RICHARD LYON

The Price of Climate Policy

What Britain has paid through its electricity bills since 2002, and what it still owes

paid through climate policy on electricity bills, 2002 to 2024

£258.6bn

Money paid, in 2024 prices: measured, modelled and estimated.

Report No. 2 · November 2026

Richard Lyon

Technical paper, models and data

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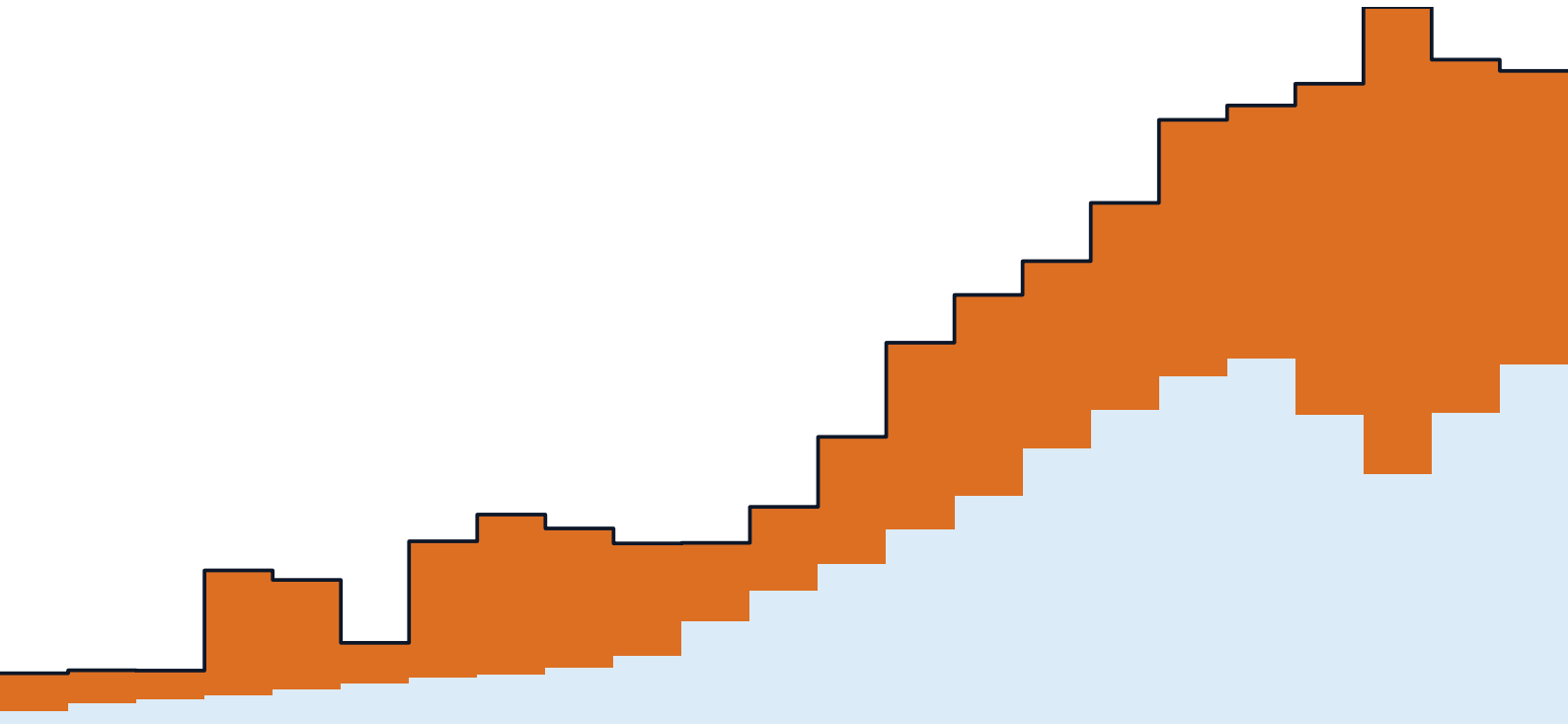


Highlights

£258.6bn

Paid through climate policy on electricity bills, 2002 to 2024, in 2024 prices: measured, modelled and estimated.

Range £234.4bn to £273.4bn, each line that carries one changed on its own.

£172.3bn

Owed from 2026 under contracts, accreditations and entitlements already granted, in 2024 prices, modelled.

Range £126.6bn to £221.8bn, each of eighteen disputed assumptions changed on its own.

24.8%

Of the United Kingdom's whole electricity bill, 2002 to 2024.

£3,425

Charged on an average household's own electricity bills, 2002 to 2024, before the government's help with bills in 2022 and 2023.

£24.3bn

The bill already paid in 2025, provisional and outside the headline.

