

Debate Pack

26 October 2022

Number CDP 2022/0184

By Becky Mawhood,
Georgina Hutton,
Nikki Sutherland

Public ownership of energy companies

Summary	2
1 Petition on public ownership of energy companies	5
2 Background: rising energy prices, consumer bills and company profits	6
3 Public ownership and the energy sector	11
4 Opposition views on public ownership of energy companies	14
5 Stakeholder views on public ownership of energy companies	17
6 Parliamentary material	19
7 News, blogs and press releases	21

Summary

[Petition 608056](#) calls for the Government to nationalise energy companies. The petitioners say:

The Government needs to take back ownership of strategic energy assets. It needs to accept that the Free Market has failed the energy sector, that it is in the national interest to renationalise our energy assets. The Government must therefore renationalise all the UK energy assets.

The petition closed on 9 August 2022 and received 109,310 signatures. It will be debated in Westminster Hall on 31 October 2022. The debate will be opened by Martyn Day MP (Scottish National Party), on behalf of the Petitions Committee.

Government response to the petition

The [Government responded](#) to the petition on 1 September 2022. It said it did “not agree that nationalisation of energy assets is the right approach” and that “properly regulated markets provide the best outcome for consumers as a driver of efficiency and innovation”.

Background

The cost of energy has risen rapidly since the second half of 2021, with steep increases in the wholesale price of gas leading in turn to higher electricity prices.

Between August 2021 to August 2022, domestic gas prices increased by 96% and domestic electricity prices by 54%. On 26 August 2022 the Government announced that [the default tariff cap \(energy price cap\) would increase by a further 80% to £3,549 \(for an average dual-fuel household\) from 1 October 2022](#).

The high wholesale prices have contributed to the failure of many energy suppliers: [29 energy suppliers have collapsed in Great Britain](#) since July 2021. At the same time, available domestic fixed price tariffs converged around the level of the default tariff cap, with [fixed price tariffs at lower rates being removed from the market](#).

North Sea oil and gas companies, existing nuclear power stations and some renewable electricity generators have benefitted from the rise in wholesale prices, with some companies making extraordinary profits.

The Government has introduced a series of [policies to help domestic and non-domestic consumers with their energy bills](#) over winter 2022-23. It has also introduced measures to reduce the cost of energy (and the new support policies) over time, including the [Energy Profits Levy](#) on North Sea oil and gas producers, and the [Cost-Plus Revenue Limit](#) on low carbon generators.

Public ownership of energy

Since the late 1980s, the private sector has owned and run the majority of industries and utilities in the UK, including energy. The large rise in energy prices since late 2021 has led to renewed discussions about the role of the state in the energy sector, including some calls for some energy companies to be brought into public ownership.

A number of energy companies are already under, or planned for, the ownership of the British public sector. Examples include:

- [Bulb Energy was taken into public ownership](#) following its collapse in November 2021.
- Several [local authorities have invested in independent energy companies](#).
- On 6 April 2022 the [Government announced](#) it would bring the Electricity System Operator (ESO) arm of National Grid back into public ownership.
- On 25 October 2022 the [Welsh Government announced](#) plans to set up a publicly-owned renewable energy developer.

Cost of increasing public ownership

The potential costs of public ownership of energy companies would depend on the model adopted, notably which parts of the sector were to be nationalised.

- In July 2022 [the TUC](#) estimated the cost to bring the Big Five energy retailers and other failing retailers into public ownership at £2.85 billion.
- The Labour party's 2019 election manifesto included a pledge to renationalise Royal Mail, and the energy, water and rail industries. At the time [the Confederation of British Industry \(CBI\)](#) estimated the total cost of the plans at £196 billion; the [Centre for Policy Studies](#) estimated the cost at £176 billion.

Opposition views

- The Labour party has said [it will not nationalise the energy sector](#), although [it would establish a new publicly-owned clean energy company, Great British Energy](#), if it wins the next general election.
- The [SNP has said nationalising energy should be kept as an option](#) to tackle rising energy prices.
- The [Green party has called for the permanent nationalisation of the ‘Big Five’ energy supply companies](#).

Stakeholder views

- Polls conducted from August to October 2022 indicate that a majority of the public would support public ownership of energy companies.
- The Trades Union Congress (TUC) has repeatedly advocated for increased public ownership of energy companies. In July 2022 [it called for the Big Five energy retailers to be taken into public ownership](#). In September it published a [report arguing that if the UK had a state-backed energy generation company it would receive £63bn and £122bn in revenues over the next two years](#).
- [We Own It](#) is an independent campaigning group, which advocates that public services including [energy](#) should be brought into public ownership.
- Commentary from industry on energy sector nationalisation has been limited. An article published in September by [Current News even suggested it is “taboo”](#).

