

UK energy bills to increase by £17bn per year

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The UK's Net Zero policies are driving up energy bills and undermining economic competitiveness, according to new analysis [published](#) this week by [Net Zero Watch](#).

The briefing paper, *Fixing the electricity system*, finds that so-called "non-commodity costs" – the expenses of managing a renewables-based electricity system rather than generating power – are now the biggest factor behind high energy prices. These are the same costs energy retail bosses warned Parliament about in October 2025.

Despite paying only average prices for gas, Britain suffers from the highest industrial electricity prices in the developed world. The analysis warns that these costs, which are trivial in grids powered by fossil fuels, will continue to rise as more weather-dependent renewable generation is added to the grid.

The analysis estimates that Net Zero costs currently total £17 billion per year, but will rise to £30 billion by 2035 under Labour's "Clean Power 2030" mission to decarbonise the grid. This would add £600 a year to the cost of living, including £200 through higher energy bills.

Energy insiders, including Oxford University's Professor Sir Dieter Helm, the Tony Blair Institute and Professor Gordon Hughes, a former World Bank economist, have previously warned that Britain's energy system has become structurally inefficient, with intermittent generation forcing up balancing and capacity-market costs.

The paper argues that "cutting subsidies alone will not reduce prices". It says the only way to bring down costs permanently is to prevent further expansion of subsidised renewables and to close the least economic generators.

Andrew Montford, Director of Net Zero Watch, said: "The British public have been misled by Ed Miliband and Labour. You cannot make power generation cheaper by making it unreliable and inefficient. Until politicians confront the physical and contractual realities of the system they've built, the cost of living crisis will only deepen and growth will continue to remain flat. High energy bills will continue to scar our national politics."

Net Zero Watch is calling on policymakers to:

- Cancel the latest wind subsidy auction known as "AR7"
- Put affordability first by prioritising denser and more reliable forms of power generation
- Recognise that the only way to restore cheap electricity is to reduce the capacity of renewables on the grid
- Drop attempts to shift costs into general taxation and be fully transparent about what people are paying for