

The Business Department needs to promote UK energy to promote UK industry

I attach below my proposal to the Business Secretary:

Levelling up requires the UK to attract and retain more investment in industry as well as services. One of the main requirements to keep and attract industry is a plentiful supply of affordable energy. This may well in the future be renewable electricity or hydrogen gas made using renewable electricity, but for the next few years industry remains heavily dependent on gas.

This means we either allow more UK gas to be produced and supplied on longer term contract at affordable prices, or watch as more of our industry is closed down and replaced with imports from countries that do have cheaper gas. If you want to make glass, ceramics, paper, steel, cement, plastics or many other products you need gas. Importing it from somewhere else does not reduce the carbon footprint. It usually increases it.

The UK energy policy in recent years has been to close down our coal power stations, to avoid building much new gas generating capacity and to rely more and more on imports. We need Norwegian, Qatari and EU gas in increasing quantities to keep our plants open. When there is a worldwide gas shortage our partial dependence on imported gas at world spot prices causes particular stress. We need increasing amounts of EU and Norwegian electricity.

We compound the difficulties of the steel industry by failing to mine a specialist coal we have in the U.K. and need for steel output. The chemical industry of course relies on oil and gas feedstock for much of what it does, but we have not allowed sufficient production and a close working relationship between the energy industry at home and the chemical industry. Germany has a larger chemical industry without a home gas and oil industry which should have placed it at a disadvantage but Germany does cut energy prices for industry and relies on a lot more coal in the total mix.

Shouldn't we trust the market more and grant the permits for UK exploration and development of domestic oil and gas? Wouldn't that reduce CO2 by cutting dependence on imports from coal based systems like Germany and China and from the extra transport it takes to bring the goods to us?