1 Petition on public ownership of energy companies

[Petition 608056](#) calls for the Government to nationalise energy companies. The petitioners say:

The Government needs to take back ownership of strategic energy assets. It needs to accept that the Free Market has failed the energy sector, that it is in the national interest to renationalise our energy assets. The Government must therefore renationalise all the UK energy assets.

People are already having to choose whether to heat or eat. Token gestures of mandatory loans & stripping local authorities of much needed monies to mitigate bulk cost increases, mismanagement of the energy sector & the whim of the market are not good enough. This country needs a 25 year strategic plan and needs to be guided away from unstable fossil fuel dependency. The Government needs to own the energy assets in order to achieve this, tackle climate change & protect service users interests.¹

The petition closed on 9 August 2022 and received 109,310 signatures. It will be debated in Westminster Hall on 31 October 2022. The debate will be opened by Martyn Day MP (Scottish National Party), on behalf of the Petitions Committee.

1.1 Government response to the petition

The [Government responded](#) to the petition on 1 September 2022. It said it did “not agree that nationalisation of energy assets is the right approach” and that “properly regulated markets provide the best outcome for consumers as a driver of efficiency and innovation”. It continued, “nationalisation will not solve the current challenge of high global fossil fuel prices and the impact this is having on the cost of energy”.²

Instead the Government said it was seeking to increase the UK’s energy independence, with “the Energy Security Strategy chart[ing] a pathway to address our vulnerability to international oil and gas prices, by reducing our dependence on imported oil and gas”.³

1
2
3

2 Background: rising energy prices, consumer bills and company profits

2.1 Why have energy prices risen recently?

The cost of energy has risen rapidly since the second half of 2021. Prior to Russia's full-scale invasion of Ukraine in February 2022 there was an increase in demand for oil and gas as economies around the world came out of lockdown. Supply did not keep pace with the higher demand for various reasons, and the increased gas prices fed through to increased electricity prices.

The Russian invasion of Ukraine in 2022 caused oil and gas prices to jump due to concerns about disruption to supply. Sanctions on Russia, the embargo on Russian oil, a potential embargo on Russian gas and cuts in Russian gas supply to Europe have pushed oil and gas prices up further still. Lower electricity production in some sectors has also helped to push up power prices. Drought in parts of Europe have led to lower hydroelectric output and a large number of French Nuclear reactors were offline in late summer.

2.2 How have rising prices affected consumer energy bills?

Energy bills comprise a variety of costs including wholesale, network, social and environmental, and other direct costs, as well as VAT and supplier profits. These costs can all fluctuate, meaning the causes of rises and falls in energy bills are complex. The impact of fluctuating energy prices affects people, business and parts of the country in different ways and to varying extents depending on socio-economic circumstances.

Energy price cap

In 2019, the [default tariff cap](#) (also known as the energy price cap) was introduced to set an absolute, maximum price per unit of electricity and gas for customers on domestic default tariffs in Great Britain.⁴ Despite the cap, from August 2021 to August 2022, domestic gas prices increased by 96% and domestic electricity prices by 54%. On 26 August 2022 the Government

⁴ Ofgem, [Default Tariff Cap](#), accessed 28 October 2022

announced that [the cap would increase by a further 80% to £3,549 \(for an average dual-fuel household\) from 1 October 2022](#).⁵

Fixed price tariffs and competition in the energy market

High wholesale prices have contributed to the failure of many energy suppliers: [29 energy suppliers have collapsed](#) in Great Britain since July 2021. [Around half of all domestic national electricity and gas suppliers exited the market](#) during this period.⁶

At the same time, available domestic fixed price tariffs have converged around the level of the Default Tariff Cap, and (since October 2022) the level of Energy Price Guarantee, with fixed price tariffs at lower rates being removed from the market. On 24 August 2022 consumer group [Which?](#) reported:

Very few cheap energy deals are available at the moment - either fixed or variable. In most cases, supplier's cheapest deals are their price-capped variable tariffs.

Suppliers have previously offered a range of cheap one-year fixed deals, but since wholesale energy prices rocketed in autumn 2021, these have all but vanished from the market.⁸

On 24 August 2022, [Energy Voice](#) reported on analysis by Price Bailey which found that 60% of the remaining 20 small energy suppliers (excluding the Big Six and two businesses with suppressed risk scores), 12 have with negative assets on their balance sheets. Matt Howard, Partner at Price Bailey, said:

Energy suppliers and consumers are facing a winter of discontent. Over half of smaller suppliers have already gone bust and nearly two-thirds of the remainder are technically insolvent and at imminent risk of collapse.

