

Competition is the best regulator

Ofgem has left us short of generating capacity and too dependent on imports. It seems the Regulator has been reluctant to see security of supply as a crucial prime requirement. There had been competition between the retail energy suppliers, but competition between different ways of generating power has been regulated heavily around carbon dioxide issues rather than relying on cost and price unsubsidised to be the main determinant.

Ofgem has left us short of water. The introduction of competition has been limited to supplying businesses and to the provision of service rather than to the costs of collecting and cleaning water. There is no great problem with moving to a competitive model. You would treat the pipe network as a common carrier with the company owners required to offer terms to other companies to use pipe capacity. The Regulator could adjudicate disputes. Oil and gas pipes are commonly shared under commercial contracts.

The railways can also benefit from competitive challenge. Were the government to return the railways to the private sector by creating regional companies that owned and reunited track and trains there would need to be means to secure regular use of track for freight trains and long distance passenger services which cross company borders. The Hull train service was greatly improved by allowing a new challenger to provide better services.

Competition introduces more capital, service and productivity improvements and innovation. Monopoly stifles these things. Regulated monopolies leave us short of capacity.

The public sector could save some energy to help us out

Facing a winter of scarce energy the public sector could help us out by cutting its own substantial demands. This would save us money as taxpayers and leave more the available energy available for the homes that most need it and to keep business working without rationing.

Councils could review their street lighting and switch it off at times and in places where few people are out and about to need it.

All government offices could ensure through controls or caretakers that all electrical appliances are switched off early evening to avoid evening and night power waste.

Government officials could keep in touch with overseas governments more by on

line meetings, to curb the number of jet flights needed.

Temperature and time controls on heating and cooling systems in buildings should be adjusted down where possible

More insulation should be included in public sector buildings.

Lights should be turned off when people leave offices for the evening.

[Paying for energy](#)

All the time we need to import energy we are at the mercy of world prices for oil and of regional prices for gas and electricity. As we mainly import from Europe we are pushed into high prices by the chronic shortfall of energy provision on the continent. That is why I have been urging more domestic supply and trying to get us to pursue self sufficiency.

Policy has now changed to seek to produce more gas and oil at home, to keep open coal power stations pending new replacements, to revive nuclear and to examine commercial exploitation of technologies that would allow storage and time shifting of wind energy.

The solution to dear energy is to produce more cheaper energy. The immediate crisis prices come from a deliberate gas shortage in Europe caused by Putin's economic warfare. The policy of encouraging electrification of transport and heating will require far more electrical generation than we currently manage, so we need to think through the pace of introduction. When assessing the true costs of different means of generating power we need to take into account costs of stand by and back up power.

The immediate need is a further package of measures to cut the cost of energy by reducing energy taxes, and to provide some offset to the loss of spending power from the increase in gas and electricity prices. It needs to ensure those on low incomes are looked after. What would you like to see in that announcement?

[Letter to Leader of Wokingham Council about highways consultation](#)

Dear Clive

Thank you for extending the period of this consultation. It is important more people are made aware of it given its significance for our community. I trust the Council will seek to make it better known in the days that remain.

The power and responsibility to make changes to our roads, cycleways and paths rests with Wokingham Borough Council as the Highways Authority. The central government does not require you to make specific changes to roads or junctions and certainly does not want to see a policy of impeding the reasonable use of motor vehicles for people getting to work, to the shops, and to leisure facilities. Nor does it wish to see good access blocked for emergency vehicles, service providers and delivery vehicles.

As Wokingham is currently experiencing fast growth in population with a substantial rate of new housebuilding under our local plan it is most important that we expand road, cycleway and walking route capacities to meet the rising demand. I trust the Council will continue with the policy of putting in extra good road provision to bypass busy settlements and to remove dangerous road bottlenecks. It should also wish to ease congestion at junctions to reduce pollution, reduce tensions between different users of the roads and make for smoother and safer journeys. The government does provide additional money for suitable schemes for roads and cycleways but does not lay down where or how these should be introduced.

Yours sincerely

John Redwood

Rt Hon Sir John Redwood MP

[Who owns the losses on bonds in Euro](#)

area?

The massive Euro 5 trillion money printing and bond buying programme of the European Central Bank was undertaken in conjunction with the Central Banks of each member state. Most of the bonds bought were the debts of individual Euro member governments. 80% of the risk on those bonds rests with the individual member states Central Banks. They were required to buy up bonds issued by their own government and are liable for any losses on them. This is an added complication compared to the position in the US or UK where there is just one sovereign state and one Central Bank involved.

The Bundesbank has reminded us that a 1% rise in Euro area interest rates would lead to a loss of around Euro 48 billion on the Quantitative easing positions for the zone as a whole, with the bulk of that loss resting on the balance sheets of the individual member states Central banks. Each member state is responsible for ensuring the solvency and capital adequacy of its own system. The Euro area is now designing a scheme that will allow it to continue to buy up the bonds of any country with weaker finances in order to prevent their interest rate for longer term loans getting too far out of line with the rest of the zone. There will be interest in whether the bonds bought and added under such a scheme will be at the risk of the member state concerned or whether the European Central Bank will take on the risk.

The Eurozone has particular problems with this for another reason as well. Only in the Eurozone did they take rates down so low that many of the better sovereign bonds were for quite a long time offering a negative interest return. This meant that they were particularly expensive even by the standards of dear advanced country government bonds worldwide, putting them more at risk when rates have to go up.

The Italian general election seems likely to elect a centre right coalition. Whilst they remain committed to EU and Euro membership they may well prove more questioning and difficult in responding to some of these internal EU stresses.