£79.1bn

Of the bill still to come, owed to projects not commissioned by 9 November 2026.

Measured: from records of the payments. Modelled: worked from records by a stated method. Estimated: resting on an input that is not recorded.



Photograph: Rodw, public domain

Executive summary

What has climate policy cost through Britain's electricity bills, and what is still to come?

From 2002 to 2024, bill-payers paid £258.6bn through climate policy on their electricity bills, in 2024 prices. Bill-payers and taxpayers are already obliged to pay a further £172.3bn from 2026.

The £258.6bn paid for support for low-carbon generation, the carbon charge in the price of power and the Climate Change Levy. It also paid the grid, balancing and backup costs attributable to wind and solar, and the VAT on these costs. It was 24.8% of the United Kingdom's whole electricity bill over those years. An average household was charged £3,425 of it on its own electricity bills, before the government's help with bills in 2022 and 2023. How much of the carbon charge reached the price of power is the main uncertainty: it puts the total between £234.4bn and £273.4bn.

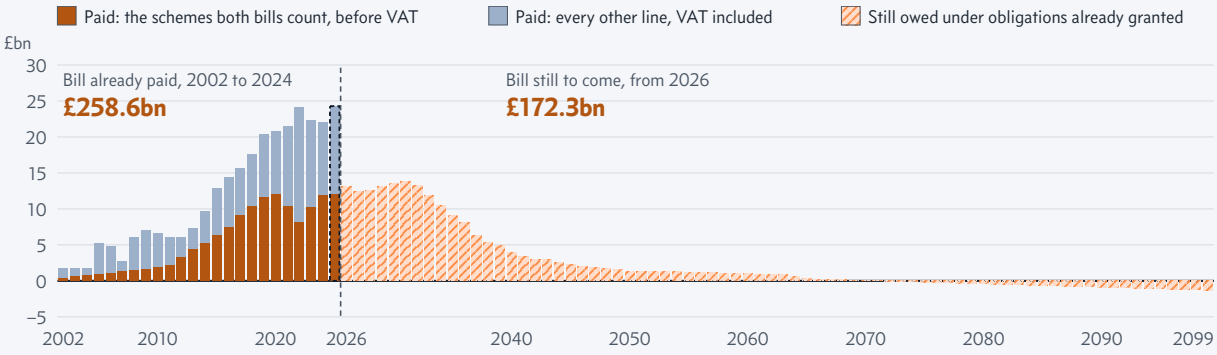
The £172.3bn counts only obligations that exist today: contracts, accreditations and entitlements already granted. It is modelled, because it rests on prices and output that have not happened yet. Changing each disputed assumption in turn moves it between £126.6bn and £221.8bn.

No official body publishes either bill. Parliament should require a yearly statement of what was paid and what is still owed, the latter checked each year by an independent body.

Chart 1

The bill does not stop in 2024: obligations already granted run to 2099.

The bill already paid by year, 2002 to 2024, with 2025, provisional, outlined, and the bill still to come by year, 2026 to 2099. £bn, 2024 prices, the bill still to come before discounting. Money paid back in the bill still to come is below zero.



Source: the author's models of the bill already paid, version 1.6.3, and of the bill still to come, version 1.4.0.

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Key takeaways

01 More than half of the bill already paid is measured from records

Of the £258.6bn, £144.5bn is measured, £84.3bn modelled and £29.8bn estimated. Measured means payments or receipts as recorded, such as Ofgem's figures for the Renewables Obligation. The modelled part is chiefly the carbon charge in the price of power.

02 The Renewables Obligation is the largest line of both bills

It is £92.4bn of the bill already paid and £47.8bn of the bill still to come. Carbon in the price of power comes next in the bill already paid, at £82.9bn. It is the cost to fossil-fuel power stations of their carbon dioxide, as it reaches the price of power. Without carbon, the bill already paid is £174.2bn.

03 Part of the bill still to come is owed to projects not yet built

Projects not commissioned by 9 November 2026 are owed £79.1bn. The bill still to come leaves out lines no contract fixes, among them the carbon charge and the grid, and auctions not yet held. Added to the bill already paid, it gives a floor, not the whole bill.

04 Businesses would pay most of the bill still to come

Businesses would pay £103.8bn, households £59.1bn and taxpayers £9.5bn. Moving a cost from bills to taxes changes who pays, not how much.

Parliament should require a yearly statement of policy costs that shows the bill still to come, checked each year by an independent body

The request

Add a new section 16A and a Schedule 1A to the Climate Change Act 2008. They would require the Secretary of State to lay a statement of policy costs before Parliament each year. The statement would show what bill-payers paid through each scheme, and what they and taxpayers are still obliged to pay. A body that is independent of the Secretary of State would examine the forward estimate each year. Parliament can make the change as a new clause to the Energy Independence Bill, moved in committee, or by a private member's Bill. The Energy Independence Bill was before the Commons, awaiting its second reading, on 11 November 2026.

