

Wind power costs households 2.67 pence per day

Industry says new Ofgem figures prove renewable energy subsidies are not responsible for rising energy bills

By BusinessGreen staff

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The renewable energy industry has welcomed new figures that show support for wind power last year cost consumers less than three pence a day.

According to a new report by Ofgem released yesterday, the cost of wind energy subsidies during 2012 equated to 2.67p per household per day.

The figures show that each of the 24.6 million homes in the UK pays £16.48 through their household bills to support the Renewable Obligation (RO) incentive scheme, which allows generators of renewable energy to generate additional revenue by selling tradable Renewable Obligation Certificates alongside the power they produce.

Given that wind power accounted for 59 per cent of all renewable energy that qualified for the RI last year, just £9.72 of each household's RO support payments goes to wind energy generators each year, equating to 18.7p a week or 2.67p a day.

However the cost increased slightly from the previous year, when wind power cost consumers around 15p per week, which was equivalent to 2.1p per day.

Gordon Edge, policy director for RenewableUK, said the figures underline the fact that the vast majority of recent increases in energy bills have been due to volatile gas prices rather than the cost of wind energy.

"Anyone who cares about stabilising consumer bills should support investment in clean energy and getting us off the hook of imported fossil fuels," he said.

"Wind energy is the UK's most abundant and inexhaustible asset and these results affirm that the industry is on track to generate at least 20 per cent of the UK's electricity needs by 2020. In the context of rising energy costs as a whole, it is imperative that we continue to harness this plentiful and natural resource and take control of our energy future."

The government's support for renewable energy projects and plans to transition to a new subsidy mechanism that will provide over £7bn of support to clean energy projects through to 2020 have faced growing criticism from some Conservative backbenchers and sections of the media in recent months, who have blamed so-called green levies for pushing up the cost of energy.

But the Department of Energy and Climate Change has consistently argued that clean energy subsidy mechanisms have a relatively small impact on energy bills compared to global gas prices.

Ministers have also argued that when the impact of energy efficiency policies are taken into account average household energy bills will be lower in 2020 thanks to the government's electricity market reforms than they would otherwise have been.