These businesses will find it almost impossible to access extra funding unless directors provide personal guarantees, and few are likely to do so in the current climate.⁹

⁵ Ofgem, [Ofgem updates price cap level and tightens up rules on suppliers](#), 26 August 2022

⁶ ICAEW, [Energy supplier collapses highlight bigger sector crisis](#), 22 August 2022

⁷ Ofgem, [Retail market indicators](#), accessed 28 October 2022

⁸ Which?, [Energy tariffs explained](#), 24 August 2022

⁹ Energy Live News, [‘Nearly 60% of existing smaller energy suppliers are technically insolvent’](#), 24 August 2022

2.3

How have rising prices affected energy company profits?

Oil and gas

UK oil and gas revenues were at historic lows during much of the mid- to late-2010s, largely due to falling production and higher tax-deductible spending. However receipts have increased significantly following the dramatic rise in oil and gas prices since late 2021.

In March 2022 the Office for Budget Responsibility (OBR) forecast that oil and gas receipts would increase to £7.8 billion in 2022/23.¹⁰ Receipts were around £0.6 billion in 2019/20. This forecast was produced in March 2022 before the Government introduced the Energy Profits Levy; the OBR's next forecast – which will account for the Levy – is scheduled for 17 November 2022.¹¹

Low carbon electricity generation

The record high power prices in late 2021 and early 2022 suggest that profits on generation will continue to remain high, particularly for renewables and nuclear power.

Renewable electricity generators are not directly affected by the increased cost of gas, but those that fall under the [Renewables Obligation](#) (which closed to new entrants in 2017) sell electricity to the market at wholesale prices, and so have benefited from the increase in wholesale prices. (In contrast, generators supported through the [Contracts for Difference](#) receive a fixed price per unit of electricity they generate, and so are unaffected by wholesale price changes.)

Existing nuclear generation companies get no ongoing subsidy or support for generation above what they can sell their power for on the wholesale market. Nuclear power generation costs are not directly linked to wholesale gas prices, so they have also benefited from the increase in wholesale electricity prices.

Energy suppliers

Ofgem data on profit margins showed that only one of the large legacy suppliers (British Gas) made a profit on domestic energy supply in either 2019, 2020 or 2021.¹² However, most supply companies also have electricity

¹⁰ OBR, [Economic and fiscal outlook](#), CP 648, March 2022 Table 3.4

¹¹ OBR, [New forecasts due on 17 November](#), 27 October 2022

¹² Ofgem, [Retail market indicators](#), (Pre-tax supply margins of the large legacy suppliers). This excludes OVO and E.On in 2021 as neither had a generation license so are not legally required to submit a Consolidated Segmental Statement to Ofgem which includes this data.

generation businesses which have generally performed better and benefited from high wholesale prices, with some particularly high profit margins in 2020.¹³

The Default Tariff Cap, which has been superseded by the Energy Price Guarantee from October 2022 to March 2023, allowed for a supplier operating profit of 1.93% of revenue.

2.4

What policies has the Government introduced to address rising energy prices?

On 3 February 2022 the Chancellor of the Exchequer announced an [Energy Bills Rebate support package to help households with rising energy bills](#).¹⁴ This included a £200 Energy Bills Discount for all domestic electricity customers in Great Britain in autumn 2022. (Energy policy is almost entirely devolved in Northern Ireland). At the time, the Government proposed customers would pay the money back through bills in later years.

On 26 May 2022 the Chancellor announced a further [Cost of Living support package](#) to help households cope with high inflation. As part of this, he said the discount (since renamed as the [Energy Bills Support Scheme \(EBSS\)](#) would be doubled to £400 and would now be provided as a non-repayable grant.¹⁵

The Chancellor said the new measures would be funded in part by a [new one-off levy](#) charged at a rate of 25% on profits from North Sea oil and gas production, which he said was experiencing extraordinary profits due to “surging global commodity prices”.¹⁶ The [Energy \(Oil and Gas\) Profits Levy Act 2022](#) received Royal Assent on 14 July 2022.¹⁷

Throughout September and October 2022 the Government made a series of further commitments to support people with the price of energy. These include the [Energy Price Guarantee \(EPG\)](#), [Energy Bill Relief Scheme \(EBRS\)](#) and [Alternative Fuel Payments](#).¹⁸ It also announced new measures to reduce the costs of energy (and these policies) over time, including the Energy Supply

¹³ Ofgem, [Wholesale market indicators](#), (Large suppliers: Electricity generation profitability by technology type)

¹⁴ [HC Deb 3 February 2022 c471-473](#)

