



The COP29 Impact Report:

From Global
Commitments to
UK Deal Flow

2026

The COP29 Effect - UK Policy - Capital Impact

From Baku to Britain: COP29 Begins to Move UK Private Climate Capital

The global climate stage moved from Azerbaijan's hosting of COP29 in November 2024 to its hosting of World Environment Day 2026. This 18-month window provides an accountability test for the UK: did global commitments and policy signals translate into localised capital movement? To bridge the gap between high-level diplomacy and ground-level investment, this wrap analyses transaction-level data from UK climate-tech funding rounds. By tracking these deals through the lens of the post-COP29 policy cascade, it can be determined whether the Baku Effect successfully triggered shifts across UK sectors, carbon markets, and institutional capital.

~\$1.6B

Post-COP29 funding raised
Dec 2024 – Apr 2026

155

Post-COP29 rounds (Dec 2024–Apr 2026, 18 months)

WHY THE UK IS THE TEST CASE: The UK is one of the few economies where the full policy-to-capital chain can be traced: it has its own carbon market (UK ETS), a state green investment vehicle (the National Wealth Fund), a clean energy mandate with a fixed deadline (Clean Power 2030), and one of Europe's deepest climate-tech VC ecosystems.

UK Policy Response: The Post-COP29 Cascade

The following were the major policy initiatives undertaken in the UK post-COP29:

Date	Policy Action	Relevance to Capital
Jan 2025	NDC formally submitted to UNFCCC (30 January 2025), 11 days ahead of the 10th February deadline. Confirmed the 81% emissions reduction target by 2035 announced at Baku, covering all sectors and gases. First formal legal commitment triggering the domestic policy delivery chain.	NWF begins co-investing alongside private capital, 3 deals totalling \$173M within 14 months
May 2025	UK and EU announce ETS linkage. If implemented, this would create the world's largest carbon pricing market by economic value, though China's ETS remains larger by emissions coverage. Linkage pending ratification with no confirmed implementation date.	Grid and storage startups gain long-term demand certainty; ETS linkage strengthens carbon price signal for UK CCUS and MRV startups
Jul 2025	UK Green Taxonomy confirmed as not being pursued (15 July 2025). Government pivots to UK Sustainability Reporting Standards and mandatory transition plan disclosures as the sustainable finance framework.	Disclosure-led framework replaces classification-led approach, removes key capital allocation mechanism for institutional investors

SECTOR ANALYSIS: WHICH UK CLIMATE-TECH SUB-SECTORS SAW A FUNDING SHIFT?

The months following COP29 tell a story of selective momentum. Capital did not move uniformly across UK climate-tech, it concentrated in specific sub-sectors where post-COP29 policy instruments created the clearest demand signals. The table below maps that activity by sector, identifying which sub-sectors attracted deal flow and the most significant rounds within each. Sectors are ranked by total post-COP29 deal count.

Sector	Total Funding (USD)	Post-COP29 Deals	Notable Post-COP29 Round
Smart Grid	\$424M	15	Kraken \$150M (Dec 2025), GRIDSERVE \$135M (Jul 2025), Fuse Energy \$70M (Dec 2025)
Renewable Energy Tech	\$324M	19	tem \$75M (Feb 2026), Rivan \$34M (Apr 2026)
Energy Efficiency Tech	\$188M	19	Mixergy \$16M (Mar, 2025), LAIIER \$7M (Dec, 2024)
Air Pollution Management Tech	\$135M	21	BeZero Carbon \$32M (Jan 2025), OXCCU \$28M (Sep 2025), Immaterial \$18M (Oct, 2025)
Solid Waste Management Tech	\$83M	15	Epoch Biodesign \$18M (Mar 2025), Shellworks \$15M (Oct 2025), Xampla \$14M (Sep, 2025)

Data Note: Companies are mapped to multiple subsectors, sector-level deal counts exceed total unique rounds..

The Sectors That Moved:

Smart Grid (\$424M, 15 deals): This sector led post-COP29 activity with three rounds crossing the \$50M mark: Kraken (\$150M), GRIDSERVE (\$135M), and Fuse Energy (\$70M). These policy signals likely reinforced existing investor conviction, though most deal processes would have been initiated prior to policy announcements.

Renewable Energy deal (\$324M, 19 deals): Notable deals include tem (\$75M) and Rivan (\$34M), both reflect growing investor confidence in the accelerated deployment timelines set by Great British Energy's Clean Power 2030 mandate.

Energy Efficiency Tech (\$188M, 19 deals): Notable deals include Mixergy (\$16M) and LAIIER (\$7M). The sector's spread across 19 deals at a lower average cheque size suggests a pipeline still in its scaling phase, wider than Smart Grid but yet to produce the concentrated large-round activity that signals institutional conviction.

STAGE DISTRIBUTION: WHERE IN THE LIFECYCLE IS CAPITAL FLOWING?

The sector picture sharpens further when viewed through the lens of the funding stage. 2025 saw a sharp acceleration across all early-stage activity, with 58 Seed and 51 Early Stage rounds recorded, suggesting the post-COP29 policy signals may have strengthened investor conviction across the formation layer. Early Stage was also where volume and dollars aligned most strongly, with 51 rounds raising \$782M, an average cheque of ~\$15M, consistent with a scaling-phase ecosystem rather than a speculative one.

