

The PM must continue his reform of net zero policies

My latest Conservative Home article

The Prime Minister made a little headway with Conservative opinion when he announced a new realism concerning the road to net zero. Former Conservative voters who are telling pollsters they will abstain or vote Reform took some interest in what he had to say. They agreed that it makes sense to get our own oil and gas out of the North Sea instead of importing more. It brings us better paid jobs, lots of tax revenue and lowers world CO₂ output. They agreed we should not ban new diesel and petrol cars in 2030. They are expecting more in this same sensible vein and are impatient for future developments.

The world background is so different from the world implied by UK policy. Most forecasts expect oil and gas output and use to continue to increase this decade. Most anticipate further large increases in CO₂ output this decade from China and for many years from India. As a result we are still some way off peak CO₂ output for the world. Many UK people who buy into the idea of curbing world carbon output do not see the point in the UK cutting back further on its own high energy using activities if we simply import what is needed from countries like China. They carry on burning coal oil and gas to make the things for us. If the UK did more for itself the amount of world carbon dioxide output would fall a little as we would save all the transport CO₂ to bring in the goods from abroad, and would often have more fuel efficient processes than the leading exporters. It would also help if we grew more of our own food instead of using subsidies to stop home production.

The UK has allowed itself to get hung up on wonky carbon accounting. If we import all the wood we need to burn in the Drax power station apparently that is green, but if we started producing our own sustainable timber to burn there would be a CO₂ attribution. What about all the extra CO₂ bringing the wood all the way across the Atlantic causes? Shouldn't we account for that? If we close down our coal burning blast furnaces and import our steel we have cut our CO₂ but world CO₂ will go up. In the meantime we have lost the jobs and the tax revenues making our own steel brings, and have weakened our ability to make things from steel including vital defence items. The Prime Minister is good at detail so he needs to challenge these absurdities in official policy formation.

There needs to be a big rethink on the idea that we can get everyone to net zero by regulating, lecturing and fining companies. It's a crazy world where our energy companies are fined because not enough people are prepared to have a "free" smart meter in their homes. The government needs to ask why people do not want them and trust them instead of wasting so much tax money on trying to get them adopted. It is bizarre that car companies making and selling vehicles here will be fined if they sell too many diesel and petrol cars at a time when electric cars are unpopular with the general public. Again the issue is ,how can electric cars be made affordable and attractive to customers? The government keeps on recommending heat pumps to be faced with tiny demand compared to the popular gas boilers.

They need to work on their affordability, their practicality and their running costs. They also need to let the industry catch up. I would like a good one for my flat but there is nothing on offer that could be installed in my block. It is strange that there are windfall taxes on those who dare to meet our demand for oil and gas, and now there are also windfall taxes on renewables if they are too profitable. The aim is always to end up with ever dearer and less competitive energy

The government also needs to lead thinking on the pace of change and the order of putting in the investments it does help pay for or regulates. If someone goes out and buys an electric vehicle today when they plug it in to recharge the electricity companies will doubtless have to burn some more gas to supply the power as they normally use all the available renewables for existing demand. How does that help us on the road to net zero.? If too many people got an electric car or heat pump there will not be enough grid and street cable capacity to supply their needs. When will the grid catch up? When will more investors be able to connect new wind or solar farms to the grid, where there is a long queue? Shouldn't we put in the infrastructure first?

If someone scraps an older petrol car and buys a new electric vehicle how long does it take to offset all the extra CO₂ generated by making the one and scrapping the other? If the driver does a normal mileage many years pass where the impact is more CO₂ from the change, not less. This is aggravated all the time the recharging electricity may have to come from fossil fuels.

Taxing carbon is said to be the market based solution to these dilemmas. What our regime does is hasten the end of high energy using industries in the UK, speeding more imports and thus boosting not reducing world CO₂ output. The UK has especially high energy prices given the taxes and market regulation, which is wonderful news for our competitors who take a more pragmatic approach to energy pricing. The UK has lost a lot of capacity in aluminium, glass, petrochemicals, fertilisers, steel, ceramics and other similar industries as a result of our lop sided approach to making and using these products. We consume them avidly but moralise about how we must not make them here. Last week saw the sad news that our remaining blast furnaces are under threat of closure. The Opposition scarecely stirred over it. Surely this matters? We used to battle long and hard to invest in and keep a variety of large domestic steel plants as a crucial part of our industrial base.

Meanwhile the government allows very large number of migrants in to undertake mainly low paid work. Given the importance of national CO₂ accounting to the system why do we not reduce this? Every new person coming in creates extra demand for CO₂ for all the homes, products and jobs they need. Following a low wage model is bad for many reasons as well as the environmental impact. We should aim for a higher real wage higher productivity economy. Better energy efficiency should be part of the greater emphasis on investment in good machine and computing power to do more of the tasks. If we invite in an additional 600,000 workers every year as we did last year that requires huge outpourings of CO₂ to build the homes, hospitals, roads, sewage works, power stations, schools and the rest they will need, and to run them. We then need bigger cuts in CO₂ elsewhere in energy using activities to hit targets.

The official government uses the policy wish to get to net zero to override common sense in its advice to Ministers and in the decisions of quangos. This come to suppress other important policy aims like increasing real wages, cutting poverty and promoting prosperity. It is time for a further re think, starting by getting rid of some of those so called net zero policies which mean more world CO 2 and fewer UK jobs.