

Energy – public ownership

The Tory privatisation of the energy industry has proved to be a disaster. The ‘big six’ energy suppliers have shown themselves to be a profit gouging clique of oligopolistic firms.

The result of their massive price hikes has led to a prediction from the official Fuel Poverty Advisory Group that, by 2016, 9 million people in this country will be living in fuel poverty. This means that these people will spend more than 10% on their income just on keeping warm. The choice for them is between eating and heating.

In the face of these outrageous price rises the regulatory body Ofgem has shown itself to be useless except for wringing its hands at this extortion.

The way in which energy prices respond to changing costs by ‘going up like a rocket and down like a feather’ is classic oligopoly behaviour. The big six are members of the Energy Retail Association. Membership fees are £100,000 and decisions are ‘private and confidential’. Of course. They are a conspiracy against the public.

The big six (British Gas, NPower, Scottish Power, E.on, EDF and Scottish and Southern) sell 98% of all the energy in the UK. Customer surveys (for instance the *Which* 2012 Satisfaction Survey) show consistently that they are favoured less than the independent suppliers on nearly all counts of consumer satisfaction.

The Tories separated generation from supply when they privatised the industry. As a result overseas generators such as the German RWE (which owns NPower) and EDF (Electricite de France) who both generate and supply energy were given an unfair advantage over domestic firms that concentrated on supply. They swarmed in to take super-profits in Britain.

The separation of the two aspects of the provision of energy is ridiculous. Most households have a single supply point for gas and electricity. Gas molecules that enter the house are the same, whichever firm we buy our supplies from. Competition is bound to be a fiction.

The separation of generation from supply has the huge disadvantage that we lose control over how energy is generated. This is left to the decisions of individual firms, who decide on the basis of profit rather than the needs of the British people. The decision on a nuclear or non-nuclear future for instance should surely be ours to be democratically decided upon, not the property of big business. They leave the costs of cleaning up and storing nuclear waste to posterity, that is to us and our descendants.

Under private ownership we have no possibility of planning for the future. The national grid, set up by the government, is a classic case of the advantages of planning the sharing energy so as to economise for everyone’s benefit. Energy generation is important not only for its own sake, but as part of our environmental planning. For all these reasons we need to reintegrate energy generation and supply, take over domestic sources of energy generation, and plan both for the needs of our people.

What is the point of the government handing out winter fuel allowances when, in effect, they are just gobbled up by the big six in profits? If we are serious about eliminating fuel poverty, then we need to set fuel prices at a level people can afford. Privately owned energy companies will never do that. It is necessary to nationalise the big six and run them for the benefit of working people.