

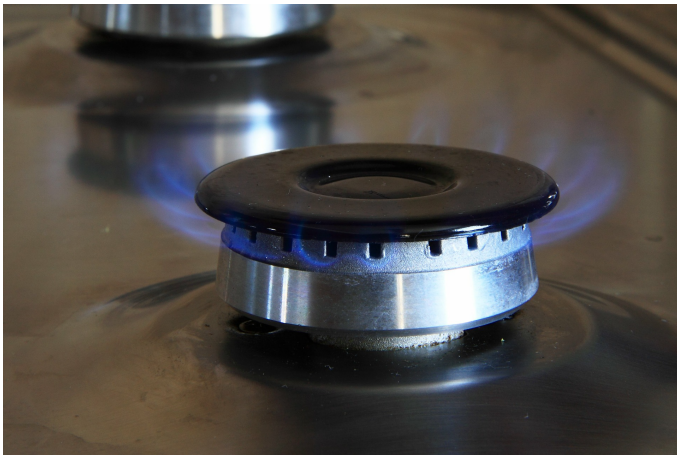
## Briefing #14: Climate, fuel poverty & the cost of living

### Fuel poverty kills

Prior to the latest crisis almost 25% of households in Scotland lived in fuel poverty and just over 12% were in extreme fuel poverty. Households in extreme fuel poverty are disproportionately represented in rural Scotland. Older people living in rural Scotland are particularly hard hit. Every year thousands die because of fuel poverty – in 2018/19 excess winter mortality (that's in comparison with the average winter mortality for the previous five years) was 2060 - the death toll can be more than twice as high in cold winters. Around 85% of households in the UK rely on gas for heating and cooking. The huge hike in gas prices is going to make an already unacceptable situation much, much worse.

### Rising fuel prices

Gas and electricity prices have been rising faster than inflation for a long time. From 2006 - 2016, Gas prices rose by 71% and Electricity 62%. Between 2017 and 2020 electricity prices increased by a further 8% in real terms while gas prices fell by a similar amount. But gas prices are extremely volatile. Since 2019 the wholesale price has almost trebled.



Gas consumption fell by just over 2% in 2020, a consequence of lockdowns around the world. In 2021 there was a rebound with consumption increasing by 4.6% because of increased economic activity and several extreme weather events worldwide. The cost of producing gas is about the same this year as it was last year and the year before. So why has the price rocketed up? Prior to 1987 the EU designated natural gas a premium fuel that should be reserved for home heating. Now 60% of gas is used to generate electricity. Britain used to have significant storage capability. This was abandoned in favour of allowing the market to deliver gas as needed. These changes have been a disaster. Gas is traded on the spot market with hedge funds gambling on

future prices. As a result, the cost of an essential utility is determined by a casino where traders rake in massive profits while consumers pay the price.

### Lack of ambition

In June 2019 the Scottish Parliament passed a new act setting statutory targets for reducing fuel poverty. Rightly it highlights the impact of fuel poverty on the most vulnerable in society. Low-income, high-energy costs, and poorly insulated housing result in the appalling situation where families, young people, elderly, disabled and many working people, cannot afford adequate warmth. The new act sets interim targets for reducing fuel poverty to 15% of households by 2030 and final targets for 2040. Considering the cost of living and climate crises we face this is too slow and not enough. The act failed to address the threat posed by a chaotic market. From April 2022 annual bills will increase by an average of almost £700. Further increases are expected later in the year. The numbers in fuel poverty are set to rise well above the current level.