¹⁵ [HC Deb 26 May 2022 c449-453](#)

¹⁶ [HC Deb 26 May 2022 c450](#)

¹⁷ [Energy \(Oil and Gas\) Profits Levy Act 2022](#)

¹⁸ BEIS, [Energy Prices Bill: how households and businesses will be supported](#), 21 October 2022; Prime Minister's Office, 10 Downing Street, BEIS, and The Rt Hon Elizabeth Truss MP, [Government announces Energy Price Guarantee for families and businesses while urgently taking action to reform broken energy market](#), 8 September 2022

Taskforce, [Energy Markets Financing Scheme \(EMFS\)](#) and the [Cost-Plus Revenue Limit](#) on the profits of low carbon generators.¹⁹

The Government introduced emergency legislation to deliver these on 12 October 2022. The [Energy Prices Act 2022](#) received Royal Assent on 25 October.²⁰

2.5 Further information

The following Library briefings provide further information:

- [Rising cost of living in the UK, Energy bills and the price cap, Domestic energy prices](#) and [Oil prices](#): these provide further information on how and why prices have changed, and information about support being provided by the Government.
- The Lords Library briefing [Rising energy costs: the impact on households, pensioners and those on low incomes](#) (December 2021) discusses the impact of supplier failures on consumers in more detail.
- The [Commons](#) and [Lords Library](#) briefings on the Energy Prices Bill 2022-23 provide more information on the provisions of the Energy Prices Act 2022.
- [Taxation of North Sea oil and gas](#) and [Energy \(Oil and Gas\) Profits Levy Bill 2022-23](#): these provide more information on the profits of oil and gas companies and the Energy Profits Levy.
- [Energy bills and the price cap](#) provides background on the price cap, recent reforms to the cap methodology, and proposals for different approaches to price regulation.

¹⁹ BEIS, [Energy Prices Bill: how households and businesses will be supported](#), 21 October 2022; Prime Minister's Office, 10 Downing Street, BEIS, and The Rt Hon Elizabeth Truss MP, [Government announces Energy Price Guarantee for families and businesses while urgently taking action to reform broken energy market](#), 8 September 2022

²⁰ [Energy Prices Act 2022](#)

3 Public ownership and the energy sector

Since the late 1980s, the private sector has owned and run the majority of industries and utilities in the UK. But this situation has been debated by all political parties in recent years: the Coalition Government's Big Society ambition included the aim of increasing the public's role in running utilities; Brexit provoked discussion around the role of the state in industries; and the Labour Party's 2017 and 2019 General Election manifestos both pledged to bring key public services, including energy networks, back into public ownership. The large rise in energy prices since late 2021 has led to renewed discussions about the role of the state in the energy sector, including some calls for some energy companies to be brought into public ownership.

The role of the state in the economy is much debated by economists. Private ownership is seen as incentivising utility providers to ensure a good service and fair prices to customers because if they don't, then customers can change to a competitor, although choice may be limited in some instances (for example natural monopolies). The public sector is seen as important when the market fails to deliver fair prices or high-quality services, and because the government can promote social objectives like reducing inequality.

Utility provision in the UK involves economic regulators which aim to ensure that private utility companies provide a high quality of service and fair prices, whilst being able to run profitable businesses.

The Library briefing, [Public ownership of industries and services](#) (May 2018) covers the history of ownership of industries and services in the UK. It also covers how various industries have been brought into public ownership in the past, different forms of public ownership and the main economic arguments surrounding state ownership.

3.1 Existing and planned public ownership of energy companies

A number of energy companies are already under, or planned for, the ownership of the British public sector (as opposed to energy companies under the ownership of foreign governments, such as EDF). Examples include:

- Bulb Energy was taken into public ownership following its collapse in November 2021. Ofgem was unable to find another supplier to take on the firm's customers under the 'Supplier of Last Resort Process', and instead Bulb was put into "special administration". Initially the Government set aside a [£1.7 billion loan](#) to fund this, however in August 2022 the Financial Times reported that the cost to the public could [rise to](#)

[£4 billion by spring 2023](#) if a buyer for the company is not found. It said this would add £150 to household energy bills next year.²¹

