THE LAST PAGE OF THE CONTRACT

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How Britain built the most expensive industrial electricity in the developed world almost by accident, spent thirty-five years patching the symptoms, and called the latest patch a strategy.

By airt

I. The tip and the iceberg

In the last week of June 2026 the Scottish Government ran a consultation that closed almost before anyone noticed it had opened. It asked two questions. Did you agree that energy-intensive businesses should be exempted from up to 100% of the Renewables Obligation costs their electricity suppliers would otherwise pass to them? And did you agree with the arrangements for recalculating the obligation level to account for that exemption, and was the notice period sufficient?[1] Fourteen days, two questions, one devolved order amending another order made in 2009. It was the administrative equivalent of being asked to initial the last page of a contract whose earlier pages were written by other people, in other rooms, over thirty-five years, none of whom agreed on what the contract was for.

This essay is not about those two questions. It is about the rooms. Because the striking thing about British energy policy is not that any single decision was stupid. Most were defensible, even clever, given what was in front of the people making them. The striking thing is that the decisions never added up to a purpose. We have ended up with the most expensive industrial electricity in the developed world,[2] a decarbonisation programme funded for two decades by a regressive charge on the very thing we want people to use more of, an industrial base we alternately mourn and undercut, and a flagship scheme that relieves the smallest part of the problem and quietly bills the rest of us for it. That is not the product of a plan. It is the product of the absence of one.

So before we argue about the plumbing, it is worth asking the question the consultation never asked: what, exactly, was any of this supposed to achieve? And once you start pulling that thread, you find there was never a single answer, only a tangle of answers that pull in opposite directions and have never once been forced to reconcile. That tangle is the real subject. The two questions were just where it surfaced.

[1] British Industrial Competitiveness Scheme (BICS): changes to the Renewables Obligation (Scotland) Order 2009, the Scottish Government consultation this essay circles, opened 16 June 2026 and closing 30 June. Two questions, both phrased "do you agree": one on the exemption, one on the recalculated obligation level and whether the notice period is sufficient. A fortnight to comment on a redistribution two decades in the making; the brevity is itself a kind of answer. consult.gov.scot.

[2] The yardstick is the IEA's international price comparison, published by DESNZ. On 2024 data, released 30 September 2025, UK industrial electricity at 26.63p/kWh was the highest of the 25 countries reporting industrial prices to the IEA, 63% above the median and about three and a half times Canada's, the cheapest. Two caveats. The series has carried no US industrial figure since 2021, so the United States sits outside the ranking; but US industrial power is far cheaper than Britain's, so its absence lowers the bar rather than unseating the UK. And 2024 is the latest complete comparison, the 2025 IEA figures not due until autumn 2026. DESNZ, International industrial energy prices (IEA data).

II. Five goals, never reconciled

Any engineer, or for that matter anyone who has tried to optimise anything, will tell you that you cannot optimise without an objective function. You have to write down what you are maximising, what you will trade against what, and in what order, or the system optimises something, but not necessarily anything you want. British energy policy is a forty-year demonstration of what happens when you write down the targets but never agree their order.

At least five objectives have been live, simultaneously, for most of this century. Three of them are the familiar energy trilemma, the framing the World Energy Council has pushed for fifteen years: security against affordability against sustainability. The other two are the ones that framing politely leaves out. The first is cheap power, for households as a cost-of-living matter and for industry as a competitiveness matter. The second is decarbonisation, the legally binding target that became net zero by 2050. The third is energy security, the freedom not to have your economy held hostage by a pipeline or a tanker. The fourth is fiscal restraint, the Treasury's standing preference for not putting things on the public balance sheet. The fifth, spoken about more than acted on, is distributional fairness, the principle that the poor should not pay disproportionately for goods enjoyed by everyone.

Each is reasonable. The problem is that they conflict, structurally and unavoidably, and they have never been ranked against one another in advance. This needs care, because a version of an objective does exist in the law. The Climate Change Act makes net zero by 2050 a binding, justiciable target, enforced more than once in the courts, and the regulator, Ofgem, was for a quarter of a century bound to put the consumer interest first. So it is too glib to say nobody ever wrote anything down. The truer and more damning claim is that nobody ever reconciled the five across the whole of policy before acting: the carbon target was a constraint, the consumer duty a tie-breaker, but cheap power, industrial competitiveness, fiscal restraint and distributional fairness were traded off case by case and after the fact, never weighed against each other on purpose. None of this is a fresh complaint. Dieter Helm told the government as much in his 2017 cost of energy review, when he found the interventions so many and so tangled that few could even list them all, and called the support schemes patches. The diagnosis has simply gone unheeded long enough to need repeating, with a fresh patch to point at.

