Written by James Murphy on July 1, 2022

UK Energy Set to Pay Families and Businesses to Ration Electricity

The energy company National Grid, which operates in the United Kingdom, is set to offer money to homes and businesses if they agree to cut energy usage. Households in the UK are struggling to keep up with a 54percent increase in energy bills already this year.

The price increases are being driven by numerous factors, including moving away from reliable fossil fuels to less reliable renewable sources such as wind and solar. and the Russian war in the Ukraine. A severe cutback in natural gas by Russia is expected to make the situation even more severe.

Prices are expected to jump even higher later this year when the Office of Gas and Electricity Markets (Ofgem) lifts price caps. That move is expected in October.

A worst case scenario put forward by the government offices at Whitehall claims that if the Russians cut off natural gas supplies altogether, a situation similar to the <u>3-day work week</u>, which lasted for two months from December 1973 until January of 1974. That situation was caused largely by striking coal miners and the oil crisis of that decade.

This time, the shortage is being driven by government shortsightedness and climate politics.

To help meet the financial needs of families and businesses, and to assure energy supply, National Grid came up with the scheme to, essentially, pay customers to conserve by shutting off appliances during certain hours of the day.

Octopus Energy, a supplier of so-called renewable energies, did a trial of the scheme earlier this year.

"In the past, fleets of diesel generators got paid a fortune at times of high electricity demand — with the cost landing on everyone's bills," said Octopus Energy CEO Greg Jackson.

"We'd rather give customers discounts if they use less power at these times, rather than swelling bills to pay polluters," Jackson said. "It's the energy equivalent of discounting leftover food in a supermarket to reduce food waste."

A tortured analogy to say the least.

It's a "win-win" for climate hysterics: "Demand shifting has the potential to save consumers money, reduce carbon emissions and offer greater flexibility on the system and some forms of demand management are already used today to help balance the system," said a National Grid ESO spokesperson.

"We recently ran a few small successful trials with Octopus to see what can be achieved from an



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aggregated consumer demand response and there's now more work to do with industry to consider how we can roll out the service."

National Grid has already sent inquiries to businesses asking them how much money they would be willing to accept in exchange for reducing their consumption of energy. A document obtained by <u>Bloomberg</u> states that payments could range from [100 (\$121) per megawatt-hour (MWh) up to £6,000 (\$7,274) per MWh.

Households could be paid up to £6 (7.26) per MWh, according to National Grid.

According to National Grid data, natural gas accounts for more than one-third of the UK's power supply. Natural gas accounts for 47.2 percent of Great Britain's electricity, followed by wind (24.1 percent), nuclear (16.7 percent), solar (6.3 percent), and assorted other fuels.

The UK's North Sea produces a good amount of gas but the nation also relies on supplies from Norway, Belgium, and The Netherlands, especially in the winter months. The Russian squeeze on natural gas will be felt all over Europe as evidenced by Germany's intention to bring <u>coal plants</u> back online.

But instead of surrendering to the situation like the intensely green German government is doing, the UK government is telling their citizens and businesses to make sacrifices in exchange for peanuts in cash taken off of their electricity bills. All of this — supposedly — for the sake of the climate.



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