- Several local authorities have invested in independent energy companies, with some either setting up a company or becoming the owner of one. Current examples include B&D Energy, Reading Community Energy Society and Aberdeen Heat and Power. However there have also been some high-profile collapses of council-owned companies, for example Bristol Energy, Robin Hood Energy and Together Energy. The Taxpayers Alliance published a [report on the financial performance of council-owned energy companies](#) in October 2021.²²
- On 6 April 2022 the [Government announced](#) it would bring the Electricity System Operator (ESO) arm of National Grid back into public ownership. The purchase is needed to enable the launch of a new public body, the Future System Operator (FSO). The FSO will build on the existing role of the ESO, managing the electricity system in real time, as well as bringing together planning for the electricity and gas systems (and potentially new technologies) with a focus on the transition to a net zero energy system. The Government also held a [consultation on the future ownership of Elexon](#), a subsidiary of National Grid ESO, over June to September 2022, with responses invited on the two options of public ownership and industry ownership.²³
- On 25 October 2022 the [Welsh Government announced](#) plans to set up a publicly-owned renewable energy developer in response to energy insecurity and the cost of living crisis. Surplus funds generated by the new developer will be reinvested to improve the energy efficiency of homes and create clean energy jobs.²⁴

3.2

Cost of increasing public ownership of energy companies

The potential costs of public ownership of energy companies would depend on the model adopted, notably which parts of the sector were to be nationalised, however they are expected to be substantial.

²¹ The Times, [Taxpayer provides £1.7bn loan to support Bulb Energy through crisis](#), 25 November 2021; Financial Times, [Bulb bailout cost set to top £4bn by spring](#), 21 August 2022

²² Taxpayers' Alliance, [Council energy companies](#), 22 October 2021

²³ BEIS, [Government future proofs Britain's energy system with launch of new body to boost energy resilience](#), 6 April 2022; BEIS, [The future ownership of Elexon](#), 14 July 2022

²⁴ Welsh Government, [Wales announces publicly-owned renewable energy developer](#), 25 October 2022

Recent estimates

A Current News article published on 9 September [explores the costs and impacts of nationalising different parts of the energy sector in broad terms](#), but without calculating specific estimates.²⁵

In July 2022 [the Trades Union Congress \(TUC\)](#) estimated the cost to bring the Big Five energy retailers and other failing retailers into public ownership at £2.85 billion.²⁶

Older estimates

In October 2019, the [Confederation of British Industry \(CBI\)](#) estimated the cost of nationalisation plans proposed by the then Labour party under the leadership of Jeremy Corbyn. It estimated the cost of renationalising Royal Mail and the water, energy and rail industries at £196 billion, or 9% of GDP. The estimates were based on Labour's then proposals, which for energy involved bringing the transmission and distribution markets into public ownership, with the generation and retail markets remaining private. The analysis did not break down the cost estimates by sector.²⁷

In January 2018 the [Centre for Policy Studies](#) published analysis of Labour's then nationalisation plans. It estimated the total cost at £176 billion, with the cost to nationalise the transmission and distribution networks at £55.4 billion. It also estimated the cost to nationalise the "whole energy industry" at £185 billion.²⁸

²⁵ Current News, [Nationalisation – the energy industry's dirty word?](#), 9 September 2022

²⁶ TUC, [A fairer energy system for families and the climate](#), 25 July 2022

²⁷ CBI, [The cost of renationalisation](#), 14 October 2019

²⁸ Centre for Policy Studies, [The cost of nationalisation](#), 21 January 2018

4 Opposition views on public ownership of energy companies

Labour

The Labour party has said it will not nationalise the energy sector, although it would establish a new publicly-owned clean energy company, Great British Energy, if it wins the next general election.

In its [2019 election manifesto](#) [PDF] under Jeremy Corbyn, the Labour party said it would bring the energy system into public ownership, including the (then) Big Six energy suppliers.²⁹

On 25 July 2022 [The Times reported](#) that Labour had “abandoned” this policy:

Asked on the BBC’s Today programme whether Labour was still committed to the nationalisations, Reeves replied: “I’ve set out fiscal rules that say all day-to-day spending will be funded by day-to-day tax revenues. Within our fiscal rules, to be spending billions of pounds on nationalising things, that just doesn’t stack up against our fiscal rules.”³⁰

Keir Starmer explained further in an interview [reported by the Mirror](#) on 15 August 2022:

He told BBC Breakfast: “The choice we’ve made [...] is every single penny that’s needed for this plan will go directly to reducing the bills of families up and down the country.

“If you go down the nationalisation route, then money has to be spent on compensating shareholders.”³¹

Although Labour has said it will not nationalise energy, [Keir Starmer announced](#) at the party conference that if Labour wins the next general election, his government would set up a publicly owned clean energy company, Great British Energy. [The BBC said](#):

Great British Energy would be modelled on France’s EDF and other firms owned by foreign states operating in the UK.

It would aim to ensure a massive expansion in clean energy planned by Labour will deliver British jobs and greater energy security.

[...]