When you decline to rank conflicting goals, you do not get balance. You get drift, plus a sequence of patches, each one solving the most politically painful symptom of the moment while deepening the contradiction underneath. The regulator itself has now half-admitted the problem: in 2026 the government stripped out Ofgem's single overriding objective and replaced it with three of equal rank, consumer, net zero and growth, on the reasoning that one overriding aim had forced too many conflicting trade-offs.[3] Whether three un-ranked aims reconcile any better than one is precisely the question this essay is about. BICS, the British Industrial Competitiveness Scheme, is the patch in front of us. To see why it was almost inevitable, you have to watch the contradiction accrete. It comes in four braided strands.

[3] The Ofgem Review 2026 final report, published 22 April 2026, replaced the single consumer-protection objective Ofgem had held since 2000 with three co-equal statutory aims, consumer interest, net zero and growth, on the stated ground that the regulator had been left balancing too many, sometimes conflicting, obligations. gov.uk, Ofgem Review 2026.

III. How we got here, in four strands

Strand one: a market designed for a different fuel

When the Central Electricity Generating Board was broken up and the industry privatised in 1990, the architects built a wholesale market on a principle that is, in the abstract, elegant: marginal pricing. Every generator needed to meet demand in a given half-hour is paid the price bid by the most expensive plant called upon. In a system that runs on coal and gas, this rewards efficiency and sends a clean signal about scarcity. It also contains a time bomb, which is that the price is set by the marginal plant regardless of how cheap the rest of the fleet is. Build a grid that is half renewables with near-zero running costs, but still need gas to cover the gap on a still, dark evening, and gas sets the price for everyone, almost all the time.

That is precisely what Britain did, and it is the single largest reason its electricity is so expensive. Gas sets the GB wholesale price something between 85% and 98% of all hours, against roughly 7% in France and 24% in Germany.[4] The dash for gas in the 1990s, the closure of coal, the long dependence on a fuel we increasingly imported, all of it loaded the entire power price onto the most volatile commodity in the system. When Russian gas left the European market in 2021 and 2022, British electricity did not rise because of net zero. It rose because we had built a market in which the price of electricity is, functionally, the price of gas, and the price of gas had quadrupled. The shock itself came from outside, from a war and a post-pandemic scramble, and a tidier policy would have felt it too. But the depth of the exposure, an entire economy's power price lashed to a single imported molecule, was not fate. It was the cumulative result of never once weighing cheap-power-via-gas against the security risk it was quietly building. The market was working exactly as designed. The design was the problem.

Strand two: decarbonisation on the never-never

Decarbonisation had to be paid for, and here Britain made a choice whose consequences run through everything that follows. It chose to fund renewable support not from general taxation but from levies on electricity bills. The Renewables Obligation arrived in 2002, obliging suppliers to buy certificates from renewable generators. Electricity Market Reform in 2013 added Contracts for Difference and a Capacity Market. A Levy Control Framework was meant to keep the running total in view. The mechanism varied; the principle did not. The cost of the energy transition was placed on the per-unit price of electricity.

On the Treasury's ledger this is brilliant. The spending never appears as spending; it is a charge levied by suppliers, off the public books, immune to the spending review. On any other ledger it is close to perverse. You are trying to get the country to electrify, to swap gas boilers for heat pumps and petrol for batteries, and you have made electricity carry a surcharge that gas does not. The Institute for Fiscal Studies has put the resulting distortion starkly: the same tonne of carbon, for a non-domestic user, can be taxed several times more heavily when it comes

[4] How often gas sets the price depends on who is counting: 98% of hours in 2021 on the academic figure (Zakeri and Staffell, 2023), nearer 85% on Ofgem and NESO's for 2024, against roughly 7% in France and 24% in Germany. The exact share moves; the fact does not. In Britain, most hours, the price of electricity simply is the price of gas. Carbon Brief, "Factcheck: Why expensive gas, not net zero, is keeping UK electricity prices so high."