Report No. 1 proposed the duty and the costs it covers; this report adds four things. The first two are the bill still to come, £172.3bn, and its yearly independent check. The third names the levy that funds Sizewell C, which suppliers have paid since December 2025. The fourth lets the Secretary of State add a cost by regulations that each House must approve, without a new Act.

The draft clauses are printed in full in chapter 7.

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About this report

Independence

This report is part of the Affordable Energy series, which is unfunded. It was not commissioned or paid for by anyone. Richard Lyon researched and wrote it, and he built the two models that produce its figures. His wider views are set out in his book, *The Energy Trap* (Swift Press, 2026). It argues that the proposed replacements for fossil fuels can't do the job. He writes the newsletter *The State of Britain* and runs the Subsidy Clock, which shows the bill already paid as it grows.

The author has no financial interests in energy companies, including through any pension or fund he directs.

Review

This report is drawn from the technical paper, version 1.0.0, which was independently reviewed and fact-checked before release. Errors may be sent to corrections@richardlyon.net; each will be logged on a public corrections page.

Rebuilding the figures

Both models are published as tagged releases, and one command each reruns every model figure in this report. The bill already paid is read from version 1.6.3 of its model, and the bill still to come from version 1.4.0 of its model.

How to read it

Years are calendar years. Money is in 2024 prices unless marked cash, meaning pounds as paid at the time. The bill still to come is in 2024 prices before discounting, and its present values are to 1 January 2026. Each scheme is counted where it runs: two, with the VAT on the Obligation, across the United Kingdom, every other line in Great Britain. "Britain" in the title is the everyday name for both. Each headline figure is labelled measured, modelled or estimated. Figures are rounded separately, so parts may not add to their total.

Chapter 1: The strongest case against

Each of these cases can be true, and bill-payers still paid £258.6bn

There are four cases against this report's question. The first is that what the policies saved should be taken off. The second is that household bills fell. The third is that gas sets the price of power. The fourth is that policy costs are a small share of a bill. Each can be true, and none gives the amount paid through each scheme.

The strongest case: take off what the policies saved

The strongest case is the department's own net test. The Department of Energy and Climate Change last estimated the effect of its policies on bills in 2014, as:

> "the difference between an energy bill in a given year compared with what that bill would have been in the same year if the policies had never been in place" (DECC 2014, para 43).

On that test, a figure for money paid overstates the cost, because it leaves out what the policies saved. The National Audit Office said in 2016 that "some consumer-funded policies create cost savings for consumers" (NAO 2016, para 3.12). A preprint, not yet peer reviewed, finds that "wind generators reduce market prices" (O'Shea, Horne and Maslin 2025, preprint, abstract). It finds that wind brought UK consumers a net benefit from 2010 to 2023.

The net test answers a different question. It asks how much worse off climate policy left bill-payers, and Report No. 1 of this series models that. This report asks what bill-payers paid, scheme by scheme and year by year. The two answer different questions and must never be added. The technical paper's Annex B walks from one figure to the other, line by line.

A sharper form of the objection is about the price of power. The carbon charge raised that price, and this report counts it. Wind and solar lowered that price, and this report does not count the fall. Both figures come from a model, so why count one and not the other? The carbon charge is worked out from what happened: the plant that ran, the power it made and the carbon price it paid. The price fall is worked out from what did not happen: other plant running in place of the wind and solar. So the fall belongs in the net sum, not in a count of money paid.

In plain words

Gross is what bill-payers paid through climate policy, with nothing taken off for what the policies saved. Net is what they paid, less what the policies saved them.

One saving is a recorded payment, and it is already taken off. Money paid back under Contracts for Difference is taken off in the year it was paid. In 2022 that line was –£0.4bn.

"Bills fell"

The Climate Change Committee holds that household bills fell after 2008 because lower use outweighed the cost of policy:

> "Household bills in 2016 were below 2008 levels as higher prices resulting from low-carbon policies and network costs were more than offset by reductions in energy use" (CCC 2017, p.6).

That can be true, and it leaves this report's figure where it is. The Committee compares a household's combined gas and electricity bill in 2016 with the same bill in 2008. The bill fell because households used less of both fuels. The Committee credits much of that to standards for appliances, lighting and boilers. Its own sentence says low-carbon policies raised prices. This report's figure is what was paid through each scheme in each year, for electricity alone. Both can be true: the bill fell, and the money was paid.

