My questions to Ministers at the Department for Business, Energy and Industrial Strategy

The government declined to answer some of these important questions about energy and industrial competitiveness. They failed to acknowledge how much cheaper US gas is at home thanks to a better energy policy there. They claim not to know much about petrochemicals. They do not explain why they failed to abate the high carbon price to offer some relief on energy costs.

The answers provided do remind us how much capacity and business we have lost through high energy prices in areas like steel. They imply there will be more electricity capacity added other than wind and solar, but that includes more imports from unreliable European sources. It is difficult reconciling these figures with the figures they supplied and I published showing no planned increase in electricity before 2025 and then slow progress up to 2030. I would be more reassured with more information that was internally consistent.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what proportion of petrochemicals consumed in the UK are imported. (110222)

Tabled on: 24 January 2022

Answer:
Lee Rowley:

Consumption of imported petrochemicals cannot be estimated due to the lack of official data on imports, re-exports and consumption of these products.

The answer was submitted on 01 Feb 2022 at 16:56

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what proportion of steel consumed in the UK is imported. (110221)

Tabled on: 24 January 2022

Answer:
Lee Rowley:

According to the latest world steel association data, in 2020 the UK consumed 9.0Mt of steel of which 5.0Mt (55%) was imported. In 2019 the UK consumed 10.2Mt of steel and imported 7.3Mt (72%).

The answer was submitted on 01 Feb 2022 at 16:57.

Question:

To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of demand for electricity from the UK transport sector in 2030 compared to 2022. (110219)

Tabled on: 24 January 2022

Answer:
Greg Hands:

The figures below show the Department's latest published projections of electricity consumption in the transport sector for the years 2022 and 2030 in thousands of tonnes of oil equivalent (ktoe).

2022	**2030**		
Transport (ktoe)	Electricity	564	1,614

The answer was submitted on 01 Feb 2022 at 17:50.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what increase in UK electricity generating capacity is planned by 2030 excluding wind and solar power energy. (110218)

Tabled on: 24 January 2022

Answer:
Greg Hands:

Our latest published Energy and Emissions Projections show 31 gigawatts (GW) of new non-renewable capacity are projected to be built between 2022 and 2030. Non-renewable capacity includes nuclear, fossil fuel, interconnector and storage capacity and excludes bioenergy, hydro, wind and solar.

The government are not targeting a specific capacity mix but will ensure a market framework to bring forward the necessary capacity whilst promoting effective competition to deliver an affordable, secure, and reliable system consistent with our decarbonisation objectives.

The answer was submitted on 01 Feb 2022 at 17:51.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of electricity demand from domestic heating in 2030 compared to 2022. (110220)

Tabled on: 24 January 2022

Answer:
Greg Hands:

BEIS regularly publishes projections of energy demand and emissions, including projections of electricity demand in the residential sector. The most recent update (Net Zero Strategy baseline: partial interim update

December 2021) was published on 7th December 2021.

In this update, electricity demand in the domestic sector in 2030 is projected to be 116 TWh (terawatt-hours), compared to 101 TWh in 2022. Projections for the component of this demand that is due to domestic heating are not available. These projections only consider policies which have been classified as implemented, adopted, planned, or expired as of August 2019, as specified by international reporting guidelines.

These figures are based on central estimates of economic growth and fossil fuel prices and have been extracted from BEIS Energy and Emissions Projections: Net Zero Strategy baseline (partial interim update December 2021) Annex F: Final energy demand.

For additional detail on the recent update to energy demand and emissions projections, please see:
https://www.gov.uk/government/publications/energy-and-emissions-projections-net-zero-strategy-baseline-partial-interim-update-december-2021

The answer was submitted on 01 Feb 2022 at 17:53.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, for what reason he has not abated the carbon price in response to changes in the level of carbon price. (110215)

Tabled on: 24 January 2022

Answer:
Greg Hands:

Following the triggering of the UK Emissions Trading Scheme’s Cost Containment Mechanism, the UK Emissions Trading Scheme Authority (made up of the UK Government, Scottish Government, Welsh Government and Northern Ireland Executive) considered the factors that may have affected allowance prices, and agreed that not intervening in the UK Emissions Trading Scheme was the right course of action in both December and January. The Authority issued a statement after both decisions, with its reasons, on gov.uk.

The answer was submitted on 01 Feb 2022 at 17:54.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what comparative estimate he has made of industrial gas prices in the (a) UK and (b) US. (110217)

Tabled on: 24 January 2022

Answer:
Greg Hands:

Gas prices have risen across the globe as a result of a number of international factors in supply and demand, with many markets across Europe and Asia experiencing highs. These have been caused by a number of factors, industries rapidly rebounding demand, as economies exit COVID-19 lockdowns, liquified natural gas demand in Asia, and supply outages over the summer.