²⁹ The Labour Party, [It’s time for real change: The Labour Party Manifesto 2019](#) [PDF], accessed 28 October 2019

³⁰ The Times, [Labour abandons its pledges to renationalise rail, mail, water and energy](#), 25 July 2022

³¹ Mirror, [Keir Starmer rejects calls to nationalise energy firms after £29 billion bills bailout](#), 15 August 2022

Great British Energy would be set up with public money but would be independently operated and any profits would be reinvested [...]

It would be able to build new wind, wave and solar projects - but also invest in privately-owned renewable schemes.

[...]

The start-up money for the company would come from a new Sovereign Wealth Fund announced by shadow chancellor Rachel Reeves on Monday.³²

Responding to a question from [Utility Week](#), Jonathan Reynolds clarified Great British Energy would not be an energy retailer.³³

[The Telegraph](#) reported the announcement builds on Labour's commitment "to make the UK a clean energy superpower by 2030". It also noted comments by a Labour party spokesperson, who explained that Great British Energy was not a plan to nationalise the energy sector:

This is not about nationalisation. It's about introducing a new player into the market that is able to ensure that we are putting every effort that we can into the drive for clean power, for renewables and nuclear.³⁴

Scottish National Party (SNP)

On 21 August 2022 Nicola Sturgeon said that nationalising energy should be kept as an option to tackle rising energy prices. The [Aberdeen Press and Journal](#) reported:

The first minister warned poorer families will face "destitution and devastation" if the heating bills price cap is raised again later this week. She said bringing firms under public ownership to stop a "looming disaster" must be "on the table" and said another increase in energy costs [the expected increase in the energy price cap] could not go ahead.³⁵

[The Independent](#) also covered the story:

Asked whether public ownership should be considered, first minister Ms Sturgeon told the BBC: "[...] I don't have the power to do that: the UK government should be considering [it]. That kind of action has been taken with EDF and France right now."³⁶

³² BBC, [Keir Starmer speech: Labour plans publicly owned renewable energy giant](#), 27 September 2022

³³ Utility Week, [Labour rules out supplier role for new public energy company](#), 28 September 2022

³⁴ The Telegraph, [Keir Starmer pledges nationalised Great British Energy firm in conference speech](#), 27 September 2022 [accessed via [Nexis News](#)]

³⁵ The Aberdeen Press and Journal, [Nicola Sturgeon: Nationalising energy firms should be on the table](#), 21 August 2022

³⁶ Independent, [Nationalising energy companies should be 'on the table', says Nicola Sturgeon](#), 21 August 2022 [accessed via [Nexis News](#)]

Green party

On 17 August 2022 the Green party released [proposals](#) for dealing with the energy crisis, including nationalisation of the Big Five energy companies. [The Guardian](#) reported:

The Greens have called for the permanent nationalisation of the main energy supply companies and for domestic fuel bills to be reduced to the level of last autumn, describing this as a solution to the failed experiment with a market-based energy system.

[...]

The scheme would be based on one [proposed by the TUC](#) last month. This was based on a cost of about £2.85bn to nationalise the big five supply firms – British Gas, E.ON, EDF, Scottish Power and Ovo. As a comparison, the government spent £2.2bn bailing out another firm, [Bulb](#).

The Green plan would also involve the energy price cap [...] being put back to the level of last autumn [...]

Putting this in place throughout the autumn and winter would cost about £37bn, the party said, compared with the £29bn estimated cost of Labour’s proposal to keep the cap at its current level.

The cost would be paid for in part by tightening up the government’s windfall tax on oil and gas firms’ extra profits from higher global prices, and the party also proposes higher taxes for very wealthy people.

Carla Denyer, a co-leader of the Greens alongside Adrian Ramsay, said [...] “By bringing the big five energy retail companies into public ownership, setting the price of energy at an affordable rate and absorbing the global price rises, the government could make sure everybody can afford to get through this cost of living crisis. At the same time, it will mean this public service will be able to be run in the public interest, instead of in the interest of profit-making.”³⁷

³⁷ The Guardian, [Green party calls for nationalisation of big five energy firms](#), 17 August 2022

5 Stakeholder views on public ownership of energy companies

5.1 Public support

Recent polls have indicated there is public support for public ownership of energy companies:

- On 24 October 2022 [Utility Week](#) reported on a YouGov poll that found 55% favoured public ownership of energy. It also found that older people are more supportive of renationalisation than younger people.³⁸
- A YouGov poll conducted for [The Times](#), published on 29 August, found that 47% of Conservative voters would favour nationalising energy companies, compared with 79% of Labour voters and 73% of Liberal Democrat voters.³⁹
- On 17 August [the Guardian](#) reported on an Opinion poll which found that 73% of voters would “favour temporarily renationalising energy companies if they cannot offer lower bills”.⁴⁰