"It is gas", and "policy costs are a small share"

Ministers today put high prices down to gas and the Middle East. Lord Whitehead, a minister at the Department for Energy Security and Net Zero, told a Lords Grand Committee on 4 June 2026:

> "it is overwhelmingly the case that the present high electricity prices in the UK market are based on our being very high users of gas in the system to create electricity" (HL Deb, 4 June 2026).

Michael Shanks, the Minister for Energy, spoke to the Commons on 21 October 2026. He said "the situation in the middle east is what is driving up everyone's bills" (HC Deb, 21 October 2026, col. 1144).

The rise in bills in 2022 was driven by the wholesale price of gas. But the ministers' point is about what sets the price of power, not about what climate policy costs. Whatever sets the price, the schemes are still paid for.

Ofgem, the energy regulator, puts policy costs at 6% of a typical dual-fuel bill paid by direct debit from October to December 2026. But Ofgem leaves out costs this report counts, and sets the rest against a larger bill. Its own table, for example, puts the Contracts for Difference under wholesale costs. And its bill covers gas as well as electricity.

The answer

Every one of these statements can be true. Bill-payers still paid £258.6bn through climate policy on their electricity bills from 2002 to 2024. None of them gives the amount paid through each scheme, which is what the statement of policy costs would show. This report therefore rejects the case as an answer to its question. The next chapter says what the figures count and how each is found.

Key number

£258.6bn

paid through climate policy on electricity bills, 2002 to 2024

Chapter 2: What is measured

These are accounts of money paid and money owed, scheme by scheme and year by year

Both bills count what went out, or is owed, through each scheme. This chapter says what counts as climate policy, how each figure is found and how it is labelled.

What counts as climate policy

This report counts five kinds of cost as climate policy:

- support for low-carbon generation;
- the carbon charge in the price of power;
- the Climate Change Levy;
- the grid, balancing and backup costs attributable to wind and solar;
- the VAT on them.

Some of these costs are direct: payments to generators, recorded by the schemes themselves. They are the Renewables Obligation, Feed-in Tariffs, the Contracts for Difference and switch-off payments; the Sizewell C levy joins them from December 2025. The others are indirect: they reach bills through the price of power, the grid and tax. A *bill-payer* is anyone who pays an electricity bill, household or business.

Suppliers' energy-saving schemes, the obligations on suppliers to pay for insulation and efficient boilers, are not counted. Their cost is published only as an estimate, and it falls on gas bills as well as electricity bills.

Definition

Carbon charge in the price of power

The cost to fossil-fuel power stations of their carbon dioxide, through allowances and a carbon tax, as it reaches the price of power.

Money paid, not the saving

The bill already paid counts money paid: what bill-payers paid through each scheme, with nothing taken off for what the scheme saved. Each direct cost can be checked against the scheme's own record. Chapter 1 answers the objection that such a figure overstates the cost.

Measured, modelled and estimated

Every headline figure in this report carries one of three labels. Measured means payments or receipts as recorded, such as Ofgem's figures for the Renewables Obligation. Modelled means a figure worked from records by a

stated method, such as carbon in the price of power. Estimated means that an input the figure rests on is itself not recorded, such as carbon in 2005 to 2012.

The labels follow each line year by year, so carbon is estimated for 2005 to 2012 inside a line that is otherwise modelled. Counted that way, £144.5bn of the headline is measured, £84.3bn modelled and £29.8bn estimated. The bill still to come is modelled throughout.

Chart 2.1

More than half of the £258.6bn is measured from records of the payments.

The bill already paid, 2002 to 2024, by label, £bn, 2024 prices.



Source: the author's model of the bill already paid, version 1.6.3.

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The grid, balancing and backup: only the part above the gas-led alternative

A Britain with no climate policy would also have paid for a grid, balancing and backup. So this report counts only what was paid above that Britain, the gas-led alternative. Its costs are read from Report No. 1's model.

No record says which part of a grid charge wind caused. This report puts all the cost of the grid and balancing above the gas-led alternative down to wind and solar. That is an assumption.

Definition

The gas-led alternative
Britain from 2002 with no climate policy: no subsidy, no carbon price, plant built and closed on cost.

Where and when

Each scheme is counted where it runs. The Renewables Obligation, the Climate Change Levy and the VAT on the Obligation are counted across the United Kingdom, every other line in Great Britain. Years are calendar years. The count starts in 2002, and money is in 2024 prices.

Bill-payers paid £258.6bn through climate policy on their electricity bills from 2002 to 2024

From 2002 to 2024, bill-payers paid £258.6bn through climate policy on their electricity bills, in 2024 prices. That was 24.8% of the whole electricity bill over those years. In 2024 alone it was £22.0bn.

The total and its range

Over the same years the whole electricity bill was £1,043.6bn, so climate policy was 24.8% of it. In 2024 alone it was 33.2% of that year's bill.

