Security and affordability: some reflections on recent debates

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UKERC / BIEE / ICEPT book launch event: 
Energy Security in a Multipolar World, 21st Nov 2013
1. Affordability and consumer bills

Gas prices have trebled since 2000

Electricity prices have doubled since 2000
1. Affordability and consumer bills

Number of households in fuel poverty

- England
- Scotland
- Wales*
- Northern Ireland*

Source: Department of Energy and Climate Change
1. Affordability and consumer bills

Estimated average impact of energy and climate change policies on household energy bills in 2020

<table>
<thead>
<tr>
<th>Policy</th>
<th>£s added through policy</th>
<th>£s reduced through policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU ETS &amp; Carbon Price Floor carbon costs</td>
<td>+£67</td>
<td>-£158</td>
</tr>
<tr>
<td>ECO support costs</td>
<td>+£66</td>
<td>-£97</td>
</tr>
<tr>
<td>RO (Large-scale renewables) support cost</td>
<td>+£63</td>
<td>-£81</td>
</tr>
<tr>
<td>Electricity Market Reform support cost</td>
<td>+£47</td>
<td>-£40</td>
</tr>
<tr>
<td>FITs (Small-scale renewables) support cost</td>
<td>+£22</td>
<td>-£36</td>
</tr>
<tr>
<td>Warm Home Discount support cost</td>
<td>+£15</td>
<td>-£24</td>
</tr>
<tr>
<td>Smart Meters and Better Billing</td>
<td>+£6</td>
<td>-£15</td>
</tr>
</tbody>
</table>

Energy Bill with policies 2020 = £1,331

LOWER BY £166 OR 11%

All figures in real £2012 prices. Figures may not add due to rounding. Average bill impacts shown, not all households will benefit from all measures.
1. Affordability and consumer bills

Ed Miliband: Labour would freeze energy prices

Labour would freeze gas and electricity bills for every home and business in the UK for 20 months if it wins the 2015 election, Ed Miliband has said.

The big energy firms would be split up and governed by a new tougher regulator to give people "a fairer deal".

Labour says the move will save average households £1,800 - but cost the energy giants £4.5 billion.

But energy companies said the policy could lead to jeopardise investment and jobs.
2. Keeping the lights on?

2. Keeping the lights on?

Centrica warns Labour energy plan risks 'ruin' for firms

Britain's lights could go out next winter! EU green directives have left grid 'close to limit'
- Royal Academy of Engineering warns of risk as old plants begin to close
- Electrical system could be under the most pressure next winter
- National Grid last week warned of Britain's risk of blackouts this winter

GB electricity capacity margin
A report by the Royal Academy of Engineering for the Council for Science and Technology

Power crisis risk 'worse than feared' this winter, SSE warns
Energy giant SSE warns Britain may see power shortages causing price spikes and factory outages
Fracking has become a national debate in Britain – and it’s one that I’m determined to win. If we don’t back this technology, we will miss a massive opportunity to help families with their bills and make our country more competitive. Without it, we could lose ground in the tough global race.

David Cameron, August 2013
3. A shale gas ‘silly season’
Thanks

http://www.ukerc.ac.uk
https://twitter.com/watsonjim2