through electricity than through gas.[5] You have taxed the clean thing to subsidise the clean thing, and made the dirty thing look cheap by comparison. And because a poor household spends a far larger share of its income on electricity than a rich one, you have built a regressive funding base into the heart of a programme sold partly on fairness. The academic literature on this is not coy. Study after study finds that policy costs loaded onto electricity bills fall hardest on the poor, and that funding the same goals from general taxation would be both fairer and, for most households, cheaper. The striking thing, which we will come back to, is that in the autumn of 2025 the government finally began to undo this, shifting roughly three-quarters of the domestic cost of the Renewables Obligation off bills and onto general taxation. Two decades to start reversing a funding choice its own analysts had long called regressive, and even then only for households, and only in part.[6]

Strand three: the industry we mourned and undercut

Across the same decades Britain deindustrialised, and developed a complicated grief about it. Steel, chemicals, glass, ceramics, cement, the foundational heavy industries, are precisely the ones for which electricity is a large slice of cost and global competition is fiercest. As British power prices climbed above European and far above American levels, these industries did the arithmetic that the marginal-pricing market and the bills-funded levies had written for them, and a good deal of investment went elsewhere.

The political response was not to fix the price. It was to exempt the most exposed firms from the consequences of the price. From 2017 a scheme relieved energy-intensive industries of a portion, later up to 100%, of the indirect costs of the renewable levies. The British Industry Supercharger added relief on network charges, lifted from 60% to 90% in 2026.[7] Each exemption was a patch on the symptom, and each had to be paid for, and the mechanism for paying chose itself: spread the exempted cost back across the remaining, non-exempt consumers, which is to say households and the businesses too small or too ordinary to qualify. The state had built a system that made industrial power expensive, then built a second system to shield favoured industries from the first, funded by everyone left outside the shield. Nobody designed that as a whole. It assembled itself, patch by patch, each step locally rational and collectively absurd.

Strand four: the subsidy race nobody can leave

The last strand is external, and it is the one that turned a slow drift into the 2027 scramble. Two pressures arrived together. The European Union's Carbon Border Adjustment Mechanism

[5] The Institute for Fiscal Studies puts the implicit carbon tax on a non-domestic user at about £249 a tonne when it arrives through electricity and roughly £52 through gas: a gap of nearly £200 on the identical molecule of CO2, and exactly the wrong way round if the plan is to make people electrify. IFS, "The tax system is making net zero more costly than it has to be" (25 June 2025).

[6] Autumn Budget 2025 did some of what strand two says was never done: about three-quarters of the domestic cost of the Renewables Obligation moved off bills and onto general taxation from April 2026, worth around £88 of a roughly £150 cut to the average household bill. The relief is domestic only; non-domestic users keep paying the full scheme cost. Twenty years to do three-quarters of a thing it could have done at any time. DESNZ, "What does the Autumn Budget mean for your energy bills" (27 November 2025); the Budget data sources, not this essay, are the place for the fine print.

[7] A separate and older scheme from BICS, the British Industry Supercharger, which raised the network-charge discount for the most energy-intensive sectors from 60% to 90% with effect from 1 April 2026. Different lever, identical instinct: exempt the exposed, recover from everyone else. gov.uk.

entered its definitive, money-changing-hands phase in January 2026, putting a carbon price on imports and, by implication, raising the stakes for where carbon-intensive goods are made. And the global subsidy race the American Inflation Reduction Act set off in 2022 had by then drawn a European response: the Clean Industrial Deal and a state-aid framework that explicitly blesses cutting energy costs for energy-intensive, trade-exposed industry. Germany had long exempted its heavy users from the renewables surcharge and was adding a reduced industrial electricity price.[8] The EU was, in effect, subsidising the energy bills of exactly the firms Britain was watching leave.

Once your neighbours are paying their industry's electricity bills, you are no longer choosing whether to subsidise; you are choosing whether to be the only one who does not. That is the box BICS was designed inside. Its eligibility test, electricity-intensive and trade-exposed, is a near-photocopy of the European one. It is a defensive crouch dressed as an industrial strategy, and the real rationale is not that it will transform British competitiveness but that not doing it would let the gap widen further. Whether the gap is the right thing to be closing, and whether closing it this way closes it at all, are questions the urgency conveniently suppresses.

