



A grassroots campaign taking action against mammoth fuel bills and working towards an affordable, sustainable and democratic energy system

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The Prime Minister
10 Downing St
London
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6 September 2022

Dear Prime Minister,

The UK population is facing a “humanitarian crisis”¹ of fuel poverty this winter, and millions are in fear of cold, hunger, and destitution on a scale unseen for generations. We understand you are intending to step in and freeze prices. While this will bring some relief to desperately worried households, three huge questions loom. Your response to these questions, and to our proposal for Energy For All, will determine how your actions are judged, tomorrow if not today.

The first question is, who will benefit? A hand-out of government money is not an ideal solution but at least it can ensure that most benefit goes to those who most need it, while a *lower price gives most benefit to those who use a lot of energy*. On average, as you know, that is people who have more money. Some will save small fortunes on the cost of heating their private pools, while others will save hardly anything as they can rarely afford to put the heat on, even now. Cuts to insulation programmes, green levies, and a failure to switch to cleaner, cheaper sources of energy and heat will also hit hardest those who can least afford it.

The second is, who will pay? If the government steps in to make up the difference between wholesale and retail energy prices, you must choose between funding this move from the public or from the energy giants.

¹ Institute of Health Equity (Marmot) report *Fuel Poverty, Cold Homes, and Health Inequality in the UK*. This report anticipates 55% of the UK population in fuel poverty in the absence of significant change, based on research at the University of York. Other experts widely predict that a third of the UK population will be in fuel poverty.

According to leaked Treasury predictions **there will be £170bn in excess profits** for energy producers over the next two years². Meanwhile millions cannot afford to heat their homes.

Taxpayers on moderate incomes, and now even those who are relatively well paid, cannot afford to continue to pour money into these corporations' coffers and investments. Nor must the money deplete resources now needed more than ever for benefit payments, health, housing, social services, libraries or education.

Modelling by Tax Justice UK, has found that a 95% excess profits tax on UK oil and gas producers would raise £44 billion a year for two years, and almost cover the cost of living package the government is expected to announce. Tax Justice Executive Director, Robert Palmer, says:

*"The idea that ordinary families should foot the bill for the cost of living crisis needs to be ruled out. A windfall tax on oil and gas company excessive profits would ensure that these companies aren't profiteering during these difficult times."*³

Asking taxpayers to pick up the tab for the obscene prices they are charging is the latest idea⁴ from an extortionate industry that puts its profits before people's lives, and is ready to sacrifice even the planet we live on. The UK government already subsidises oil and gas with millions of pounds of public money each day⁵ and has recently promised a 91p in the pound rebate to corporations investing in their own business: extraction of polluting, expensive, gas and oil from the North Sea.

Energy suppliers, backed by Ofgem, say they cannot charge less than they pay for gas on the wholesale market. Yet British Gas, Octopus, EDF, Shell, and Eon all have sizeable energy generation businesses, and these businesses are *setting* these wholesale prices and making a killing in the process. **It is these huge profits that should be tapped to pay our bills or reduce our prices or both. After all, their profits come from what we pay on our bills, while children go hungry.**

2

<https://www.bloomberg.com/news/articles/2022-08-30/uk-predicts-up-to-170-billion-excess-profits-for-energy-firms#xj4y7vzkg>

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<https://docs.google.com/document/d/1I088sU5aLwxxo2cksL8nn15loD0BT3z7gF4eb9G1QO4/edit>

⁴ Energy UK has proposed that taxpayers foot the bill for struggling businesses to meet their surging bills in a plan that could cost anywhere between £50bn and £100bn.

<https://inews.co.uk/news/politics/energy-companies-plan-businesses-winter-pay-bills-leaked-letter-1827585>

⁵ In 2020 that figure stood at £9.85 bn (OECD figures:

https://www.oecd-ilibrary.org/sites/5a3efe65-en/1/3/50/index.html?itemId=/content/publication/5a3efe65-en&_csp_=2ffa7a733148fec42dccc926d7619e1c&itemIGO=oecd&itemContentType=book)

Funding your expenditure by a loan which you then expect the public to repay via taxes and profits may be expedient now but it is founded on a fantasy: you are counting on this crisis to resolve, and not be further deepened by recession, international events, health crises, climate crises, or just a continuation of rampant profiteering in the energy industry. To offer people a loan to cover our bills begs the question: how on earth will we ever be able to repay it? The banks were bailed out in 2008 and all of us paid the price for many years. Why would you now decide to bail out multinational energy corporations?

The energy industry believes it has the public over a barrel: they say that if the government does not put up the cash for our bills, we will freeze this winter. They don't want to hear the alternatives. But as Prime Minister, you must listen.

The third question is, will you implement our proposal for Energy For All?

Fuel Poverty Action is putting forward a simple but ambitious demand for change. **'Energy For All' would end fuel poverty** as we know it and deliver security to UK residents for years to come. The demand is for a universal free band of energy to cover people's basic necessities of heating, lighting and cooking. Crucially, this would be paid for by ending the millions of pounds of public money being granted to the fossil fuel industry every day in subsidies, by proper windfall taxes on excess profits and by raising tariffs on profligate energy use most common among the richest in our society.

The proposal has proved popular with the general public, with a petition surpassing 550,000 signatures.⁶ It is both universal and targeted: everyone would get the free allocation, according to their household's needs. For those who use little energy, the cost would go down – in many cases to zero. Those who use beyond their needs would pay more, for the extra. Endorsements for the principles of Energy For All are now pouring in, for example this summer from the Trades Union Congress (TUC)⁷ and from the New Economics Foundation (NEF)⁸. In a national poll, 75% of the UK population supported the idea.⁹

Fuel Poverty Action will be bringing this petition to you in Downing Street on Monday 19th September. We look forward to receiving your response.

6

<https://www.change.org/p/energyforall-everyone-has-a-right-to-the-energy-needed-for-heating-cooking-and-light>

7 <https://www.tuc.org.uk/research-analysis/reports/fairer-energy-system-families-and-climate>

8

<https://www.theguardian.com/business/2022/sep/05/a-crisis-is-coming-for-uk-energy-prices-and-this-is-what-has-to-be-done>

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<https://www.fuelpovertyaction.org.uk/press-release/press-release-75-support-the-right-to-free-energy-to-meet-basic-needs/>

In the meantime, like millions of others, we await your energy policy to see whether you will stand with the people, protecting our wellbeing, or with the corporations, protecting their profits.

Sincerely,

Colin Nickless