

ECONOMY, ENERGY AND FAIR WORK COMMITTEE

PUBLICLY OWNED ENERGY COMPANY INQUIRY

SUBMISSION FROM RICHARD ARDERN

Scottish Publicly Owned Energy Company (POEC)

- **What are your general views on the idea of a Scottish publicly owned energy company (POEC)?**

I support this idea.

- **What role should it fulfil and how?**

It should support the Scottish economy and the financial wellbeing of citizens by charging a fair price for energy supplies.

- **What are the key challenges that the POEC should address?**
- One major challenge is to ensure that all Scottish consumers pay the same price for transmission, distribution and supply. The present Ofgem rules since privatisation are discriminatory and detrimental to consumers in the geographical half of Scotland represented by the old Hydro Electric Board area from the Mull of Kintyre to Unst and including the cities of Dundee and Aberdeen.
- Repeated representations to Ofgem and the Competition and Markets Authority (to remove what the Western Isles Council call the 2 pence distribution levy) have fallen on deaf ears.
- The situation is summed up in my letter published in The Herald in July (below).

Date: 22 July 2018 at 10:18:36 BST

To: "letters@theherald.co.uk" <letters@theherald.co.uk>

Subject: *Hydro Electric price increases*

Your report on SSE's agm (SSE sees value plunge as warm weather bites, The Herald, July 20) repeats their statement that "average" gas and electricity bills have just been increased by 6.7%. My new one year fixed (cheapest) price has been increased by 19% for electricity and 32% for gas, an overall increase of 26%!

This reprehensible practice of hiding behind GB averages has been going on for years. Distribution costs so much more in the northern half of Scotland for all electricity companies and most of this burden falls on the small number (relative to GB) of consumers living here. That we need to consume more energy to keep warm because it is the coldest and windiest part of the UK makes these charges a double whammy.

I have correspondence with the North of Scotland Electricity Consumers' Committee dating back to 2000 who even then were trying to get Ofgem to play fair with the north of Scotland. This was prompted by the Hydro Board sending consumers a booklet saying prices were tumbling when ours were in fact increasing.

Higher percentage increases for consumers in the north has continued as a regular pattern ever since, cleverly disguised through the use of GB average figures. A few years ago we succeeded in getting the electricity companies to release regional figures, but this now seems to have stopped as I have not seen this year's figures in the Press or been able to find them by Googling.

It is quite clear that the privatised energy market is working against the well being of consumers in the north. The so called Hydro Benefit Replacement Scheme is a mere fig leaf which is being left to wither on the vine. The number of consumers here is apparently too small for the Competition and Markets Authority to bother with. Their major industry report was all about competition rather than markets.

What would Tom Johnston have had to say about the subsequent history of the North of Scotland Hydro Electric Board? When he switched on the supply on the island of Iona in September 1957 he saw the supply of light and power as "an effective attack on the social and economic conditions that have contributed so much to the depopulation of the Highlands and Islands".

We have indeed seen a total transformation of Scotland's economy and social conditions, but we should be wary that we don't start going backwards.

R J Ardern

Inverness.

- **How might a Scottish energy supply company work best to support the growth of local and community projects, and fuel poverty reduction?**

By equal pricing as above, so that the cost of a unit of energy is no dearer whatever the location. Consumption figures will inevitably be greater in the colder and windier parts of the country, but at least the pricing structure will be a fair one, equable to all.

One role model is the universal pricing structure operated by Royal Mail. Richard Lochhead and Drew Hendry are having to pursue a similar objective to bring the private parcels carriers into line.

- **How can the POEC be best designed to align with wider Scottish energy policy objectives, and to avoid potential policy conflicts?**

That is a task for Government.

- **Should a new Scottish POEC be more than solely a licensed energy supply company? Should it have a direct role in energy generation?**

Whatever is consistent with getting an affordable price and fair pricing structure for consumers.

- **How might the POEC be designed to promote objectives and functions beyond the retail of gas and electricity (e.g. supporting investment and innovation in new technologies and infrastructure)? What benefits are there to having wider objectives?**

Work together with everyone to achieve fair and affordable energy costs for the individual and for the Scottish economy.

The former North of Scotland Hydro Electric Board had a social role and this idea was continued on creation of the Highlands and Islands Development Board in 1965. Good results have been achieved over the years.

I believe Tom Johnston offered to electrify the railway between Perth and Inverness after the war using hydro electricity from the Tummel Valley scheme. That task still remains to be done.

- **What governance arrangements should a Scottish POEC have? Who should it be accountable to e.g. Parliament?**

Probably.

- **Should legislation be required to underpin the creation of a POEC?**

Whatever it takes to get a fair pricing structure.

ENDS.