IV. The patch itself

So BICS arrives, and it is worth seeing it clearly because it is the whole incoherence in miniature. It exempts some ten thousand firms from the indirect costs of the Renewables Obligation, Feed-in Tariffs and the Capacity Market, a benefit of roughly £35 to £40 per MWh, up to a quarter off eligible bills, worth on the order of £600 million a year.[9] And it relieves the smallest of the three components of the price gap. For steel, already exempted, the industry's own figures put around three quarters of the remaining gap to Germany and France on wholesale power, the gas-set price, and most of the rest on network charges.[10] The environmental levies BICS removes are, for the most exposed sector, almost the only part already dealt with. The scheme treats the symptom that is easiest to reach, not the cause.

And it pays for itself in the manner the system has always preferred. Exempting those firms from the Renewables Obligation does not reduce the subsidy owed to renewable generators; it removes the exempt firms' demand from the base over which that fixed subsidy is collected, which raises the per-unit obligation on everyone else. The UK government's own regulatory consultation says so in terms: the exemption produces "a proportionately higher obligation

[8] The EU's Carbon Border Adjustment Mechanism entered its definitive, certificate-buying phase on 1 January 2026; the UK's own version follows on 1 January 2027, and pointedly leaves electricity out until at least 2029. The EU's Clean Industrial Deal state-aid framework, adopted June 2025, expressly permits cutting power costs for energy-intensive, trade-exposed industry, the template BICS is copying rather than inventing. European Commission; gov.uk.

[9] The scheme in numbers: exemption from the indirect costs of the Renewables Obligation, Feed-in Tariffs and the Capacity Market for over 10,000 firms, worth about £35 to £40 per MWh, up to a quarter off an eligible bill, "up to £600 million a year" from April 2027 (the Capacity Market part from October). Note what the £600m measures, the value of the relief to the firms, not the cost to anyone else. That figure, true to form, is promised for later. gov.uk, "Government cuts electricity bill for 10,000 manufacturers" (15 April 2026).

[10] UK Steel's own arithmetic, for a sector already fully exempt from the levies, puts roughly three-quarters of the residual price gap to Germany and France on wholesale (gas-set) power and most of the rest on network charges, the environmental levies near zero. Which is the quietly devastating part: for the very firms BICS most wants to rescue, the thing BICS does has already been done. UK Steel (2025); Carbon Brief.

for other bill payers (including … domestic bill payers) to counterbalance the exemption."[11] The cost lands on whoever is left, and the autumn 2025 Budget had already reshaped who that is. By moving three-quarters of the domestic Renewables Obligation onto the taxpayer, it took most of any such rise off domestic bills; non-exempt businesses got no equivalent, and it is onto them that the exempt firms' share now mainly reloads.

The government also insists households will see no increase, because a separate package, a re-indexation here, the removal of an old carbon levy there, plus some money from the Exchequer, is supposed to net it out. The numbers that would let you check that claim are deferred to an impact assessment that arrives alongside the legislation, after the consultation has closed. You are asked to approve the redistribution now and trust the arithmetic later.

This is not a conspiracy. It is something more ordinary and more depressing. It is what a system does when it has never settled what it is for: it reaches for the patch that hurts the fewest powerful people this year, funds it by the route that shows up least on the budget, and leaves the contradiction for next time. BICS is competent administration of an incoherent purpose. Which raises the question the essay has been circling. If not this, what?

V. The roads not taken, while staying realistic

Begin with the alternatives that were genuinely available, on the table, affordable within British fiscal and political constraints, and rejected or deferred anyway. The point of listing them is not nostalgia for a wiser past. It is to show that the drift was a choice, repeatedly, and that the choices had names.