The total has a range, because four of its inputs are uncertain. The largest is how much of the carbon charge reached the price of power. It sets both ends of the range, £234.4bn to £273.4bn. The others are the carbon price in 2005 to 2012, the Capacity Market's share, and which power stations paid their charges out of subsidy. Chapter 5 gives the range in full.

Key number

24.8%

of the United Kingdom's whole electricity bill, 2002 to 2024

Year by year

The bill already paid rose from £1.7bn in 2002 to £22.0bn in 2024, in 2024 prices. The bill grew in steps, each one a scheme starting or a price changing. The Renewables Obligation began in 2002. Carbon entered in 2005 with the European trading scheme, and the total jumped to £5.2bn. Feed-in Tariffs and payments to switch wind farms off began in 2010. Carbon Price Support, a British carbon tax, was added from April 2013.

The Contracts for Difference and the Capacity Market reached bills from 2016, by when the total had grown to £14.4bn. By 2020 it was £20.8bn. 2022 was the year of high prices. The total reached £24.1bn, because the carbon charge rose to £11.4bn while the Contracts for Difference paid money back. As prices eased the paybacks ended, and the total was £22.0bn in 2024. 2025 is the *provisional year*: its data are not final, so it stands apart from the headline. On the figures published so far, the bill already paid in 2025 was £24.3bn.

The share of the electricity bill paid through climate policy peaked at 44.6% in 2020. The share rose partly because the bill fell. The amount, which is what the statement would report, did not fall.

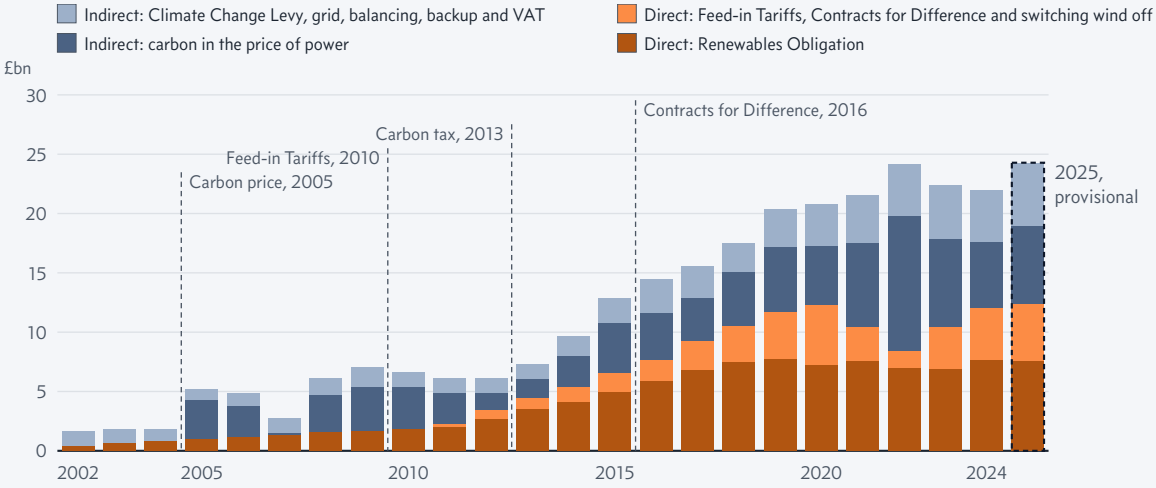
Definition

Renewables Obligation
A duty on electricity suppliers to present certificates issued to renewable generators, or to pay a buy-out price for each certificate short.

Chart 3.1

The yearly bill rose from £1.7bn in 2002 to £22.0bn in 2024.

The bill already paid by year, 2002 to 2024, £bn, 2024 prices: direct lines in orange, indirect lines in blue, with 2025, provisional, apart.



Source: the author's model of the bill already paid, version 1.6.3.