5.2 Campaigns to nationalise energy

The Trades Union Congress (TUC) has repeatedly advocated for increased public ownership of energy companies. On 25 July 2022 it published [a report arguing that publicly-owned energy retail companies \(energy suppliers\) could deliver fairer bills for households](#), accelerate the rollout of household retrofits and reduce energy use. The report proposed three key measures:

- Take the Big 5 energy retailers and other failing retailers into public ownership, at a similar cost (under £2.85bn) to what Government already spent on keeping failed energy supplier Bulb in business;
- Task publicly-owned energy providers with offering a social tariff capped at 5% of income for low-income households;

³⁸ Utility Week, [Majority support for public ownership of utilities](#), 24 October 2022 [accessed via [Nexis News](#)]

³⁹ The Times, [Half of Tory voters want energy to be nationalised](#), 29 August 2022

⁴⁰ The Guardian, [Two-thirds of Tory voters back temporary nationalisation of energy firms – poll](#), 16 August 2022

- Recognise that energy is a common good: restructure tariffs to provide all households with an initial free energy allowance, and increase the cost per unit for high-consumption households.⁴¹

On 24 September the TUC published [a further report, which argued that the past privatisation of the energy sector is now lowering Government revenues](#), as excess profits are going to private companies. [The Guardian](#) reported:

The TUC argues that if the UK had a state-backed energy generation company akin to France's EDF, EnBW in Germany or Sweden's Vattenfall, it would receive between £63bn and £122bn in revenues over the next two years. That is equivalent to between £2,250 and £4,400 a household.⁴²

The TUC called on the Government to set up a “public energy champion” that could own low-carbon energy projects.

[We Own It](#) is an independent campaigning group, established in 2013, which advocates that public services should be brought into public ownership. Its [energy webpage](#) details the parent companies of various energy companies active in the UK, alongside some estimates of costs, dividends currently earned by energy company shareholders, and potential savings from renationalising parts of the energy system. It has suggested five ways to bring energy into public ownership:

1. Turn Bulb (which has collapsed) into a publicly owned energy supplier
2. Nationalise the Big Five energy supply/retail companies
3. Introduce a permanent windfall tax on oil and gas companies like Shell and BP, at a rate of 56% (on top of corporation tax)
4. Set up a new state-owned renewable energy company to help tackle the climate crisis
5. Bring the privatised monopolies of the National Grid and regional distribution into public ownership⁴³

5.3 Commentators

Commentary from industry on energy sector nationalisation has been limited. An article published in September by [Current News even suggested it is “taboo”](#).⁴⁴ Commentators that have set out their views on increasing public ownership of energy companies include the following:

⁴¹ TUC, [A fairer energy system for families and the climate](#), 25 July 2022

⁴² TUC, [Public ownership of clean power: lower bills, climate action, decent jobs](#), 24 September 2022

⁴³ We Own It, [BRING ENERGY INTO PUBLIC OWNERSHIP](#), accessed 28 October 2022

⁴⁴ Current News, [Nationalisation – the energy industry’s dirty word?](#), 9 September 2022

- Former Prime Minister [Gordon Brown has said energy companies that cannot lower bills should be temporarily brought into public ownership](#);⁴⁵
- [Jim Watson, Professor of Energy Policy at UCL](#) said:

I tend to be sceptical about calls for nationalisation under normal circumstances just because it will cost a lot of money, it's disruptive and the question is: What will it enable you to do as a government that you can't do now? [...] Because we haven't had nationalised energy companies for so long, people have forgotten that it's an enormous headache to have one – as well as an enormous opportunity – in the sense that the taxpayer ends up as the owner.⁴⁶

- On 19 August [former BP executive Nick Butler](#) called for energy suppliers failing to help households struggling with bills to be brought into public ownership;⁴⁷
- On 2 September [James Forsyth, political editor of the Spectator](#) wrote:
as the experience of the 1970s shows, nationalisation seldom solves any problems. It wouldn't bring down global energy prices. It wouldn't go back in time and fix the poor decisions by successive governments that have bedevilled UK energy policy for the past 20 years and left this country with inadequate gas storage, poorly insulated homes and insufficient nuclear power.⁴⁸

6 Parliamentary material

6.1 BEIS Committee reports

Business, Energy and Industrial Strategy Committee, [Energy pricing and the future of the energy market](#) [PDF], HC236

Business, Energy and Industrial Strategy Committee, [Energy pricing and the future of the energy market: Responses to the Committee's Third Report of Session 2022-23](#) [PDF], HC 761