The first and simplest: move the policy levies off electricity bills and onto general taxation. This was never a fringe idea. The IFS argued it for years, the Skidmore review of net zero pointed the same way, and a UK study by Owen and Barrett found that funding low-carbon policy from general taxation would be fairer and would cut bills for around two thirds of households.[12] For two decades it was resisted for one overriding reason: it would move billions onto the public books that the Treasury preferred to keep off them. Distributional fairness lost to fiscal optics, quietly and by default. And then, in the autumn 2025 Budget, the government simply did about three-quarters of it for the domestic Renewables Obligation, knocking the better part of £100 off the average household bill. The wall that had stood for twenty years turned out to be made of nothing but political preference, which is rather the point: the option was always there, and the cost of leaving it standing was paid by bill-payers the whole time. None of which makes tax-funding a free lunch. It trades a regressive charge for exposure to the annual Budget, where a future Chancellor can quietly let it lapse, and Owen and Barrett

[11] Not a critic's characterisation but the government's own, set down three times in its regulatory consultation: removing exempt firms from the obligation base "would result in a proportionately higher obligation for other bill payers (including non BICS exempt businesses, non EII exempt businesses and domestic bill payers) to counterbalance the exemption." The cost-shift onto households is in the scheme's own paperwork. DBT and DESNZ, "BICS: consultation on regulatory changes and scheme delivery" (16 April 2026).

[12] Owen and Barrett find UK low-carbon policy adds about 13% to a household electricity bill, lands hardest on the poor, and that paying for it from general taxation instead would be fairer and would cut costs for roughly two-thirds of households. They concede that no funding route is distributionally perfect, which is the real trade: a regressive charge swapped for a fiscal exposure. The IFS and the Skidmore review point the same way. Owen and Barrett, Climate Policy (2020).

concede as much. But that is an argument about which risk to run, not a reason the question could not be asked, and for twenty years it was not asked.

The second: rebalance policy costs off electricity for everyone, not just the favoured few. Energy UK and a broad coalition costed a version at around £1.5 billion a year, cutting business electricity by roughly 15% across the board and taking up to a few hundred pounds off household bills.[13] These are an industry body's own figures, and the headline household saving is a best case, leaning on electrically-heated homes and a top-up from the taxpayer; and if the cost moves onto gas rather than tax, it lands on heating bills, which is its own regressive problem. So the money is moved, not conjured away. Even so, the difference between this and BICS is the difference between lowering the water level and handing out lifejackets to selected swimmers. The universal version is harder to fund and less satisfying to announce, because it does not produce a press release naming grateful sectors. But it attacks the structure rather than carving exemptions into it, and it does not require the quiet socialisation onto households that the targeted version does.

The third: attack the cause, the gas-set price, through market reform. The Review of Electricity Market Arrangements spent years examining exactly this, including zonal pricing to reflect where power is actually cheap and deeper options to break the link between cheap renewables and the gas-set price. It rejected them, and it is only fair to say the rejection had real reasons: zonal pricing would take the better part of a decade, would freeze investment during the most capital-hungry phase of the build-out, would create regional winners and losers with no clean way to hold everyone harmless, and investors said plainly they could not price the risk.[14] What the government chose instead, reformed national pricing, is not nothing; it tries to send the same locational signals through network charges rather than through the wholesale price. So the real criticism is not that ministers funked an obvious call, but that the safe option leaves the gas-set price, the three-quarters of the gap the levy exemptions cannot touch, to dilute itself slowly as renewables grow, on a timetable measured in the 2030s, while the bills land now. Caution about the mechanism is defensible. Caution about the timetable, when industry is leaving this decade, is the thing to quarrel with.

The fourth: treat industrial power as infrastructure and contract for it directly. The steel industry's own preferred remedy is not more levy relief but a two-way contract for difference on industrial wholesale power, locking in a price near the French and German level by hedging the gas exposure away. This is a real mechanism, used elsewhere, that goes at the wholesale component head-on. It asks the state to take a position on the price of industrial energy as a deliberate act of industrial policy, rather than backing into one through exemptions. It is not a costless trick either: when the locked-in price sits above the market, which is much of the point, somebody funds the difference, either other consumers through a levy or the taxpayer,

[13] The roughly £1.5 billion a year, about 15% off business electricity and up to a few hundred pounds off household bills, is Energy UK's own costing with an allied coalition, not an independent one, and the household figure leans on electrically-heated homes plus a taxpayer top-up. Advocacy arithmetic, then, pointing in a defensible direction. Energy UK, "Reducing non-domestic electricity policy costs to drive economic growth" (2024).