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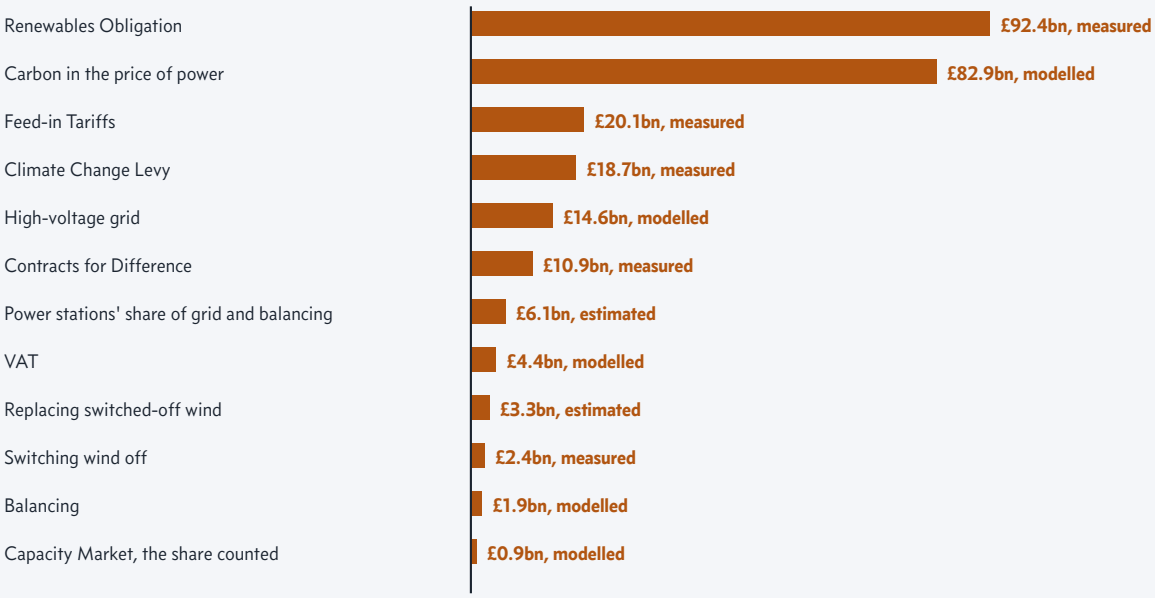
Line by line

The Renewables Obligation is the largest line, £92.4bn from 2002 to 2024, measured. Carbon in the price of power cost bill-payers £82.9bn from 2005 to 2024, modelled and, for 2005 to 2012, estimated.

Chart 3.2

The Renewables Obligation and carbon in the price of power are the two largest lines.

The bill already paid by line, 2002 to 2024, £bn, 2024 prices, each line with its label. Carbon is estimated for 2005 to 2012, and switching wind off for 2010 to 2013.



Source: the author's model of the bill already paid, version 1.6.3.

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Feed-in Tariffs cost £20.1bn from 2010 to 2024, measured. They pay small generators, chiefly rooftop solar, set tariffs for the power they make and export. The Climate Change Levy on electricity raised £18.7bn from 2002 to 2024, measured from HMRC's receipts. The levy is a tax on the energy supplied to businesses and the public sector, and households do not pay it. Contracts for Difference cost bill-payers £10.9bn from 2016 to 2024, after the money generators paid back. In 2022 generators under these contracts paid back more than they received.

Bill-payers paid £50.6bn in transmission charges, which pay for the high-voltage grid, from 2002 to 2024. This report counts £14.6bn of it, the part above the gas-led alternative. Without the grid, balancing and power stations' share lines and their VAT, the headline would be £235.6bn.

When wind is switched off, other plant is paid to turn up and replace it. Replacing switched-off wind cost £3.3bn, estimated, and payments to switch wind farms off £2.4bn, measured from 2014.

Carbon is the largest choice in the bill already paid

The carbon price follows from caps and a tax rate that governments set. Until 2020 it was the price in the EU's trading scheme, and from 2021 it is the price in the UK's own scheme. Of the £82.9bn, £23.7bn was collected as UK carbon tax and £59.2bn is the rest of the charge in the price. Bill-payers paid it whoever received it.

Key number

£82.9bn

Carbon in the price of power, 2005 to 2024, modelled (estimated for 2005 to 2012).

The carbon line is modelled. It prices the charge on the plant that set the price, on the assumption that the charge passed into the price in full. The mainstream view is that carbon pricing makes polluters pay. In the Climate Change Committee's words, carbon pricing:

> "can help ensure that private incentives are aligned to the social goal of reducing emissions, through the 'polluter pays' principle" (CCC 2025, p.116).

This report measures cost only. It treats the carbon charge in the price as a policy charge like any other levy, so its whole effect on bills counts. This raises the figure. Whether to count it is a question of values. No data settles a question of values. With only the tax collected counted, the headline would be £198.3bn. With no carbon counted it would be £174.2bn.

Who paid

Businesses paid most of it: £166.1bn, against £92.5bn on households' own electricity bills. Shared out among households, the bill already paid comes to £9,590 for each household in Great Britain over 2002 to 2024. That is an average share of a national cost, never any household's own bill. Of it, £3,425 was on households' own electricity bills.

Key number

£3,425

on an average household's own electricity bills, 2002 to 2024

The £3,425 is before the government's help with bills in 2022 and 2023.

