

Response to Sunday Times article claiming to 'explain' high energy bills 31.07.22

Contrary to the headline this article does not explain the main reasons why bills are so impossibly high. The main reasons are international, and on the supply side, and require international action. High oil and gas prices do not come from outer space. They come from a combination of OPEC reluctance to temporarily boost supply, plus continued sanctions on Iran exports, plus slow recovery of US shale oil and gas to its previous (and re-attainable) 12mbd. Russia playing nasty games with supplies to Europe gives a big further upward twist to prices, and refinery mismatches and slow adjustment to changed crude types have slowed supply, and pushed prices up further.

All these issues can be addressed, and should be immediately, right now. Some are being already. For instance, big new Middle East refinery outputs of diesel are just about coming on stream. But overall, the situation requires collective and coordinated diplomacy and agility between like-minded nations to press it all ahead. Perhaps some of that is going on back track, but there is not much sign of it in policy statements, public understanding or the utterances of the two PM candidates!

Lord Howell