⁴⁵ The Guardian, [Gordon Brown says energy firms unable to offer lower bills should be temporarily re-nationalised](#), 10 August 2022

⁴⁶ Energy Voice, ['Enormous opportunity, enormous headache': How viable is energy nationalisation?](#), 22 August 2022

⁴⁷ The Guardian, [Former BP chief urges freeze to UK energy price cap to help households](#), 19 August 2022

⁴⁸ The Times, [Energy bill crisis could finish this Tory era](#), 1 September 2022

6.2

PQ

[Energy: Nationalisation](#)

Asked by: Nichols, Charlotte

To ask the Secretary of State for Business, Energy and Industrial Strategy, if his Department will make an assessment of the impact of bringing energy companies into public ownership on energy bills.

Answering member: Graham Stuart | Department: Department for Business, Energy and Industrial Strategy

The Government does not intend to make such an assessment. Nationalisation will not solve the current challenge of high global fossil fuel prices and the impact this is having on the cost of energy. Properly regulated markets, which incentivise private capital to invest in the energy system, provide the best outcome for consumers and promote market competition as the best driver of efficiency, innovation and value.

HC Deb 20 September 2022 | PQ 46185

6.3

Debates

Westminster Hall debate: [Energy Security Strategy](#)

HC Deb 5 July 2022 | Vol 717 c299-

Commons Queen's Speech debate: [Tackling Short-term and Long-term Cost of Living Increases](#)

HC Deb 17 May 2022 | Vol 714 c575-

Commons debate: [Oil and Gas Producers: Windfall Tax](#)

HC Deb 1 February 2022 | Vol 708 c202-

Lords Question for Short Debate: [Energy Costs](#)

HL Deb 6 January 2022 | Vol 817 c734-

7

News, blogs and press releases

Guardian

27 September 2022

[Great British Energy: what is it, what would it do and how would it be funded?](#)

Guardian

24 September 2022

[Nationalised energy could save UK households up to £4,400, TUC says](#)
[[TUC report](#)]

Current+ blog

9 September 2022

[Nationalisation – the energy industry’s dirty word?](#)

Spectator

4 September 2022

[The case for energy nationalisation](#)

Times [subscription]

29 August 2022

[Half of Tory voters want energy to be nationalised](#)

New Statesman [subscription]

27 August 2022

[The case for public ownership of energy has never been stronger](#)

Energy Voice blog

22 August 2022

['Enormous opportunity, enormous headache': How viable is energy nationalisation?](#)

Aberdeen Press & Journal

21 August 2022

[Nicola Sturgeon: Nationalising energy firms should be on the table](#)

Herald

19 August 2022

[Scottish Greens call for energy companies to be nationalised and price cap reversed](#)

BBC News Online

17 August 2022

[Nationalise big five energy firms to cut bills, say Greens](#)

Guardian

16 August 2022

[Two-thirds of Tory voters back temporary nationalisation of energy firms – poll](#)

TUC press release

25 July 2022

[TUC publishes plan to cut bills through public ownership of energy retail](#)

Disclaimer

The Commons Library does not intend the information in our research publications and briefings to address the specific circumstances of any particular individual. We have published it to support the work of MPs. You should not rely upon it as legal or professional advice, or as a substitute for it. We do not accept any liability whatsoever for any errors, omissions or misstatements contained herein. You should consult a suitably qualified professional if you require specific advice or information. Read our briefing '[Legal help: where to go and how to pay](#)' for further information about sources of legal advice and help. This information is provided subject to the conditions of the Open Parliament Licence.

Sources and subscriptions for MPs and staff

We try to use sources in our research that everyone can access, but sometimes only information that exists behind a paywall or via a subscription is available. We provide access to many online subscriptions to MPs and parliamentary staff, please contact hoclibraryonline@parliament.uk or visit commonslibrary.parliament.uk/resources for more information.

Feedback

Every effort is made to ensure that the information contained in these publicly available briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Please note that authors are not always able to engage in discussions with members of the public who express opinions about the content of our research, although we will carefully consider and correct any factual errors.

You can read our feedback and complaints policy and our editorial policy at commonslibrary.parliament.uk. If you have general questions about the work of the House of Commons email hcenquiries@parliament.uk.

The House of Commons Library is a research and information service based in the UK Parliament. Our impartial analysis, statistical research and resources help MPs and their staff scrutinise legislation, develop policy, and support constituents.

Our published material is available to everyone on commonslibrary.parliament.uk.

Get our latest research delivered straight to your inbox. Subscribe at commonslibrary.parliament.uk/subscribe or scan the code below:



 commonslibrary.parliament.uk

 [@commonslibrary](https://twitter.com/commonslibrary)