# UK energy firms slash renewable investments amid economic pressures and planning delays



The recent announcement by one of the UK's largest energy firms regarding a significant reduction in its renewable energy spending underscores a troubling trend within the sector. The firm has cited a challenging macroeconomic environment and delays in policy and planning as key factors behind this decision, leading to a substantial cut in projected growth rates for renewables. This setback is not an isolated incident but reflects broader difficulties experienced throughout the industry, raising questions about the future trajectory of the UK's energy transition.

A recent analysis by BloombergNEF predicts that the UK will fall short of its ambitious offshore wind target of 43 gigawatts by 2030, forecasting an operational capacity of only 33 gigawatts. This shortfall results from various obstacles, including escalating construction costs, supply chain constraints, and uncertainties regarding long-term energy prices. Major developers have been forced to delay or cancel projects in light of these challenges. For instance, Ørsted recently halted work on the Hornsea 4 wind farm, and SSE has reduced investment in its Berwick Bank and Arklow Bank projects, citing both planning bottlenecks and concerns over economic viability. Despite these struggles, the government insists on its commitment to the offshore wind targets, with plans for a robust strategy and upcoming allocations aimed at stimulating growth in the sector.

In a broader context, the energy landscape is shaped by shifting strategies among major players. For example, BP recently announced a reduction in its green energy investments while simultaneously increasing funding for oil and gas operations. The company plans to decrease its annual green expenditures from $5 billion to as low as $2 billion, while boosting investments in fossil fuels by 20%. CEO Murray Auchincloss has acknowledged the need for a recalibrated approach, stating that the previous transition to renewable energy was overly ambitious. This strategic retreat has prompted criticism from climate advocates, who argue that it undermines global efforts to combat climate change while positioning the company for long-term profit amid increasing fossil fuel demands.

This retrenchment extends beyond BP, with European energy giants like Shell and Equinor also pulling back from renewable investments. Major oil companies, after a period of aggressive growth in renewables, are redirecting their focus back to more profitable oil and gas operations. Financial pressures combined with geopolitical disruptions, particularly in the wake of Russia's invasion of Ukraine, have led to increased energy costs and a dampened appetite for ambitious clean energy investments. The overall trend reflects a growing scepticism about the viability of renewable energy investments compared to traditional fossil fuels, particularly with the uncertainties surrounding global economic conditions.

As these companies scale back aspirations for renewable energy, the implications for the UK’s climate goals are concerning. The government's existing strategy appears at odds with the realities faced by energy firms navigating complex planning processes, rising costs, and shifting financial landscapes. While the UK remains on track to meet its solar energy targets, achieving a substantial reduction in gas-generated electricity dependence by 2030 now appears increasingly uncertain. This conundrum highlights a crucial tension between immediate financial realities and the long-term vision of transitioning to a sustainable energy future.

In this evolving scenario, stakeholders across the energy sector will need to consider not only how to sustain their investments amid economic pressures but also how to maintain their commitments to reducing carbon emissions and enhancing energy security as political and environmental challenges loom large. The viability of the UK's renewable energy ambitions hangs in a precarious balance as companies weigh the shifting cost-benefit calculus of green versus traditional energy.

## Reference Map:

* Paragraph 1 – [[1]](https://carbon-pulse.com/401925/), [[2]](https://www.ft.com/content/482d1405-7e73-4c4c-b44c-30079a8bfab7)
* Paragraph 2 – [[2]](https://www.ft.com/content/482d1405-7e73-4c4c-b44c-30079a8bfab7), [[3]](https://www.reuters.com/business/energy/uks-sse-cuts-investment-expectations-due-changing-macro-environment-2025-05-21/)
* Paragraph 3 – [[4]](https://apnews.com/article/1b9cfca4c2da138f83ace86b5945e053), [[5]](https://www.reuters.com/business/energy/big-oil-backtracks-renewables-push-climate-agenda-falters-2024-12-27/), [[6]](https://www.ft.com/content/318e9615-e69c-4556-a961-51b52a4d9afe)
* Paragraph 4 – [[7]](https://www.reuters.com/business/energy/shell-slows-investments-offshore-wind-splits-power-business-2024-12-04/)

