity used to generate hydrogen from electrolysis have been confirmed, intended to be in place by Spring 2026 - [as set out here](#).

Circular Bioresources:

Planning and Regulatory Resourcing

- £48 million additional Government funding will be provided to MHCLG, DSIT, and Defra to improve capacity and capability in the planning system, including resources for training and retaining planning professionals. Government funding will also be allocated to improve the performance and speed of environmental regulators. Government estimates 1,400 recruitments across the planning system by the end of this parliament to speed up planning decisions on housing and infrastructure projects.
- The government has also recommitted to make the regulatory landscape more efficient, accessible and less costly for businesses, including reducing duplication, noting this will feed into the next spending review. Proportionate

regulation and adequate resourcing for the environmental regulators has been a long-term ask of the REA.

- No significant changes in overall Defra resource or capital expenditure.

Landfill Tax

- Government to increase the standard rate of Landfill Tax by RPI and the lower rate by the cash increase of the standard rate from 1st April 2026 (figures on p.93), maintaining the differential between the two rates in cash terms (i.e. preventing the gap between the two rates of Landfill Tax widening in the coming years).

Plastic Packaging Tax

- To incentivise businesses to use recycled instead of new plastic in packaging, the government will increase the Plastic Packaging Tax (PPT) rate for 2026-27 in line with CPI inflation. Government will also consult in early 2026 on the introduction of mandatory certification for mechanically recycled plastic packaging for businesses to claim an exemption from Plastic Packaging Tax

Waste Tax Conditionality

- The government is confirming plans to extend tax conditionality to the waste and animal welfare sectors and additional transport licences. Draft legislation will be published for a technical consultation in 2026.

Power

- Government will shift 75% of the policy costs of the Renewables Obligation (RO) from energy bills onto general taxation from 2026/27 to 2028/29.
- This is part of a drive to **reduce consumer energy bills by up to £150** - a breakdown in the document for this saving is as such: £67 from the changes to the RO, £60 from closing the ECO scheme, and £6 from a reduction in VAT as a result.
- Nuclear power planning frameworks have been revised to allow for the faster development of new projects including Small Modular Reactors.
- Capital funding will rise slightly for DESNZ to £11.7 billion by 2029 while resource finding will be slightly cut.
- Major grid and clean energy investments as previously announced, including via the National Wealth Fund and GB Energy, with a confirmed base for GB Energy in Aberdeen.
- Freeports and Investment Zones (e.g. Forth Green Freeport, Anglesey Freeport) will continue to prioritise renewables, offshore wind supply chains, and low-carbon energy innovation.
- The North Sea Future Plan has also been confirmed, regarding future oil and gas licences.
- Also for oil and gas, a retention of the Energy Profits Levy and replacement Oil and Gas Price Mechanism on excess industry profits at time of high prices have been confirmed - good news for renewables.

Related Announcements

- Establishment of a establishing a *£30 million fund to invest in Cornwall's comparative sectoral advantages, including critical minerals,*

renewable energy and marine innovation, subject to a full business case, under a £30 million 'Kernow Industrial Growth Fund'

- *AI Champions will drive the adoption of AI* - Shaheen Sayed, Chief Commercial Officer of Reinvention Services, Accenture has been named as the champion for Professional Business Services, and Chris Dungey, Chief Technology Officer High Value Manufacturing, Catapult will be working with the Advanced Manufacturing sector. They join Lucy Yu, CEO and founder of the Centre for Net Zero, who was appointed AI champion for Clean Energy.
- Expansion of the the BridgeAI adoption programme into all high-growth modern Industrial Strategy sectors.