

Time to cut through the energy subsidies, taxes and controls to keep the lights on

Yesterday the Business Secretary met the wrong people to solve the energy crisis. He met the companies caught up in a nightmare of controls which threaten their solvency but lead inexorably to large consumer price rises after a delay.

He needs to meet the primary energy producers, the companies that produce gas and generate electricity in the U.K. The basic problem we face is we produce too little energy for our needs. This makes us dependent on very expensive imports, on the goodwill of Mr Putin and the ability of an energy short Western Europe to help us.

Many of the taxes, subsidies and controls on energy production have been imposed in pursuit of net zero. The policy is an abject failure in its own terms, because it forces us to import plenty of gas from abroad adding transport CO2 to the total, and to import electricity that makes the continent burn more coal for power to meet their overall needs.

The government needs to cut its interventions and to licence more U.K. base energy delivery. More electricity needs to be generated here with cost and availability having more of a role in allowing its use. Proper costing of wind needs to allow for the costs of back up or in due course the costs of storage in batteries or through green hydrogen.

In the short term the government's only options are to transfer some of the extra energy cost from consumers to taxpayers by yet more subsidy to companies, or to beef up benefits to people on lower incomes so they can afford the surge in bills. Every day's delay in producing and investing more in domestic energy is another increase in bills and in total costs to consumers/ taxpayers. A general subsidy to companies would be yet another undesirable increase in public spending to dodge sorting out the underlying problem.