The answer was submitted on 01 Feb 2022 at 17:57.

Question:
To ask the Secretary of State for Business, Energy and Industrial Strategy, what estimate he has made of the potential loss of UK businesses in high energy using sectors as a result of the current high gas and carbon prices. (110216)

Tabled on: 24 January 2022

Answer:
Greg Hands:

I recognise this is a worrying time for businesses facing pressures due to the significant increases in global gas prices and its impact on electricity and carbon prices. I have met representatives of the UK’s high energy-using sectors to understand the impact on their business in the past months and extensive engagement with industry continues across government at both a ministerial and official level.

Many high energy-using businesses will have hedging strategies in place which help to shield them from exposure to the gas and electricity price rises, while some may be more reliant on current market prices.

The answer was submitted on 02 Feb 2022 at 07:22.

You can interfere too much

Time was when Conservatives opposed price controls. They offer only temporary relief from higher prices. They put business off investing more in increasing supply which is the best way to get prices down or to level them off. Price controls usually end in higher prices and the need to scrap them to rebuild capacity and investment.

Mrs May’s imposition of price controls has already led to the bankruptcy of many energy companies and to the effective nationalisation of a large casualty. It is now proving incapable of preventing a huge increase in energy prices.

As I have been explaining to government for a long time the U.K. is now short of energy and cruelly dependent on imports from a Europe which is even more short of home energy than we are. The EU is our supplier of last resort and the EU’s supplier of first resort is Russia.

In this week’s debate Labour revealed it thinks it wrong to get more of our gas out of the North Sea. They do not seem to understand that such gas would land by pipe on our shores and be available for our grid. Much of it would be sold under long term contract to U.K. users, reducing our dependence on volatile spot market gas from the EU at times of need.

We also require more reliable electricity capacity. The failure of the wind to blow has forced the U.K. to burn coal and buy in more gas from abroad to keep the lights on at the same time as business and homes needed to burn more gas to keep warm. The government seems to want nuclear to be the answer, but this will not start to kick in until the next decade. In the meantime we need answers on where we get the extra electricity capacity . I would keep all existing fossil fuel stations so they are available for when the wind does not blow. I would also like to see more pump storage and hydro to increase back up and flexibility in the system. If the government wants more wind energy it needs breakthroughs in battery or hydrogen technology and capacity to store the surplus energy from windy nights to use on windless days.

The loans to energy companies to delay part of the price rise leaves customers facing an even bigger bill in future. There is the danger that some companies will not be able to repay the loans leading to taxpayer losses.What we need is an energy supply answer to rising prices, and a tax cut to ease the squeeze.

My question on the Government’s Levelling Up statement

Rt Hon Sir John Redwood MP (Wokingham) (Con): I welcome the emphasis on personal journeys and improvement of free enterprise. Freeports can make a great contribution to that, so will the Government bring forward a freeport for Northern Ireland to show that it is properly part of the United Kingdom and, with it, to see off the EU threat to our Union?

Michael Gove (Secretary of State for Levelling Up, Housing and Communities, Minister for Intergovernmental Relations): My right hon. Friend makes an important point. The Government are committed to ensuring that we have two additional freeports in Scotland, at least one in Wales and one in Northern Ireland, and announcements on those should be forthcoming shortly.

My speech on Labour’s motion for a windfall tax on oil and gas producers

Rt Hon Sir John Redwood MP (Wokingham) (Con): I welcome this opportunity for us to discuss one of the biggest issues facing the country. April could indeed be the cruellest month this year if more action is not taken to tackle the forthcoming problem, because we are likely to see an unfortunate coincidence of a big surge in electricity and gas bills as the cap is relaxed, an increase in council bills, general inflation that is a bit too high, and a national insurance increase hitting people’s work incomes. I urge the Government to think again about the possible severity of that squeeze on real incomes, as it would have a knock-on effect, reducing people’s ability to spend on other discretionary items as they struggle to pay energy bills. It would therefore slow the economy quite considerably, at the same time as creating this shock to living standards.

The Ministers sitting on the Front Bench are, I am sure, engaged in conversations more widely in Government, including with senior members of the Government who will make the ultimate decisions. Today is not really the day to debate more general taxation issues, although even at this late stage I would like the Government to cancel the national insurance increase, on the grounds that public finances generated a big surge in revenue compared with the Budget forecast last March, and our deficit is around £60 billion lower than they thought it was going to be. I say to the Government that they can accommodate the £12 billion they need to spend—rightly—on health improvements, without that money.

