

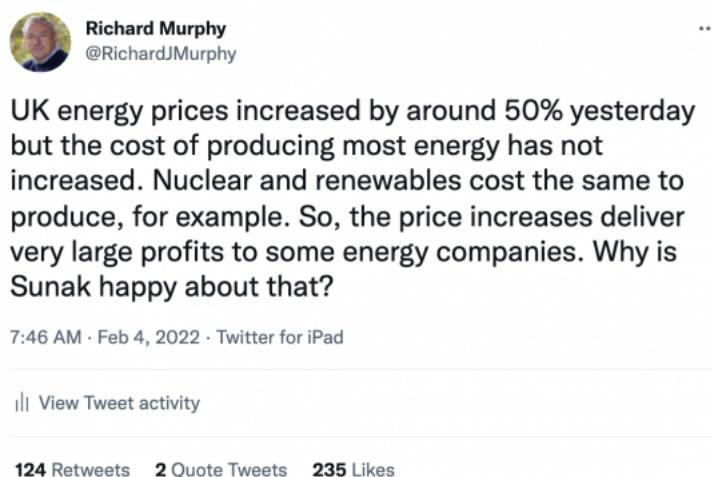
Funding the Future

The UK energy market does not need Sunak's sticking pl...

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I have been reflecting on yesterday's political debacles. One of these was the fiasco of a plan that Rishi Sunak put forward to support those who will suffer dramatic increases in energy prices over the coming months and years. My response was a Twitter thread, unusually for me actually written on Twitter itself and so only capable of easy reproduction by screenshot.

I began with this:



UK energy prices increased by around 50% yesterday but the cost of producing most energy has not increased. Nuclear and renewables cost the same to produce, for example. So, the price increases deliver very large profits to some energy companies. Why is Sunak happy about that?

7:46 AM · Feb 4, 2022 · Twitter for iPad

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The argument continued with me saying:



The problem is energy is priced at the cost of the most expensive unit sold. As a result, Russia can push up gas prices and create an economic crisis in the UK. If we had a nationalised energy system that supplied our energy at the average price we could avoid this.

Instead of our energy being priced at the cost of the most expensive source available we'd instead pay the price set by a basket of energy sources. We'd see nothing like the proposed cost increase as a result, and the crisis for families across the UK could have been avoided.

This, though, would require the government to admit three things. First, the energy market does not work so, second, energy privatisation was a mistake and, third, the state should do this job because it can do so better than any market system.

I am quite convinced that what we are seeing is evidence of total market failure. We must have reform or this crisis will not go away.

But is Labour willing to suggest it? And will the SNP do so too? It's beholden on both to rise to the challenge.