The EIUG welcomes the Government's measures to reduce industrial electricity prices

London, 23 February 2023 – The Energy Intensive Users Group (EUIG) welcomes the Government's announcement to reduce the cost of renewable electricity policies and capacity mechanism and explore a reduction in network charges on electricity prices for many energy intensive businesses.

Energy intensive industies (EIIs) in the UK currently face significantly higher electricity prices than in and outside Europe. An increase in the relief from the cost of financing renewable policies, as consulted on in summer last year, is a step towards reducing the price differential. The EIUG calls for the publication of the Government's response to show that it is delivering on its announcement.

The EIUG also encourages Goverment to remove the business-level test in the EII renewable exemptions schemes, as the test excludes some businesses in eligible sectors, particularly many in the lime and ceramics sectors, so that they will not benefit from this announcement.

A reduction in certain network charges for EIIs would reduce industrial electricity prices further and could match what is provided in some other European countries. These charges have gone up over the past years, increasing the price differential with other countries. Germany, France and The Netherlands have introduced specific arrangements for their EIIs, citing the benefits that large energy users bring to system stability and reduction of system costs, as set out in a research report for BEIS.

The EIUG also welcomes the announcement to reduce the cost of the capacity market supplier charge. This charge now forms a substantial part of industrial electricity prices and an exemption will also contribute to reducing the electricity price differential.

These measures will all help to reduce the risk of putting those EIIs that qualify at a significant competitive disadvantage, especially in the context of high energy costs in the next few years. Moreover, they will help to encourage decarbonisation in many of the vital industries the EIUG represents. It is vital that Government delivers on these commitments by Spring 2024. The EIUG looks forward to the Government response and working with the Departments on the delivery.

Dave Dalton, chair of the EIUG said; "*We welcome today's announcement with the measures to reduce electricity prices for energy intensive industries. These measures will bring our industrial electricity prices more in line with those in other countries and help the competitiveness and decarbonisation of energy intensive industries in the UK*".

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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.