

Energy prices: North West's critical industries warn of £1billion energy bill amid price rises

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Region's industrial forces call for strategy to cut emissions and create stable, affordable net zero energy supply to UK businesses

Industries in the North West of England say, without intervention, rising energy prices could hit British manufacturing and lead to closures or reductions in production of critical services and products.

Just four of the members of Net Zero North West (NZNW) are facing a collective energy bill of up to £1 billion in 2022 – a projected increase of around 65% since 2020. These increasing costs could ultimately be passed down to the consumer leading to prices increasing in a wide range of sectors including food & drink products, water treatment, medical supplies, automotive and construction to name a few.

The North West boasts the largest concentration of advanced manufacturing and chemical production in the UK and is home to a cluster of energy-intensive users. These businesses are trying to pass through the unprecedented hike in energy prices while also addressing the challenges of decarbonisation.

NZNW is calling for an integrated, long-term and resilient UK Energy Strategy to protect against pressures such as increasing energy prices and enable the transition to net zero. The group has set out a short-term transitional energy strategy up to 2030 to provide affordable electricity and natural gas to include:

- Affordable electricity to support rollout of electric vehicles
- Increased levels of renewable energy
- Market support to support hydrogen production to decarbonise heat and transport
- Local energy networks to help manage costs
- Affordable natural gas for industry as a feedstock
- Small modular nuclear reactors to generate electricity and low carbon hydrogen
- Carbon pricing to be introduced which protects low carbon domestic industries from competition with high emission imports.

Carl Ennis, Chairman of Net Zero North West and CEO, Siemens GB&I said:

"Both homes and businesses are feeling the squeeze of soaring energy prices. Rocketing prices hit energy-intensive industries hard, with many manufacturing critical products on which the UK relies. Just Net Zero North West members alone are facing a projected £1 billion energy bill, a staggering amount when you also consider inflation is also impacting costs across the board for businesses too."

"We need a net zero strategy that addresses the pressing need to support industries to decarbonise as well as secure our energy supplies. The North West has all the ingredients to underpin a long term, resilient net zero energy system in the UK with a diverse mix of wind, biomass, tidal, solar, nuclear and hydrogen. We have highly skilled industries that are ready to invest in the technologies to drive low carbon products and growth."

NZNW's newly-published paper 'Energy Prices and System Resilience' [attached] details how increased worldwide energy and gas demand has pushed up prices across the globe, with wholesale gas prices increasing by 250% since the start of 2021. It also highlights why the UK is particularly vulnerable to the pressures, being still heavily reliant on gas and the UK's energy-intensive industries facing some of the highest electricity prices in the EU due to complex on-costs.

Adrian Curry, is Managing Director of Encirc, a leader in glass container manufacturing with a plant in Cheshire, producing around four billion glass bottles and other containers a year from its bases in the UK and Ireland. He said:

"With a concentration of energy intensive industries in the North West we're particularly susceptible to price increases, but we can't let this derail the journey to net zero. Competitive energy is crucial to decarbonisation and we need to ensure the future of our vital industries with a transitional energy strategy that provides affordable electricity and natural gas."

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“We need to remain competitive internationally otherwise we risk offshoring the problem with our industries shutting down and production happening overseas. We need a clear trajectory for business which encourages investment rather than disproportionately impacting certain industries. In the longer term, the UK’s energy strategy needs to take into account the needs of manufacturing regions such as the North-West to support regional clean growth and the levelling up agenda.”

Net Zero North West has previously launched a landmark [Economic Investment Prospectus](#) which was authored by top analysts at Siemens and launched last summer at a special event with Business Secretary Kwasi Kwarteng, setting out 18 investment cases for a pipeline of long-term and shovel ready green projects.

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Notes to Editors:

**Candidates are available for broadcast interviews on request.
A copy of the Energy Prices paper is attached for reference.**

About Net Zero North West

Net Zero North West has been established as a limited company and to act as a public and private sector investment accelerator for industrial decarbonisation and clean growth projects in the North West. The company is chaired by Carl Ennis – CEO Siemens UK – and its founding members are made up of leading energy and infrastructure companies, including the Peel Group, Siemens, CF Fertilisers, Tata Chemicals Europe, Encirc, the North West Leadership Business Team, Storengy, Inovyn and ABB.

With key objectives to make the North West the UK’s first low carbon industrial cluster by 2030 and boost investment in the region’s net zero economy, this industry-led collaboration is supported by partners including the North West Hydrogen Alliance, Cheshire Energy Hub, Liverpool City Region LEP, Cheshire & Warrington LEP, Greater Manchester LEP, and regional universities.

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NZNW - Energy Prices Briefing Paper

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