[14] The Review of Electricity Market Arrangements ruled out zonal pricing in its Summer Update of July 2025, and for reasons worth taking seriously: a build of the better part of a decade, an investment hiatus at the worst possible moment, regional winners and losers with no clean way to hold everyone harmless, and investors who said flatly they could not price the zonal risk. Good grounds for caution about the mechanism; less obviously for caution about the timetable. gov.uk, REMA Summer Update 2025.

the same who-pays question BICS faces, only this time admitted out loud and attached to a price worth defending. It was not the route chosen, partly because it requires saying aloud that you have an industrial strategy with prices in it, a more exposed political posture than quietly waiving a levy.

Notice what every one of these has in common. Each was known. Each was costed. Each addressed a deeper layer of the problem than BICS does. And each was passed over, or for two decades deferred, for a reason that was never really about energy and always about something else: the balance sheet, the press release, the appetite for visible state action, the preference for a patch over a reckoning. The roads not taken were not hidden. They were declined, and the most telling proof is that one of them, tax-funding, was finally taken in part the moment the politics shifted, having been called impossible for twenty years.

VI. First principles, ignoring the path

Now drop the constraints entirely and ask the question the system has spent forty years not asking. If you were designing this from scratch, with no legacy orders to amend and no Treasury convention to honour, what would you actually be trying to do, and what would follow?

Start by writing the objective function down, because that single act is most of the work. Suppose the goal is stated plainly: abundant, secure, low-carbon electricity at a price that lets a productive economy run and that the poor can afford, reached on a timetable consistent with the climate target. That sentence already resolves most of the contradictions the real system leaves open, because it forces the rankings into the daylight. It says cheap-and-clean beats cheap-or-clean. It says the price matters for industry and for households, which rules out solving one at the other's expense. It says security is a constraint, not an afterthought. Everything technical flows from getting that sentence agreed.

From it, a coherent design more or less assembles itself, and it looks almost nothing like what we have. You would price carbon once, uniformly, across the whole economy, so that a tonne of carbon costs the same whether it arrives as gas, electricity or imported steel. But the order of operations matters, and it is the part the real debate keeps getting wrong: a uniform carbon price on its own sharpens the very competitiveness wound this essay is about, because it falls hardest on the trade-exposed industry that can least pass it on. It coheres only once a working carbon border adjustment stands behind it, taxing the carbon in imports so domestic producers are not simply undercut. The border adjustment is not a detail; it is the precondition. Build it first, and uniform pricing stops being a threat to industry and becomes the thing that lets you stop bribing industry piecemeal.

You would fund genuine public goods, the legacy subsidies, the support for nascent technology, from the broad base of general taxation, because that is what general taxation is for, while accepting the price of that choice, which is that the spending must then survive the annual Budget rather than hide in bills.

You would break the tyranny of the marginal molecule by building enough firm, low-carbon supply, nuclear, long-duration storage, interconnection, that gas is rarely the plant that sets the price, while granting that this is a project of fifteen years and enormous up-front capital, that

British nuclear has a miserable record on budget and schedule, and that whether it is worth it is a real judgment, not a slogan.

And nuclear in particular rhymes with the scheme in front of us. Every figure it has offered, to build and to clean up, has been a floor that only rose: Sellafield's cleanup alone has doubled in a decade to £136 billion and carries a completion date of 2125 that, on this record, is an ellipsis and not a full stop: a bill the original case never counted and that lands on taxpayers not yet born.[15] The shape is the one this whole essay keeps meeting, the decision taken now and the real cost disclosed long after, on people who never got the vote. None of which settles whether to build; it settles that the case must be argued against the real number, not the floor in the press release.

You would send locational signals so that power is used and built where it is cheap, while admitting that the choice between a zonal market and reformed network charges is a genuine engineering argument with real losers either way. And you would treat the energy bill of strategic industry as a deliberate instrument of industrial policy, contracted for openly, not laundered through a thicket of exemptions that the losers fund without being told.

None of this is exotic. Every element exists somewhere, and several have been put to British governments by their own reviewers, though never as a single chorus: Helm pressing the uniform carbon price, the IFS and Skidmore the shift of costs off electricity, the Climate Change Committee the firm low-carbon supply, each hedged with caveats the politics then mislaid. The radicalism is not in the components. It is in the prior step that the whole history has avoided: deciding what you want, in what order, and saying so out loud, so that each subsequent decision can be measured against it rather than improvised against the crisis of the week. The first-principles redesign turns out to be mostly a discipline, not a blueprint. Decide what you want, and rank it, and say so. Then the engineering is comparatively easy, and the exemptions, the patches, the fourteen-day consultations on the plumbing of a 2009 order, mostly cease to be necessary, because you are no longer forever compensating for a structure you declined to fix.

