

UK government to cut electricity bills for consumers in the north of Scotland

- the higher cost of powering homes in the Shetland Islands is currently picked up by consumers across northern Scotland
- today the UK government vows to make the system fairer by spreading the cost across Great Britain
- consumers living everywhere from Thurso to Aberdeen would save on their energy bills

Households in the northern parts of Scotland could soon save money on their electricity bills thanks to UK government plans to more fairly distribute the costs for providing electricity to the Shetland Islands.

The isolated nature of Shetland's electricity system means it costs £18 million more a year to keep its 23,000 residents' homes and businesses powered, than it does to provide power on the mainland. The cost is currently picked up by consumers in the north of Scotland through their electricity bills.

These costs are expected to rise to £27 million from next year in order to deliver a necessary upgrade to Shetland's power supply. The UK government is concerned about the burden this would place on consumers in the north of Scotland.

It has today (11 July 2019) published a [consultation announcing plans to spread the costs of powering Shetland across Great Britain from April 2020](#), meaning consumers across the northern part of Scotland – from Thurso to Aberdeen – would save around £17 a year on their electricity bills.

Minister of State for Energy and Clean Growth, Chris Skidmore, said:

The UK government is committed to ensuring everyone across the country, including in the remotest parts of northern Scotland, has access to a reliable energy supply at a fair price. We've already shown this through our price cap – intervening in the market to protect loyal consumers in all parts of the union from being overcharged.

Consumers in the north of Scotland should not have to fund the costs of maintaining Shetland's energy security alone. The ability to share costs more widely is one of the benefits of being part of the United Kingdom and these plans will mean consumers in the north of Scotland will soon receive a welcome saving on their bills.

Shetland is different to other Scottish islands as it's the only part of Britain's licensed distribution network that is isolated. It's unable to

benefit from the economies of scale enjoyed by other islands, which are part of the integrated network, which is why costs have always been higher.

Scotland Secretary David Mundell said:

I warmly welcome the UK government's plan to cut the electricity costs of consumers in the north of Scotland. Spreading the costs across the whole of Great Britain reflects the unique circumstances in Shetland and northern Scotland. □The UK government is determined to deliver for all of Scotland's communities.

The UK government's Hydro Benefit Replacement Scheme already provides an annual cross-subsidy of £61 million to protect electricity consumers in the north of Scotland from the high costs of electricity distribution in the region. It is funded by charges on electricity suppliers across Great Britain.

The scheme will be used to deliver the new funding arrangement for Shetland's electricity, meaning that the total assistance provided through to the north of Scotland consumers will be almost £90 million a year.

1. View the [consultation on the hydro benefit replacement scheme and common tariff obligation](#).