Chapter 4: The bill still to come

Bill-payers and taxpayers are already obliged to pay a further £172.3bn from 2026

Contracts, accreditations and entitlements granted by 9 November 2026 oblige bill-payers and taxpayers to pay £172.3bn from 2026, in 2024 prices before discounting. The figure is modelled, and its range is £126.6bn to £221.8bn. It leaves out the carbon charge, grid costs and future auctions, so the two bills together are a floor.

What it counts, and in what money

The bill still to come counts what is already owed from 2026: contracts, accreditations and entitlements granted by 9 November 2026. Renewables Obligation and Feed-in Tariff payments rest on orders and licence conditions that ministers can change. Counting them as owed is a choice, and it raises the figure. The figure is modelled throughout, because it rests on prices and output that have not happened yet.

The headline is in 2024 prices before discounting, because the question is what bill-payers and taxpayers are obliged to pay. A present value discounts each later year's payment back to 1 January 2026. At the Green Book rate, the discount rate the Treasury sets for public appraisal, the bill still to come is worth £145.5bn. At a commercial rate, the return an investor in each technology would ask, it is worth £111.5bn.

The two new nuclear stations are counted in the bill still to come, each on its own line. A critic will say the two nuclear stations are energy-security policy, not climate policy. Whether nuclear is chosen for the climate or for energy security, bill-payers pay for both stations through charges the statement would cover. Without them, and the VAT on them, the bill still to come is £110.1bn.

Definition

Present value
A pound due in 2060 is worth less today than a pound due next year.

Line by line, and when each ends

The Renewables Obligation is the largest line still to come, then the renewable Contracts for Difference and the two nuclear stations. The Renewables Obligation is £47.8bn and the renewable Contracts for Difference £38.7bn. Sizewell C is £31.1bn and Hinkley Point C £30.1bn. Feed-in Tariffs

are £16.4bn, the Capacity Market's counted share £3.0bn, VAT £2.7bn and the biomass bridging contracts £2.6bn.

A contract pays the generator the gap between its strike price and the market price, so the lower the price, the larger the bill. Hinkley Point C's strike price is £89.50 per MWh in 2012 money. Sizewell C is paid for through a levy on suppliers, which they have paid since December 2025.

Each line ends with its obligation. The Renewables Obligation ends in 2037, and the last renewable Contracts for Difference in 2052. Hinkley Point C's contract runs to 2064, and Sizewell C runs to 2099, the end of its licence's operating period.

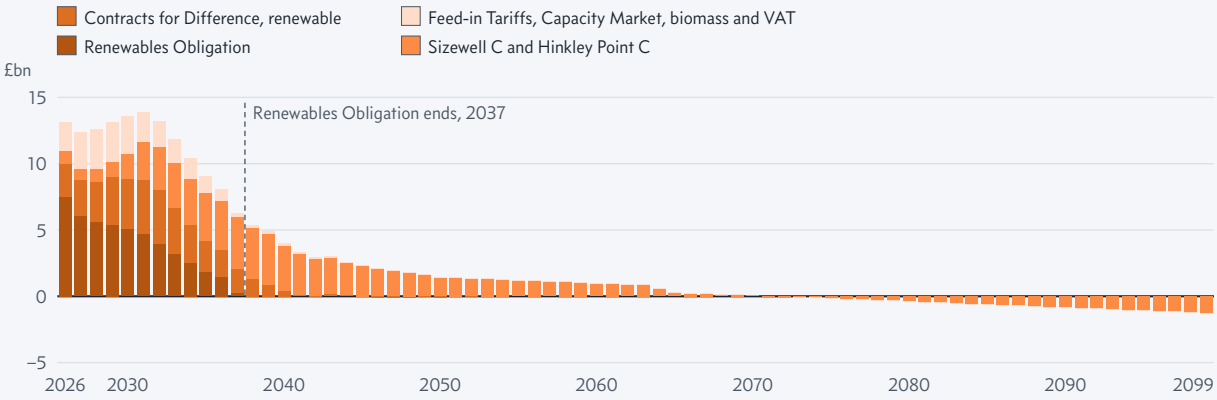
Definition

Contract for Difference
It tops a generator's income up to an agreed strike price when the market price is below it, and takes money back when above.

Chart 4.1

The Renewables Obligation ends in 2037; Sizewell C runs to 2099.

The bill still to come by year, 2026 to 2099, £bn, 2024 prices before discounting, in four groups. Money paid back is below zero. Modelled.



Source: the author's model of the bill still to come, version 1.4.0.

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Some years pay money back. In the central case the renewable Contracts for Difference pay money back in some years from 2042, and Sizewell C from 2072. Sizewell C pays back in years when its sales of power earn more than the revenue its licence allows. The totals are net of it.