That, finally, is why the goals being unreconciled is not a side issue or a rhetorical flourish. It is the cause. A country that cannot say what it wants from its energy system, in what order, will get an energy system that wants nothing in particular, very expensively, and bills the poor for the difference.

VII. The view from Scotland

Everything so far has been British, and from London the argument is abstract: a funding choice, a market design, a patch. Move the vantage point three hundred miles north and the same facts arrange themselves into something sharper, and not because the Scottish bill is bigger. A single Great Britain obligation level applies, so a household in Glasgow pays the same

[15] The shape of every nuclear number. Sellafield's decommissioning estimate has run £67.5bn (2013), £79bn, £117bn, and £136bn now (undiscounted), with a stated range up to £253bn and a finish date of 2125. The National Audit Office still judges it not value for money; the Public Accounts Committee called the risks "intolerable." NAO and Public Accounts Committee, Decommissioning Sellafield (2025).

per-unit cost of the BICS exemption as one in Guildford. The difference is not the size of the charge. It is the absurdity of who is paying it.

Scotland generates a surplus of clean electricity. In 2024 just under three quarters of the power it produced was renewable, more than nine tenths low carbon, and it exported almost 20 TWh net to England; in 2022 it generated the equivalent of 113% of everything it consumed. And yet a Scottish household pays the same gas-set price as everyone else on the grid, and in 2024 close to three in ten Scottish households were in fuel poverty.[16] A country sitting on the cleanest power system in these islands, exporting its surplus, and unable to heat its own homes.

The market makes the irony structural. Under the present charging regime a notional 1 GW wind farm in the north of Scotland pays tens of millions a year for the privilege of connecting, while an equivalent plant in the south of England can be paid to exist, because the rules reward generation that sits near the southern demand centres and penalise generation that sits where the wind actually blows.[17] The one reform that would have let Scotland's surplus show up as cheaper Scottish power, pricing electricity by where it is genuinely abundant, is zonal pricing, and zonal pricing is the option the 2025 market review looked at and put back on the shelf. Scotland makes the cheap power, pays to send it south, and buys it back at the price set by gas.

Into this came the consultation. Because the Renewables Obligation is devolved, Holyrood is the body that must amend the order, which sounds like power and is closer to its opposite. The scheme it is implementing was designed at Westminster; the Feed-in Tariff and the Capacity Market exemptions that sit alongside it are reserved and never reach a Scottish minister's desk. What is devolved is the signature, not the design. Scotland was consulted on how to administer a redistribution it had no hand in shaping, in a fortnight, on two questions.

One document was missing, the very one that would let anyone judge the cost. Months earlier the same 2009 order had been amended for something far smaller, a technical switch in the index used to uprate scheme costs from RPI to CPI. That switch came with a partial impact assessment, published alongside its consultation, on the reasoning that even so minor an adjustment might have small financial effects on bill payers. The BICS exemption, a far larger redistribution, came with two documents: the consultation paper and a response form. No impact assessment, no figure for what it does to a bill. The lesser change was judged to warrant the arithmetic; the greater one was not.[18]

[16] In 2024 Scotland generated about 73% of its electricity from renewables and 91% from low-carbon sources, and exported a net 19.7 TWh; in 2022 it produced the equivalent of 113% of all it consumed. In the same years close to three in ten Scottish households (28.7% in 2024) were in fuel poverty. A clean-energy exporter that cannot afford to heat its own homes. Energy Statistics for Scotland and the Scottish House Condition Survey 2024, both gov.scot.

[17] The transmission-charging regime in one comparison: a notional gigawatt of generation in the north of Scotland faced charges of more than £33 million a year in 2026/27, while an equivalent plant in the south-west of England was paid roughly £9 million to connect. The system charges you for generating far from London and pays you for generating near it, which is precisely backwards for a country whose wind is in the north. NESO; RenewableUK, "Charging the wrong way."

