

What should Mr Kwarteng do?

We read that Mr Kwarteng will be locked in more talks with the energy industries and Regulator today, after an intensive week end of talks. With a chronic shortage of gas, little wind power and a dangerous dependence on imports he needs to change policy.

He needs to persuade the gas industry to open more gas storage. Germany has five times as much and France seven times as much proportionate to demand. The government needs to build a strategic reserve if the industry cannot.

He needs to liberate new UK production from existing fields and stimulate more exploration and development. The UK is going to need a lot of gas for some years to come. It is cheaper, greener and safer to produce our own rather than import.

He needs to help the electricity industry boost its reliable generating capacity. Given the green driver of policy that may mean ensuring more biomass, hydro, battery and pump storage. There needs to be a bigger margin of capacity as we enjoyed in the last century.

He should work with the Agriculture department to deliver more UK wood and plant material for biomass, to cut import dependence we currently suffer.

He needs to review price controls. They cannot protect customers from major increases in the world price of oil and gas. They can help drive some businesses into bankruptcy. They can stand in the way of new investment in additional capacity.

The energy market is so rigged by regulation, tax and subsidy it will take government interventions to sort out the current shortages. Solutions which help restore market pricing would offer a better way forward.