The proper subject of this debate is our energy markets. If we compare the two sides of the Atlantic, we see in Biden’s America, where he inherited a period of successful exploration and development of domestic gas, a market that can more than supply its own needs and has kept prices considerably lower than the damaged European market. President Biden, while clearly putting his country on the road to net zero at COP26, returned home to authorise more exploration and development of both oil and gas wells, and to license more territory in the gulf of Mexico. He took the view that we will have a transition need for gas for this decade or more, and he needs to keep the American market properly supplied.

I urge my colleagues on the Front Bench to be sympathetic, as I think they are, to the case that while we still need to burn quite a lot of gas, and while we are awaiting plentiful supplies of renewable or nuclear power that will be affordable and reliable, we must accept that we will be burning somebody’s gas, and it must make more sense to burn our own, rather than imports. Indeed, I would start that case from the green point of view. A while ago I had a useful answer to a parliamentary question, pointing out that the CO_2 generated by importing liquefied natural gas and burning it in whatever we wish to burn it in is more than double the amount of CO_2 generated from burning a comparable thermal equivalent of gas taken from the North sea. There is a very good green case for substituting domestic gas for imported LNG.

Clive Lewis (Lab): Over the past two years, the North sea oil and gas that was exported doubled. It is not our oil and gas. It belongs to the corporations that bring it out of the ground, and they sell it to the highest bidder. It does not increase our energy security. The right hon. Gentleman made a point about Biden inheriting fracked shale oil and gas in the US, but he failed to mention the ecological costs, which every year run into hundreds of millions of pounds of damage to the natural world. That is the price the United States is paying for its fracking, which I imagine the right hon. Gentleman would expect us to take up here as well.

Rt Hon Sir John Redwood MP (Wokingham) (Con): I was not talking about onshore gas at all; I was talking about North sea gas, which comes from under the sea. A variety of reservoir easing techniques have been used for many years and never caused political controversy. I was recommending that we review again the opportunity to explore for more, to develop more and to bring into production the fields that we know are out there. That would also help the SNP spokesman, the hon. Member for Aberdeen South (Stephen Flynn), who would rightly like more jobs or to sustain jobs in his successful oil and gas city, which faces the problems that he described. I was interested in his warning about how a windfall tax could, like last time, collapse investment and reduce the amount of extraction and future investment that we get.

The hon. Member for Norwich South (Clive Lewis) said that not all the gas produced in the North sea would be sold to us. That may be right, but the European market in general is chronically short of gas and the continental market is cruelly dependent on Russian gas, which today we can see is not a good idea. A North sea supply would therefore help when we are trying to ease supply pressures and bring prices down.

The second reason why it makes much more sense to use our own gas—or to extract more of it—rather than rely on imports is that we collect much more tax on it, and we are losing all that tax revenue on imports. The hon. Gentleman should remember that we now import 53% of the gas that we need, and we do not get anything like the revenue that we could if we extracted more of our own. Preferably, we would sell it to ourselves, but even if we exported it—we may well do that—we would still collect the extra revenue. There would also be a benefit in jobs and prosperity, because the industry tends to create quite a lot of well-paid jobs, which is good for the communities that sponsor those activities.

I hope that Ministers will look favourably on the idea that, during this transition, we will burn a lot of gas—as will everyone else—so it makes a lot of sense for the UK to produce gas and offer it on long-term contracts, trying to smooth some of erratic prices that we see because of what is happening on the continent, and make our contribution to greater security of supply for ourselves and—indirectly—for Europe.

Finally—I know that time is limited—electricity is much in demand, and it will be much more in demand if the electrical revolution that the Government wish to unleash comes true. One reason why we had a big spike in gas prices was that the wind did not blow, which added to the need to burn a lot more gas in power stations. That can happen again, because the wind clearly is an unreliable friend, and it is particularly difficult if it goes down at times of peak demand or when it is very cold. We therefore need to ensure that we are putting in enough reliable electricity capacity, because that has a direct relationship with the gas supply and demand issue as well as with gas prices, and I do not think that the current plans have nearly enough new capacity in them.

Visit to Code Ninjas

On Saturday I visited the Code Ninjas class for young people to learn how to write computer code whilst playing some computer games and meeting other young computer enthusiasts.

The activity took place at St Crispins school in Wokingham. The Organiser, Naveen Khapali has stated " I hope to provide a platform and opportunity for 16 to 18 year olds to build their career in computer coding and programming. Code Ninja's Wokingham has a vision to provide a safe and fun place for kids to learn about technology and the dynamics of technology whilst learning to code, create new games and develop problem solving and life skills"

The facility is available for any child over 5 years old. Parents can contact the organiser on wokinghambrkuk@codeninjas.com to learn more about the terms and conditions and the arrangements for looking after the children.