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## Bibliography

1. <https://carbon-pulse.com/401925/> - Please view link - unable to able to access data
2. <https://www.ft.com/content/482d1405-7e73-4c4c-b44c-30079a8bfab7> - A recent analysis by BloombergNEF (BNEF) indicates that the UK is likely to fall short of its 2030 offshore wind target, predicting only 33 gigawatts (GW) will be operational by then, instead of the planned 43GW. The sector faces challenges such as rising construction costs, supply chain constraints, and concerns about long-term energy price returns, leading developers to delay or cancel projects. Notably, Ørsted halted work on the Hornsea 4 wind farm, and SSE slowed investments in its Berwick Bank and Arklow Bank projects, citing planning bottlenecks and economic viability concerns. Despite these setbacks, the government maintains its commitment to the target, with a robust strategy and upcoming subsidy allocation rounds. The UK is also on track to meet its solar power targets and may still achieve its 2030 goal of limiting gas-generated electricity to 5%, particularly in favorable weather conditions.
3. <https://www.reuters.com/business/energy/uks-sse-cuts-investment-expectations-due-changing-macro-environment-2025-05-21/> - British utility company SSE has announced a significant reduction in its five-year investment plan, cutting it by £3 billion ($4.04 billion) due to the changing macroeconomic environment. This decision brings the total planned investment down to approximately £17.5 billion. The largest cut is in its renewables division, which will see a reduction of £1.5 billion. The company cited broader economic pressures, including delays in planning processes and increased costs in solar, wind, and grid infrastructure projects. These challenges are part of a wider trend affecting the global economy, exacerbated by U.S. trade policies under President Donald Trump, which have led to fears of trade disruptions, higher costs, market volatility, and reduced demand. SSE’s move reflects the difficulties companies across sectors are facing as they navigate a complex and evolving economic landscape.
4. <https://apnews.com/article/1b9cfca4c2da138f83ace86b5945e053> - BP announced a significant shift in its strategy, focusing more on oil and gas production and reducing investment in green ventures from $5 billion to up to $2 billion annually. The company plans to increase its investments in oil and gas by 20% to $10 billion. This move aims to support the company's long-term shareholder value and respond to the higher demand for oil and gas, which BP believes will persist for decades. CEO Murray Auchincloss acknowledged that the previous strategy towards rapid green energy transition was overly ambitious. Despite the shift, BP maintains its commitment to achieving net zero carbon emissions by 2050. The change has drawn criticism from climate campaigners, who argue it undermines efforts to address the climate crisis and risks long-term profitability amid growing renewable energy sectors. Investor reactions have been mixed, with BP’s share price experiencing a slight decline despite recent speculation-driven rallies.
5. <https://www.reuters.com/business/energy/big-oil-backtracks-renewables-push-climate-agenda-falters-2024-12-27/> - In 2024, major European energy companies such as BP, Shell, and Equinor shifted their focus back to oil and gas, seeking higher profits amid geopolitical disruptions and rising energy costs following Russia's invasion of Ukraine. This retrenchment was driven by a slowdown in clean energy policy implementation and lower returns on renewable investments compared to U.S. companies like Exxon and Chevron. BP and Shell have notably reduced their investments in wind and solar power projects, with BP spinning off wind projects and Shell exiting power markets and weakening carbon targets. Equinor also reduced spending on renewables. Despite these companies' claims of commitment to net zero emissions by 2050, the global push to mitigate climate change has been severely impacted. The trend is expected to continue in 2025 as Donald Trump's return to the White House and China’s economic efforts may boost oil demand. However, analysts warn that financial constraints and slowing demand growth in China could pose challenges for the oil sector.
6. <https://www.ft.com/content/318e9615-e69c-4556-a961-51b52a4d9afe> - BP and Shell have spent a combined $18bn over five years to build their electricity generation capabilities but are now scaling back their ambitions due to limited progress and skepticism. Initially aiming to become leading electricity companies, with significant investments in green energy, both companies confronted competitive and financial challenges. BP's and Shell's management acknowledged they may lack a competitive advantage and sufficient financial robustness to meet their renewable electricity goals. Consequently, BP has halved its expected capital expenditure on offshore wind, and Shell has sold its electricity retail businesses in Europe, exited the Chinese market, and ceased seeking new offshore wind projects. The shift in strategies exemplifies the difficulties oil companies face during the energy transition, grappling with balancing investor expectations between traditional and renewable sectors. Despite this, BP and Shell remain committed to specific areas like solar and electric vehicle charging. The broader oil industry has also shown a poignant recalibration of their green investments, focusing on less capital-intensive paths to decarbonization.
7. <https://www.reuters.com/business/energy/shell-slows-investments-offshore-wind-splits-power-business-2024-12-04/> - Shell has announced a reduction in new offshore wind investments and a split of its power division following a strategic review initiated by CEO Wael Sawan in 2023. The company's strategy shift aims to focus on high-return activities, leading to cutbacks in low-carbon and renewable projects in favor of oil, gas, and biofuels. Despite retreating from new offshore wind projects, Shell remains open to selective investments under favorable conditions. The move mirrors decisions by competitors BP and Equinor, influenced by challenges in the renewables sector and pressures to enhance shareholder returns. Shell's power division will now be divided into two units: Shell Power, led by Greg Joiner, and Shell Energy, headed by David Wells. The company remains committed to its ongoing offshore wind projects and aims to bolster its battery storage capabilities and flexible gas-fired plants to address renewables intermittency. Additionally, Shell plans to expand its liquefied natural gas division and maintain steady oil production levels.