EIUG
Energy Intensive Users' Group

Energy Prices: UK Energy Intensive Industries raise concerns over reports of cost deferment proposal

London, 19th October 2021 – The Energy Intensive Users Group (EIUG) is concerned that industry proposals put to Government to contain escalating energy costs are being disregarded in favour of cost deferment, which will serve to prolong the problem.

EIUG is not looking for a 'bail out' rather a change to the operating conditions to alleviate competitive pressures on essential UK businesses that are often located in areas key to the national levelling up agenda. EIUG put forward three proposals to help manage the impact of sustained unprecedented energy costs for energy intensive industries (EIIs), to ensure they can remain fully operational throughout the winter, and beyond. The EIUG proposed measures included a winter cost containment measure, reducing network costs for EIIs and modifying gas emergency procedures.

However, recent reports indicate that Government may be backing cost deferment options such as loans rather than effective cost containment.

Dr Richard Leese, the EIUG Chair, commented:

'*The unprecedented spike in energy prices is not just impacting today's spot prices but also the forward prices for next year and beyond. Deferment is not a solution to the problem this winter and could saddle businesses with debt whilst energy prices continue to rise.*

Government has not shared its proposals with EIUG so we cannot effectively judge whether they meet the needs of industry but EIUG reiterates that cost containment measures are essential to address the triptych impacts of gas, electricity and CO_2 costs and must form part of a final set of proposals.'

EIUG Contact: Director - Energy Intensive Users' Group (director@eiug.org.uk)

Notes to editors:

The EIUG represents the UK's Energy Intensive Industries (EIIs) including manufacturers of steel, chemicals, fertilisers, paper, glass, cement, lime, ceramics and industrial gases. EIUG members produce materials which are essential inputs to UK manufacturing supply chains, including materials that support climate solutions in the energy, transport, construction, agriculture and household sectors. They add an annual contribution of £38bn to UK GDP, supporting 200,000 jobs directly and 800,000 jobs indirectly around the country.

These foundation industries are both energy and trade intensive – remaining located & continuing to invest in the UK and competing globally requires secure, internationally competitive energy supplies and freedom to export without tariff barriers. However, inward investment, growth and competitiveness have been hampered for years by UK energy costs higher than those of international competitors. In some cases, investment, economic activity & jobs have relocated abroad, leading to a subsequent increase in imports.