Why yes, we are being lied to. Why do you ask? [1]

Written by **Tim Worstall** [2] | Friday 29 March 2013

A continual theme of mine is the way that the various numbers we're presented with in the political arena aren't entirely, exactly and strictly, quite true. Nothing new in this of course, the lies, damned lies and statistics line is well over a century old already. The latest, how shall we put this kindly, misdirection is on the subject of energy prices. Ed Davey tells us that we're all saving money by spending vast amounts of money on renewables [3].

> Our analysis shows that, taken together, these policies and others mean household bills are already lower ? by an average of £64 ? than they would have been if we?d introduced none of our policies.

This is exceedingly difficult to believe. For energy produced by renewable means is still more expensive than that produced by fossil fuels. This is why we actually have a climate change problem: if renewables were in fact cheaper then we'd all quite naturally be using them. And it's not really possible to make the system cheaper as a whole by moving from a cheaper component of it to a more expensive one.

An excellent thrashing of this contention is provided here, at The Register [4]:

> Thus we see that the consumer price of 'leccy overall stands approximately 25 per cent higher today than it would have been if Whitehall and Brussels had left the UK energy market alone.

Mr. Davey then goes on to tell us that government action will really save us all money in hte medium term, you just wait and see:

> In 2020, bills will on average be around 11 per cent lower, than they would be if we were doing nothing. Let?s be clear - bills will still be higher. But they will be £166 lower than if we sat on our hands.

The problem here is that they've made an assumption: that natural gas prices will rise by 70% in the next few years. The only reason they've made this assumption is because they've not bothered to talk to anyone at all who knows what they are talking about as the FT makes clear [5]:

> The UK?s Department of Energy and Climate Change is about to publish forecasts suggesting that gas prices could rise by up to 70 per cent over the next five years. This is scaremongering nonsense, and shows just how out of touch the Department is with the realities of the international energy market. Officials appear not to have consulted the industry or the traders. In reality the odds are that prices are just as likely to fall as to rise for three distinct reasons.

Those three reasons are shale (even if we don't produce much ourselves, there's still going to be US exports), demand has fallen because of all the renewables that everyone is being forced to use and the pricing structure of the material is about to fall over. Traditionally gas prices were linked to oil prices and it's increasingly becoming true that they are not: gas prices are linked to gas prices now.

Regular readers will know that I'm generally onboard with the idea of climate change, think it's happening,

we're doing it and that something must be done about it. However, this doesn't mean that we all have to wander off into LaLa Land in our discussions of what to do about it.

I agree that a certain amount of smoke and mirrors is inevitable in politics: but what worries me is that DECC has been repeating this guff to itself so often that they actually believe it.

They really are not saving us all money on our energy bills by making energy more expensive. And it would be very nice indeed if they stopped misleading us about their doing so.

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