THE NEW DEPARTMENT FOR ENERGY SECURITY AND NET ZERO MUST DELIVER ON UK INDUSTRIAL ELECTRICITY PRICES

London, 15 February 2023 – *Creating a new Department for Energy Security and Net Zero must not detract from addressing the industrial electricity price difference between the UK and other countries, as committed to in the Energy Security Strategy of 2022, and working collaboratively with other Departments to meet the UK's Net Zero commitment and support economic growth.*

The PM has created a new Department for Energy Security and Net Zero tasked with securing the UK's long-term energy supply, bringing down bills and halving inflation. A combined Department for Business and Trade will aim to support growth by backing British businesses at home and abroad, promoting investment and championing free trade.

This change reflects the Departmental set up with the Department for Business Innovation & Skills (BIS) and Department for Energy & Climate Change (DECC) before Theresa May merged them in 2016. She recognised that "*one of the main challenges in tackling climate change is to try to reduce carbon emissions without jeopardising economic growth. The merger will enable a whole economy approach to delivering our climate change ambitions, effectively balancing the priorities of growth and carbon reduction*". She also stated that "*Bringing together energy policy with industrial strategy will be beneficial to shaping a competitive business environment for energy intensive industries, including the UK steel sector*".

Arjan Geveke, Director at Energy Intensive Users Group, commented: *"The Department for Energy Security and Net Zero must acknowledge that UK industrial electricity prices are higher than those of other countries and act to address this by introducing measures to reduce this difference, in addition to increasing the renewable exemption for eligible energy intensive industries to 100% already consulted on".*

"Energy intensive industries expect the new Department to work collaboratively with Department for Business and Trade, HM Treasury, and Cabinet Office to deliver on the commitments in the Energy Security Strategy to address the industrial electricity price differential. Creating and changing departments should not distract from the Government's wider aims of meeting its legally binding Net Zero commitment, supporting economic growth, and delivering Government's objectives as a whole".

"The EIUG is looking forward to working with both Grant Shapps and Kemi Badenoch and their respective Ministerial teams."

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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 that are essential inputs to the 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 £29bn GVA to the UK economy and support 210,000 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.