

# Warm This Winter

## Briefing: Why new oil and gas won't bring down bills

Warm this Winter is a campaign demanding the government acts now to help tackle high energy bills this winter and to ensure energy is affordable for everyone in the future. It is supported by leading anti-poverty and environmental organisations, including Save the Children, WWF UK, and the End Fuel Poverty Coalition.

### Summary

- Millions of people spent last winter living in cold damp homes, and the UK's overreliance on fossil fuels means bills will remain unaffordably high unless action is taken to reduce dependence on volatile gas.
- The UK government's position to double down on extraction of oil and gas in the North Sea, including the approval of Rosebank, and mandating annual licensing rounds will not help families to keep warm this winter, nor secure energy supplies.
- The Investment allowance loophole in the windfall tax will result in £11.9 billion in tax relief to oil and gas companies, enough to retrofit 11 million homes in England.
- The UK government should transition away from fossil fuels, whilst supporting a national programme to upgrade homes, starting with those hardest hit by the crisis, and invest in harvesting our cheap and abundant homegrown renewable resources.

### Bill payers are being punished by the UK's gas dependence, as the UK government doubles down on support for the oil and gas industry

- The UK is the [second largest](#) producer of fossil fuels in Europe, and after decades of extraction in the North Sea, the UK is still over-reliant on fossil fuels.
- The UK had the [highest energy bills in Western Europe](#) in 2022 according to the IMF, due to gas dependency, and energy inefficient housing. This winter, although the energy price cap has come down, energy bills [are still double](#) what they were three years ago.
- Last year's unaffordably high energy bills mean roughly 8 million households have gone into this winter [having borrowed money to pay for energy bills](#), or already in debt to their energy provider. and over a million children in this country live in a house that went without heating, hot water and electricity in the first half of this year.
- The past year was an opportunity for the UK government to tackle the root cause of high energy bills - fossil fuels - by unblocking cheaper renewables like onshore wind, boosting energy efficiency and home upgrades to reduce reliance on fossil fuel imports.
- Instead the UK government responded to these soaring costs, and calls for greater energy security, by doubling down their support for production of oil and gas in the

North Sea. This has included approving the [Rosebank oil field](#) and announcing an intention to hold [annual licensing rounds](#).

**The UK government's continued support for oil and gas will have minimal impact on UK supplies of oil and gas and do nothing to lower energy bills.**

- After 50 years of drilling, the UK has burned most of its gas. The North Sea's dwindling reserves, which are majority oil, mean that significant new discoveries are unlikely.
- The head of the North Sea Transition Authority (NSTA) which regulates oil and gas in the UK, has said that new licences would only make a difference to production [‘around the edges’](#) and the NSTA [has also opposed](#) the introduction of mandatory licensing rounds. Further, the former [Chief Executive of BP](#) Lord Browne has suggested that expanding North Sea drilling is “not going to make any difference” to Britain's energy security.
- New North Sea licences issued since 2010 have only led to [nine weeks worth of gas being discovered](#) and only 16 days worth of gas being produced.
- The UK does not have control over where its reserves end up. According to official figures, around 80% of UK oil is shipped overseas, and in the middle of the energy price crisis last year, the [UK exported](#) the equivalent of 61% of gross gas production.
- Secretary of State for DESNZ, Claire Coutinho [has made public](#) that new oil and gas licensing rounds “wouldn't necessarily bring energy bills down” and previous Ministers have [confirmed](#) “It's the global price [of gas] that sets the UK price”.
- Furthermore, the UK's tax regime for oil and gas means the public purse is losing out while oil and gas companies profit. For example, the investment allowance loophole within the windfall tax, is estimated to cost the UK public almost £11.9 billion, enough to retrofit 11 million homes in England.

**The only way to reduce bills in the long term is to cut domestic consumption by scaling up renewable energy and increasing energy efficiency.** The UK government should:

- **End new oil and gas projects in the North Sea** and commit to a just transition for workers and communities that depend on the industry. As many decent green jobs can be created as currently exist in the oil and gas industry but the government must invest so that decent green jobs can be created as we move to renewable energy.
- **Close the investment allowance in the Energy Profits Levy**, which is estimated to cost the UK public almost £11.9 billion- enough to retrofit 11 million homes in England.
- **End energy waste** by improving the least efficient homes rated ‘D’ or worse for energy performance to ‘C’ would not only reduce demand on gas, but would also reduce energy bills. According to the [Energy Saving Trust](#) households can save an average of £300 a year from having cavity wall insulation, £285 with loft insulation, or £710 a year with a ground source heat pump.

- **Unblock cheaper renewable energy:** Wind and solar are two of the cheapest ways to generate electricity. So far this year, British renewables have [displaced](#) the equivalent of 170 LNG gas tankers. [Polling suggests](#) strong public support for renewables, as well as measures to improve energy efficiency in homes, over new oil and gas drilling.

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