Stage	Funding Rounds		Total Funding (USD)	
	2025	2026	2025	2026
Seed Stage	58	13	\$154M	\$24M
Early Stage	51	12	\$782M	\$167M
Late Stage	7	2	\$276M	\$117M

Funding by Stage (USD). YTD figures are considered up to Apr 30, 2026

Source: Tracxn

Late Stage rounds appeared in 2025 at 7, pulling in \$276M at an average of ~\$39M per round. The capital concentration here signals that a small number of breakout companies are attracting outsized conviction, even as the broader pipeline remains early. Seed funding, while high in volume at 58 rounds, raised only \$154M in aggregate (~\$2.7M average), confirming these are genuine early bets.

2026's partial-year figures are tracking in line with 2025 run-rates, with no signs of a post-policy cooldown. The formation layer is active, the scaling layer is funded, and the late-stage layer is beginning to emerge. The next test is whether institutional mechanisms can carry this pipeline from scaling to maturity.

CARBON MARKETS: FROM CAPTURE TO INFRASTRUCTURE

How Article 6 and UK ETS Reform Shaped Carbon Market Startups

For years, the rules governing how countries trade carbon credits across borders under Article 6 of the Paris Agreement remained unresolved. COP29 advanced their operationalisation, agreeing standards for both bilateral trading (Article 6.2) and the centralised UN carbon market (Article 6.4), though enforcement mechanisms and the treatment of legacy CDM credits remain live implementation risks. For the UK, this coincided with a domestic shift: the UK ETS is being extended and linked to the EU system (announced May 2025), strengthening the carbon price signal that makes MRV, carbon accounting, and credit infrastructure commercially viable. The data shows that the pipeline is beginning to form, though not yet at volume.

Company	Date	Amount	Round	What They Do	Key Investors
BeZero Carbon	Jan 2025	\$32M	Series C	Carbon ratings and risk analytics (MRV layer)	GenZero, Japan Airlines, EDF, Illuminate Financial
Origen	Jan 2025	\$13M	Series A	Limestone-based direct air capture	Barclays, Shell, Hatch
CocoonCarbon	Mar 2026	\$15M	Series A	Industrial carbon capture tech	Brick & Mortar Ventures, 2150.VC, Gigascale Capital, SOSV

IS THE UK EMERGING AS A MEANINGFUL CARBON MARKET NODE? *The deal character is more significant than the volume. Post-COP29 includes carbon market infrastructure, most notably BeZero Carbon (\$32M, Series C), which operates in the carbon ratings and MRV layer required for scaling Article 6-aligned markets. However, with limited deals over the 17-month post-COP29 period, the data does not yet support classifying the UK, or London specifically, as a global carbon markets hub. Instead, the evidence suggests early-stage ecosystem development, with policy signals (UK ETS reform and voluntary carbon market consultation) preceding measurable capital scale-up.*

KEY FINDINGS & CONCLUSION

- 1. Smart Grid is the clearest post-COP29 winner.** Three rounds above \$50M, Kraken (\$150M), GRIDSERVE (\$135M), Fuse Energy (\$70M), all in the 17 months after Baku. The UK-EU ETS linkage and Clean Power 2030 grid mandate created structural demand certainty that coincides with the concentration of large Smart Grid rounds in this period. No equivalent concentration of large Smart Grid rounds existed in the pre-COP29 period.
- 2. The NWF is the most direct policy-to-capital transmission mechanism.** Three co-investments, \$173M, within 14 months of establishment. The NWF fills the role that the Green Taxonomy was meant to fill for institutional capital, except it deploys public equity alongside private capital rather than classifying funds. The NWF evolved from the UK Infrastructure Bank, which it replaced in October 2024. It inherited UKIB's £22bn capitalisation and received an additional £5.8bn, with an expanded mandate beyond infrastructure to support wider industrial transformation.
- 3. The carbon market pipeline is building, and its character has changed.** Post-COP29, we are seeing a clear investment pivot from carbon capture toward verification and utilization. BeZero Carbon \$32M highlights this trend, providing the MRV and fuel-conversion tech necessary for the newly operational Article 6 framework.
- 4. The formation layer is active,** 2025 saw 58 Seed and 51 Early Stage rounds, confirming the post-COP29 policy cascade widened the venture top-of-funnel. Late Stage rounds, with 7 deals and \$276M, signals a maturing cohort.

VERDICT: COP29 reshaped UK climate capital allocation without broadly increasing its volume. It created clear sector winners, Smart Grid, and Renewable Energy saw strong post-COP29 deal pipelines. It catalysed public blended finance through the NWF, which is the single most visible policy-to-capital link in the data. It began, but has not yet completed, the conversion of Article 6 into a functioning UK carbon market investment pipeline. And it exposed the structural gap left by the abandoned Green Taxonomy: without a classification framework, institutional capital from UK pension funds cannot follow the policy signal at scale. The cash is moving. It is not yet moving broadly.

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ABBREVIATIONS

Abbreviation	Full Form
COP29	29th Conference of the Parties to the UNFCCC
NDC	Nationally Determined Contribution
NWF	National Wealth Fund
UKIB	UK Infrastructure Bank
ETS	Emissions Trading System
MRV	Measurement, Reporting and Verification
CDR	Carbon Dioxide Removal
CCUS	Carbon Capture, Utilisation and Storage
SDR	Sustainability Disclosure Requirements
SRS	UK Sustainability Reporting Standards
FCA	Financial Conduct Authority
LGIM	Legal & General Investment Management
DESNZ	Department for Energy Security and Net Zero