[18] The same Renewables Obligation (Scotland) Order 2009 was amended months earlier to switch the inflation index used to uprate scheme costs from RPI to CPI, and that change carried a partial Business and Regulatory Impact Assessment, published alongside its consultation in November 2025, undertaken because the switch might have "minor financial impacts on domestic and non-domestic electricity bill payers and renewable electricity generators in Scotland." The BICS exemption consultation carries no equivalent; its supporting documents are the consultation paper and a response questionnaire. gov.scot.

And the industry the whole scheme exists to rescue? In Scotland the emblem of it is Grangemouth, which stopped refining crude in 2025, shed the better part of its workforce, and became an import terminal, the end of oil refining in Scotland altogether.[19] BICS will exempt eligible manufacturers from levy costs from 2027. The rescue, such as it is, arrives two years after the most visible patient has left the ward. From Scotland, the unreconciled objective function is not a figure of speech. It is a country that makes the solution, pays among the most for the problem, loses the industry regardless, and is handed the pen.

VIII. Coda: the form is the message

Return to the consultation, because its shape is the perfect emblem of everything above. Two questions, fourteen days, a devolved order amending an order from 2009. You were consulted, with perfect sincerity, on the calibration of the obligation level and the sufficiency of the notice period. You were not consulted, and never would be, on whether the entire architecture of funding decarbonisation through a charge on electricity was the right one, or whether exempting the few and billing the many is a strategy or merely a habit, or what any of it was for. The narrowness is not an accident of this one consultation. It is the characteristic posture of the whole system: infinite consultation on the plumbing, near silence on the purpose.

There is a dark comedy in it, the kind that earns a sad smile rather than a laugh. A country spends thirty-five years building the most expensive industrial electricity in the developed world by a series of individually reasonable steps, notices the bill, and responds by exempting its favourite customers and asking the others to make up the difference, while assuring them their bills will not rise, in a document whose supporting numbers it promises to publish once it is too late to object. It is the behaviour of an organism optimising a function it never finished writing down, and the grim charm of the thing is that at no single point can you find the villain, because the failure is distributed across every point. There was no conspiracy. There was only the long refusal to decide.

The real answer to those two narrow questions was never about the obligation level. You should not have been asked to ratify a redistribution before being shown its cost, and the cost falls, as it usually has, on the people least able to bear it, for the sake of a goal nobody has been willing to rank. The consultation was the last page of the contract. This essay has been the earlier pages, the ones we were never invited to read.

Author's note on sources and certainty. The current figures here, the price gap and gas-setting share, the BICS design and its roughly £600 million scale, the government's own admission that the exemption raises other bill payers' obligations, the deferral of the impact assessment, and the distributional and carbon-leakage findings, rest on primary sources (gov.uk, gov.scot, DESNZ, the European Commission, the IFS) and peer-reviewed work, set out in the project's

[19] Grangemouth, Scotland's only oil refinery, stopped processing crude in April 2025 and became a fuels import terminal, ending oil refining in Scotland and shedding around 400 jobs. BICS's first exemption arrives in 2027. The relief, in this case, reaches the field two years after the patient has left it. Hydrocarbon Processing; Oil and Gas Journal; IPPR.

evidence base. The historical genealogy, privatisation and marginal pricing in 1990, the Renewables Obligation in 2002, Electricity Market Reform in 2013, the levy-funding choice, is well established but compressed, and the causal weight I place on each strand is interpretation, not measurement. Two framing debts and a caveat. The conflict between the goals is a version of the long-established energy trilemma, and the charge that policy is a tangle of patches was made forcefully by Dieter Helm in 2017; my own contribution is the two goals that framing omits and the narrower, more defensible claim that the five were never reconciled in advance, rather than that no objective was ever stated. And the autumn 2025 move of most domestic Renewables Obligation costs to general taxation is recent enough that the Budget documents, not this essay, should be your primary source for its detail. Two uncertainties remain. The claim that households end up worse off under BICS is mechanically certain in direction but unquantified for this scheme, because the deciding numbers are not yet published, and the 2025 shift of domestic Renewables Obligation costs to tax complicates even the direction for domestic bills. And the carbon-leakage case for protecting industry is empirically weak when framed around the carbon price, but stronger when framed around the electricity-price gap, which is the framing BICS actually uses; I have tried to grant the narrow, evidenced point while denying the broad, asserted one. Where I have guessed, I have tried to say so.