

# Re-think on energy charging could reduce bills for 70% of households

March 2 2018

---



Credit: Strecosa

Researchers have found that 70 percent of U.K. households would be better off if costs of government energy policy were removed from gas and electricity bills and applied according to household income.

Professor John Barrett and Dr. Anne Owen, both from the University of Leeds, propose alternative mechanisms for funding emissions reduction schemes. Their research, published today by the U.K. Energy Research

Centre (U.K.ERC), highlights how it is possible to raise the necessary funds to address climate change, while also protecting fuel-poor households.

Currently, within the domestic sector, levies to recover the costs of [energy](#) policy are applied as a percentage of household energy bills. In 2016 these energy policy costs added 13 percent to the average household electricity and gas bills, adding £132 to the average yearly spend.

However, in the poorest homes, money spent on energy accounts for 10 percent of total spend, whereas for the richest households it accounts for just 3 percent. Applying energy costs on this spend therefore disproportionately penalises those that are most vulnerable to rising energy prices, the researchers say.

Total energy consumption measures all of the energy used to provide households with the products they buy and services they access, and incorporates aspects such as recreation activities, travel and imported products.

Professor Barrett, from the Sustainability Research Institute at Leeds and U.K.ERC Co-Director, said: "It is essential that climate change policies do not cause further inequality by penalising families with the lowest energy consumption and who are most at risk of fuel poverty. Progressive energy policies should ensure that those with the highest energy demand and the means to afford it, pay for the solutions."

The researchers found that in 2014, the richest 10 percent of households consumed almost four times as much energy as the poorest households or an average 12.7 tonnes of oil equivalent compared to 3.3 tonnes consumed by the poorest.

Energy for heating and power in homes accounts for only 12 percent of total energy consumption, highlighting the significant difference in spending patterns between high and low income households.

Dr. Owen, also from the Sustainability Research Institute and U.K.ERC researcher, said: "Our work shows that once you consider the hidden energy in the manufacture of all the goods and services we buy, it is only fair that richer homes contribute more to energy policy costs. Low income households, which experience fuel poverty, could be exempt from these additional charges if we re-think how low carbon energy schemes are funded."

Professor Barrett and Dr. Owen have put forward an alternative approach would place policy costs on businesses, or fund them through general taxation, both of which would reduce the burden on the poorest households. The general taxation approach would better align energy demand with policy costs, and would reduce costs for 70 percent of U.K. households.

Provided by University of Leeds

Citation: Re-think on energy charging could reduce bills for 70% of households (2018, March 2) retrieved 27 April 2024 from

<https://phys.org/news/2018-03-re-think-energy-bills-households.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--