

# The UK Electricity Disaster

A report by the National Democratic Party

## THE UK ELECTRICITY DISASTER

Every single country on Earth depends on electricity to survive. It is a key factor determining our homes, industry and commerce. The price of electricity, helps determine our competitiveness and efficiency, the comfort of our homes. But the UK, since privatisation, has among the highest prices of electricity in the World. Only the EU has higher prices. Here, we in the National Democratic Party (UK) examine why.

### Privatisation.

Before nationalisation in 1947 the system was a fragmented mess of over 600 private and municipal companies. Nationalisation merged them into the British Electricity Authority (later becoming the Central Electricity Generating Board, or CEGB) and 12 regional area boards. The Goal: To create a unified national grid that could provide reliable power to the entire country, including rural areas that private companies had previously ignored. Prices, under public ownership were low, especially for industry.

The shift back to private ownership happened in stages during the late 1980s and early 1990s under Margaret Thatcher's Conservative government. **The Stated Goal:** To encourage competition, drive down costs through efficiency, and reduce the state's financial burden. The real goal, of course, was to boost the profits of the finance sector which would end up owning the shares. And the results:

## OUR UK ELECTRICITY SHAMBLES

UK electricity is amongst the most expensive in the World. It is privatised. The major companies that control it are themselves controlled by the US finance giants: **Blackrock, Vanguard**, etc. In 2024 and 2025, the total profits across the entire UK energy sector reached an estimated **£30 billion annually**. For the average consumer, this means roughly **£500 of your annual bill** is going toward corporate profit.

Electricity prices are lowest usually among those countries with nationalised electricity production and distribution. Thus our high electricity prices are the result of political decisions, not economic or technical. The only major countries with higher prices than the UK appear to be Ireland, Italy, Germany and Belgium. All, you note, within the European Union.

Country	Price per KWh
Russia	\$0.07
China	\$0.08
USA	\$0.16
UK/Germany/Italy	\$0.35 - \$0.40

The cheapest electricity in the World is in Iran followed by a number of African countries with hydro-electric power sources.

## UK INSANITIES RESULTING FROM PRIVATISATION

1. **Marginal Pricing.** Under a formula agreed with the Corporate Electricity Generators, energy prices in the UK are linked to those energies commanding the highest market price. This is absurd.
2. We should **nationalise** all energy and reduce prices to cost price (plus maintenance). This would reduce costs for business and households alike. Reducing inflation and making the UK more competitive.
3. Fragmentation of electricity supply has meant we have three separate sectors: Generators, Distributors and Retailers. Each sector and each company demands profit for shareholders, vast salaries for its CEOs and other major administrative jobs.
4. **Huge costs** were incurred when dozens of small private retailers went bust in 2021 to 2022. Needless to say, these costs were **passed on to the consumer** via standing charges.
5. Private companies have prioritised shareholder dividends over investment in modern technology and maintenance. They expect and will probably get tax-payers money to subsidise the shortfall.
6. There is now a huge backlog of investment. This will need **£60 billion** in emergency investment which will be **added on to household bills**.

The big shareholders of our electricity companies care nothing for the effects on UK consumers and the effects on UK industry and high costs. This is partly due to them being foreign shareholders, especially the US financial giants such as **Blackrock, Vanguard** etc. Not that UK companies are patriotic – they also follow the money.

To understand the profits of the "Big Six," it is important to distinguish between the Retail side (the companies that send you the bill) and the Generation/Parent side (the companies that own the power plants and wind farms).

### Profit Breakdown (2024–2025)

The following table shows the most recent financial results for the UK's major suppliers.

Company	Recent Profits	Background
Centrica (British Gas)	£2.5 Billion	High profits - nuclear & gas
E.ON	€9.4 Billion	High profits - distribution
EDF	€11.4 Billion	High profits - nuclear
Scottish Power	£214 Million	Affected by price cap
Octopus Energy	<£255 Million	Take over costs (Bulb)
OVO Energy	£42 Million	Lack of market share?

## ELECTRICITY GENERATORS

Most of the electricity profits go to the generators. Notably **RWE**: £5.1 billion, **EDF**: £1.9 billion and **Scottish Power**: £3.15 billion. **Over one billion pounds** are paid to RWE **straight from your taxes** as a subsidy.

RWE is a German company whose second biggest shareholder is Blackrock.

Scottish Power's largest shareholders are Blackrock and Vanguard.

EDF is wholly owned by the French government. Our electricity customers are subsidising the French tax-payers!

## OFGEM

While this toothless body claims it limits retail profits to 2% the reality is that these companies just transfer their profits to the Generating and Distribution sectors.

### WHERE DOES THE MONEY GO?

#### The UK's Unique Burden: Standing Charges

While the unit rate (kWh) in the UK is high, the **Standing Charge** (the daily fee just to be connected) is increasingly a global outlier.

- By **April 2026**, UK standing charges are forecast to rise to cover **£24 billion** in grid upgrades.
- In many G20 countries (like China or parts of the US), fixed fees are minimal or non-existent, meaning if you don't use electricity, you don't pay. In the UK, you can pay over **£200** a year before turning on a single lightbulb.

#### Where the Money Actually Goes

1. While retail companies like Octopus or Ovo often report modest profits or even losses, the upstream parts of the system are where the real money is made.
2. **The Grid Operators (The Hidden Profit)**: Companies like **National Grid** and regional distribution networks (often owned by overseas investment funds) have profit margins as high as **38%**. These are effectively "natural monopolies" where you have no choice but to pay their fees via your standing charge.
3. **The Parent Groups**: Even if **British Gas** (the retailer) shows a small margin, its parent company **Centrica** makes billions by selling the gas that the retailer buys. This "vertical integration" is a common criticism of the privatised model.
4. **Shareholder Returns**: In 2025, Centrica increased its dividend to shareholders by 22% and continued a **£2 billion** share buyback program. For many, this is the "smoking gun" of privatisation: billions being returned to investors while millions of households remain in fuel poverty.

The National Democratic Party has a simple solution.

**Nationalise** and **integrate** the whole electricity supply industry.

Cease share payouts and cut expensive layers of duplicate management.

Follow up with a massive investment programme.

We propose that the UK invest heavily in nuclear energy, support Rolls Royce's Small Modular Reactor programme, solar panels on all commercial properties, on as many residential properties as possible, and hydro-electricity where possible.

A cut in electricity costs would re-invigorate British Industry and cut costs for homes.



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