

Energy prices rise again

It is perhaps fitting that energy prices go up again soon after the new government arrives. The last government was wrong to impose and retain price controls for as long as it did, but it was always encouraged to do so by the Labour Opposition. These price controls mean lurches in bills and prices, and mean prices stay higher for longer when they are on the way down. What is the point of them?

The last government was wrong to impose windfall taxes on energy that did not define the windfall properly and stayed on after the windfall high prices went down. The new government likes these taxes and wishes to hike them. That will mean the more rapid close down of our own oil and gas, more import dependence and higher prices. The last government did come round to the conclusion that closing down our own oil and gas faster was a bad idea. It meant importing more LNG which is far more CO₂ intensive as well as meaning we lost the tax revenue and the better paid jobs that home production delivers. It is self harm on a huge scale.

This government on its sane days admits we will depend on oil and gas for many years to come. Global forecasts say the world will be burning more oil and gas in 2030 than today and decline thereafter will be slow. The issue is who benefits from the oil and gas extraction, and do we add to the CO₂ by relying on CO₂ dense LNG where liquefying, gassifying and transporting all require large amounts of energy.

Some think trying to reduce CO₂ is a bad idea, and disagree with the global warming theory. There is no need to engage that argument when less contentious and more obvious arguments show that not getting our own oil and gas out of the ground is madness. No wonder we have dear energy. No wonder energy security is a government phrase that they do nothing to implement. The UK is living dangerously by spurning its own domestic energy. It is deindustrialising too quickly, importing too much and wondering why it does not grow faster. Far from saving the world it just watches as others grow richer out of selling us oil and gas and fossil fuel based products, producing more CO₂ on the way.