Warm this Winter is a new campaign demanding the government acts now to help tackle rising energy bills this winter and to ensure energy is affordable for everyone in the future. It is supported by leading anti-poverty and environmental organisations, including Save the Children, the Women’s Institute, WWF UK, and the End Fuel Poverty Coalition.

Summary

- The UK’s overreliance on gas for energy and heating means that homes and businesses across the country will continue to be vulnerable to price shocks for years to come. Since Spring 2022, the energy crisis has left millions of families facing immense strain and unaffordably high bills as gas prices have soared.

- The price for gas is set internationally, so regardless of where it is produced, the UK is exposed to high prices. Millions of families have been forced to choose between eating or heating their homes. Even with the extended support package the Government announced last year, nearly a third of all British households will be in fuel poverty this April because of high gas prices.

- The UK government’s position to accelerate extraction of oil and gas in the North Sea will not help families to keep warm this winter. Every new oil field delays a fast and fair transition to a more affordable renewable energy system.

- Despite record breaking profits from oil and gas majors, the UK government is still subsidising new oil and gas developments via the investment allowance loophole in the windfall tax, estimated to cost the UK public almost £11 billion - enough to give an inflation-matching pay rise to every NHS worker and teacher for a year.

- The UK government should end new licensing rounds and field approvals, and instead, support a fair transition, and invest in immediate support for vulnerable households and long term measures to reduce the cost of energy and make the UK supply more secure - a programme of home insulation and the rapid acceleration of cheap, homegrown renewable energy

The problem: Billpayers are being punished by the UKs gas dependence, as oil and gas companies make record profits
• Over the past year people across the country have been directly impacted by the UKs overreliance on volatile gas, with gas prices breaching levels not seen before 2021.

• Global gas prices have soared due to a perfect storm of overlapping dynamics, from the impacts of covid-19, to the Russia-Ukraine war. The UK government has responded to these soaring costs, and calls for greater energy security, by doubling down their support for exploration and production of oil and gas in the North Sea. In April 2022 the UK announced a new licensing round for oil and gas and plans to accelerate project development in the British Energy Security Strategy, promising to give the oil and gas fields of the North Sea a new lease of life.

• As households struggle to afford their energy bills, oil and gas companies are making record profits, Shell, BP and Equinor combined made £117 billion in profit last year.

Escaping the UKs dependence on volatile fossil fuels

• Continued North Sea exploration and production cannot and will not solve the crisis facing the UK. As Kwasi Kwarteng has said, “additional UK production won’t materially affect the wholesale market price” for gas. This is because the price of oil and gas produced in the North Sea is set by changes in gas demand around the world, which is unaffected by any relatively minor increase in production here. Government Ministers have confirmed: “It’s the global price [of gas] that sets the UK price”.

• A recent Environmental Audit Committee report noted that “accelerating the transition away from fossil fuels will enhance the UK’s energy security and reduce the ability of aggressive or repressive regimes to use oil and gas supplies as an economic weapon. It will also help to protect households from volatile fossil fuel prices permanently and will reduce the fiscal burden of financial support to households through this and any future energy crisis.” Similarly, the report recommended a national ‘war effort’ on energy efficiency and home upgrades to reduce reliance on fossil fuel imports.

• The Beyond Oil and Gas Alliance (BOGA), a global coalition of governments launched in Glasgow at COP26 and chaired by Denmark and Costa Rica are working to facilitate the managed phase-out of oil and gas production, in line with the Paris Agreement. They recently reaffirmed their commitments in the face of Russia’s invasion of Ukraine, stating that “Multiple crises have now demonstrated the risks associated with our dependence on oil and gas. Our direction of travel must continue to be away from oil and gas dependency, and it must accelerate.”

• Due to the declining nature of the North Sea, the UK will be forced to increase gas imports regardless of any new production, until it implements policies to reduce gas demand. The International Energy Agency has shown that cutting energy waste through efficiency measures can reduce reliance on imports and bolster national energy security, in a cost effective manner.
Furthemore, the UKs tax regime for oil and gas means the public purse is missing out on vital income at this critical time. For example, the investment allowance loophole within the windfall tax, is estimated to cost the UK public almost £11 billion. Income that could be used to keep households warm this winter.

The solutions:

As energy and fuel bills continue to remain high, more and more people are being pushed into poverty. The only way to substantively reduce energy bills is to get off gas, which means:

- **No new oil and gas drilling:** The UK government should reject any new oil and gas developments, including new licensing rounds and project approvals, starting immediately, and begin a just transition for communities affected, including providing support through retraining and reskilling.

- **End energy waste:** Improving the least efficient homes rated ‘D’ or worse for energy performance to ‘C’ would not only reduce demand on gas, but would save households over £500 per year, an aggregate saving of £8 billion. As European countries urgently rewrite energy policy to reduce their dependence on Russian gas, the UK government needs to urgently draw up an ambitious, nationwide energy efficiency scheme to lower energy costs.

- **Unblock cheaper renewable energy:** Wind and solar are two of the cheapest ways to generate electricity- the latter is now four times cheaper than gas- and are essential for protecting people from soaring energy costs, but there are currently unnecessary barriers to unleashing this supply of clean, domestic energy.

- **Close the investment allowance in the Energy Profits Levy,** which is estimated to cost the UK public almost £11 billion - enough to give an inflation-matching pay rise to every NHS worker and teacher for over a year.

For more information, please contact:
Gwen Buck, Public Affairs Manager | gwen@upliftuk.org | 07902984829