

What is this government doing to fix Britain's broken energy system?

British people are facing another winter of unaffordable energy bills, with many millions of households being pushed into fuel poverty and debt (as well as forcing businesses to the wall). Here we look at the scale of the problem and ask: what plans, if any, does this government have to fix our broken energy system and lower people's bills for good?

The ongoing energy crisis

For millions of people this winter will be worse than the last, while energy companies are still making eye-watering profits.

- Average energy bills are still DOUBLE what they were two years ago. And over 7 million homes will PAY MORE THIS WINTER than last to heat their homes despite lower energy prices, because government help has been withdrawn and standing charges have risen.
- Already over 5 million people are in DEBT to their energy supplier, with many owing over £1200 for electricity and nearly £1000 for gas. In the first half of this year, nearly 8 million people have already had to BORROW money to cover their energy bills.
- Over 1 million people DISCONNECTED their energy supply from January to March this year; and more than 1 million CHILDREN live in households that went without heating, hot water and electricity in the first half of 2023.
- What this means is that A NEW ENERGY CLASS SYSTEM is emerging in Britain based on access to energy. Fewer than 5 million households are exempt from the pain that Britain's broken energy system is creating.
- Meanwhile, energy company PROFITS are soaring. British Gas, for example, made nearly £1 billion in the first half of 2023. Energy suppliers' profits on domestic energy bills could reach almost £2bn in the next 12 months with Ofgem INCREASING the profit allowances energy firms can take from our bills.

Is this government fixing Britain's broken energy system?

Last year the UK government provided much needed financial support for people to help pay their energy bills. This was a short term fix, though, and the support has now, in the main, ended. Here we take a look at the key measures needed to fix Britain's broken energy system and lower energy bills for good – and whether or not the government is delivering.

Help for people THIS WINTER

1. Provide more financial support for those most in need

With energy bills today double what they were in winter 2020/21, many millions of people – including elderly and disabled people and families with children – will be unable to afford to heat their homes this coming winter, which will impact their physical and mental health and could even cost lives (the Met Office is predicting that this winter is likely to be colder than usual thanks to El Niño). However, the government has said support on bills will not be extended to this winter.

Additional support of £1000 for the lowest income households is needed, as well as an 'extreme weather payment' and delivery of unspent funds, to help the most vulnerable stay warm this winter.

Is the government fixing it? NO PROGRESS

2. Tackle the growing energy debt mountain

Thanks to last year's sky high energy prices, an estimated 5 million people were in debt to their energy suppliers in April this year, up 2 million compared to last year, with the total debt mountain standing at £2.3 billion. While some people will be able to afford to slowly repay their debt, for millions it will be impossible or mean that they go without other essentials, such as food.

A 'Help to Repay' scheme is needed to tackle arrears people have built up during the energy price crisis through no fault of their own, and should involve in some cases partial debt relief (where a pound repaid is matched with an equivalent amount of debt relief), or in cases where repayment is impossible, full debt relief.

Is the government fixing it? NO PROGRESS

3. Stop forcing people onto more expensive pre-payment meters

Last winter saw thousands of vulnerable people forced onto more expensive prepayment meters by debt collection agencies working on behalf of energy firms. The scandal led to a temporary ban on courts issuing energy firms with warrants to gain access to people's homes and energy firms voluntarily stopped the practice. However, despite 20,000 members of the public contacting Ofgem calling for a permanent ban, the government is leaving the door open for energy firms to resume forcibly installing prepayment meters.

The government needs to back the amendment to its Energy Bill, which would see the forced transfer of households onto expensive prepayment meters banned for good.

Is the government fixing it? NO PROGRESS

4. An affordable 'social tariff' for people priced out of the market

Last year, Chancellor Jeremy Hunt, promised to look at introducing a 'social tariff', but appears to have shelved the idea citing falling energy prices. A social tariff would provide a discounted energy deal, which suppliers would be required to offer, to targeted, low income households who simply cannot afford today's energy prices. It would provide a safety net for the most vulnerable, as well as the more than 1.7 million households in fuel poverty who are left with no government support because they are not in receipt of benefits.

Government needs to follow through on its promise to look at a more affordable energy deal for the millions of low income households and vulnerable people who cannot afford today's energy prices.

Is the government fixing it? NO PROGRESS

Lowering energy bills FOR GOOD

5. Reduce bills for good with a nationwide insulation drive

Britain has some of the leakiest homes in Europe (19 million of the UK's 29 million homes are ranked in the bottom rungs for energy efficiency) meaning £1 in every 4 spent on heating is currently wasted. Insulating homes is the cheapest and quickest way of permanently lowering bills, yet the government's flagship insulation scheme has flatlined this year, it has rowed back on a commitment to tighten energy efficiency regulations for private renters (a quarter of whom are living in fuel poverty) and its 2019 manifesto commitment to spend £9 billion on upgrading homes and buildings has yet to be fulfilled. **The government needs to urgently invest in a nationwide insulation and retrofit programme with more financial support given to low and middle-income households, as well as delivering emergency insulation measures through local authorities, and amending the Energy Bill to raise energy efficiency standards for private rental and social housing.**

Is the government fixing it? RAPID PROGRESS NEEDED

6. Lower electricity costs by developing more renewable energy

Onshore wind and solar are two of the cheapest ways to generate electricity, with power from new onshore wind projects costing at least four times less than gas power plants (and as much as nine times less during peak gas prices). Onshore renewables can also be brought online quickly, far faster than new gas or nuclear power facilities, getting

cheap, secure energy into the grid as soon as possible. Yet a number of serious barriers remain to developing more onshore renewables, including in the planning system.

Government needs to remove the blocks to new onshore renewable energy projects and ensure that households can benefit from the cheapest forms of energy.

Is the government fixing it? RAPID PROGRESS NEEDED

7. Reduce the UK's reliance on expensive gas imports

The UK's overreliance on gas for energy and heating is at the heart of the energy price crisis, and homes and businesses will continue to be vulnerable to price shocks for years to come until we transition away from expensive fossil fuels. Opening up new gas fields, though, will not lower bills: the UK has burned most of its gas reserves (new North Sea fields would produce only enough gas to satisfy the UK's needs for three weeks a year), and the government concedes that the price for gas is set internationally and wouldn't be affected by more domestic production. Despite this, the government has introduced generous subsidies for new oil and gas developments and issued a new licensing round with a promise to 'max out' the UK's oil and gas reserves.

Government needs to signal to the UK's oil and gas industry, most of whom invest nothing in UK renewable energy, that now is the time to transition away from expensive fossil fuels – and stop new North Sea developments.

Is the government fixing it? NO - IT'S GOING BACKWARDS

8. Claw back excessive profits

While millions of people have been pushed into fuel poverty by the energy price crisis, energy companies have seen record profits. UK headquartered Shell, for example, made global profits of nearly £12 billion in the first 6 months of 2023. But, despite making its highest ever profits in 2022, Shell paid negative tax in the UK last year, receiving over £8 million in tax back from the UK government. Oil and gas companies are benefiting from an £11 billion loophole in the windfall tax introduced by Rishi Sunak to incentivise new fossil fuel developments, money that could be used to insulate homes, which unlike new oil and gas developments, would lead to permanently lower bills.

Government needs to close the loophole in the energy profits levy and ensure that these excess profits are used to help fix Britain's broken energy system for good.

Is the government fixing it? RAPID PROGRESS NEEDED

Warm This Winter is a campaign that brings together anti-poverty and environmental organisations across the UK to campaign for practical measures that will help people with fuel costs now and ensure lower energy bills in the future. www.warmthiswinter.org.uk.

Last updated 4 September 2023.