### Fossil fuels cost the earth

Both Holyrood and Westminster remain committed to the maximum economic extraction of oil and gas from the North Sea. The big energy companies are making billions in extra profits out of the crisis. North Sea oil and gas operates under a regime of very low taxation. With prices high companies will be doubling down on plans to open new gas fields. If this happens there is no chance of meeting the reductions in greenhouse gas emissions that are essential. We argue that there are two essential steps. The first is to protect all those who are in fuel poverty and stop more people joining them. A windfall tax on profiteers will help with this but should not be mistaken for a long-term solution - and the scale of the problem is so large that it requires significant redistribution with higher taxes on the rich and much more support for the poor. These are necessary short-term steps to prevent large scale misery, deprivation and increased winter deaths. **But a secure future for us all rests on gas being taken out of the market, with North Sea and North Atlantic oil and gas taken into public ownership and control.** With public control it then becomes possible to plan for the phase out of fossil fuels from the North Sea. In the process we cut greenhouse gas emissions and replace expensive gas heating by cheaper renewables. The interests of working people and the need to protect the planet are aligned.

## A mass insulation campaign

In its 'One Million Climate Jobs Pamphlet', the Campaign Against Climate Change (CACC) notes that

*Three quarters of emissions from houses and flats ... are caused by heating air and water. To reduce this we need to insulate and draught- proof the buildings, and replace inefficient boilers. This can cut the amount of energy used to heat the home and water by about 40% and delivers the double-whammy of reducing energy costs and helping mitigate the scourge of fuel poverty.*

Based on these CACC estimates, which are for the whole of the UK, a campaign to properly insulate all homes in Scotland would employ around 20,000 construction workers for the next 20 years. This doesn't account for additional jobs in education, training and manufacture that would spin off from such an endeavour. Through this carbon dioxide emissions from homes would be cut by 95%. We could ensure that all new houses are effectively carbon neutral. The technology exists – there are examples of 'passive houses' that use very little energy. Insulation together with the steady replacement of gas boilers by affordable heat pumps is the solution to cutting the energy demands of domestic heating. Hydrogen is not a solution (see Briefing #13).



## New Technologies

The current costs for fossil fuel power range from 4p -12p per kilowatt-hour. Inter renewable energy agency (IREA) state that renewable energy will cost 2p – 7p with the best onshore wind and solar photovoltaic projects expected to deliver electricity for 2p or less. Renewable energy is necessary for a sustainable future, and it is cheaper than fossil fuels. Current Westminster Government policy - notably the subsidy ban for new onshore wind farms – is impeding the shift to renewables.

## No Fracking

For the moment fracking is off the agenda in Scotland. The result of a magnificent campaign of resistance. But INEOS continues to import fracked gas from the US. This has to stop.

## In conclusion

Fuel Poverty and the cost-of-living crisis are the direct result of the “wrecking ball” of market forces dominating our need for energy to give us warmth, light and sustenance. In the pursuit of profit, the use of fossil fuels adds to the catastrophe of climate change.

We have the technology and skills to stop this madness and misery through a radical shift in Energy policy that would combine sustainable and renewable resources dedicated to social need. Tackling climate change would go hand in hand with creating additional jobs, eliminating fuel poverty, and improving health and well-being. To make this happen we need the kind of focus and the level of investment that has only normally applied at times of war. Ending the use of fossil fuels over a short period is practically possible provided there is the political will.

Some of the material in this briefing also appears in Briefing #7 – Fuel Poverty

## About Scot E3

**Scot.E3 is a group of rank and file trade unionists, activists and environmental campaigners. In 2107 we made a submission to the Scottish Government's Consultation on a Scottish Energy Strategy. Since then we have been busy producing and sharing leaflets and bulletins.**

We believe there is a compelling case for a radical shift in energy policy. Looming over us there is the prospect of catastrophic climate change, which will wreck the future for our children and grandchildren. We have the knowledge and the skills to make a difference to people's lives in the here and now. A sustainable future requires a coherent strategy for employment, energy and the environment. We need a sense of urgency. We need a coordinated strategy and massive public investment.

**We have used a variety of sources for the data in this briefing. For more information and links to the resources we use simply go to our website [www.scote3.net](http://www.scote3.net) and click on the Resources tab.**

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