Built and not yet built

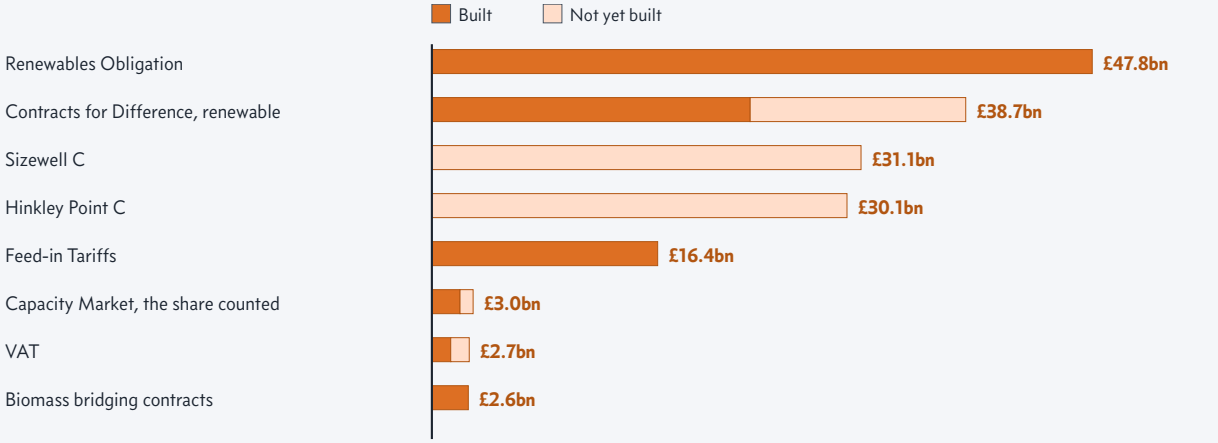
£79.1bn of the bill still to come is owed to projects not yet built. They are Hinkley Point C, Sizewell C and 457 of the 556 renewable Contracts for Difference, with the Capacity Market agreements for new plant. The other £93.3bn is owed to projects already commissioned.

The objection is that counting unbuilt contracts overstates the bill, because some will never be built. A signed contract is an obligation, so the statement should show it. Taking out unbuilt renewable Contracts for Difference at the rate past ones were ended would lower the bill by £2.7bn.

Chart 4.2

£79.1bn of the £172.3bn is owed to projects not yet built.

The bill still to come by line, £bn, 2024 prices before discounting, built and not yet built. Modelled.



Source: the author's model of the bill still to come, version 1.4.0.

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Who pays

Businesses would pay £103.8bn, households £59.1bn and taxpayers £9.5bn. Taxpayers have a part for two reasons. From 1 April 2026 the Exchequer funds three quarters of the Renewables Obligation due on households' bills, for three years. That puts £8.3bn of the Obligation on taxpayers.

From 1 April 2027 the British Industrial Competitiveness Scheme will exempt eligible businesses from some of these costs, shifting them onto taxpayers. A cost moved off bills is not a saving. It moves from bill-payers to taxpayers, and the statement would show both.

In plain words

Moving a cost from bills to taxes changes who pays, not how much.

A floor, not the whole bill

Added to the bill already paid, the bill still to come gives a floor, not the whole bill. It leaves out lines no contract fixes: the carbon charge, the Climate Change Levy, and wind and solar's grid and balancing costs. Payments for switching wind off and turning other plant up are left out too, and so are auctions not yet held.

What the price of power does

The Office for Budget Responsibility forecasts less for the Contracts for Difference. For 2026 to 2031 the model's figure is 1.32 to 2.54 times the Office's. The gap is in the price assumption, not the contract book. The central case uses the department's central price path, £75.26 per MWh in 2026. The model meets the Office's 2026 figure at a flat price of £109.59 per MWh, in 2024 prices.

The opposing case is that the contract book will pay back when prices rise: "generators get a subsidy if wholesale power prices are low, but pay back to consumers when prices are high" (Gross, MacIver and Blyth 2022, p.2). Higher prices would lower the bill, but on the department's high price path it is still £147.2bn.

Chapter 5: How sure

What is counted moves the bill already paid further than its range does

The bill already paid has a range of £234.4bn to £273.4bn, and the bill still to come £126.6bn to £221.8bn. The carbon charge sets the first range; the price of power and Sizewell C's return set the second.

The bill already paid: the carbon charge sets both ends

More than half of the bill already paid is measured from records, and a record has no range. One question sets both ends of the range: how much of the carbon charge reached the price of power. The central case is that it passed in full, as the government's own estimates of policy costs assumed (DECC 2014, p.62). The low and high settings come from published studies: 60% and 110% for 2005 to 2012, and 75% and 120% for 2013 to 2020. Those settings are carried forward to 2021 to 2025, a judgement. On those settings the carbon line runs from £59.1bn to £97.4bn.

In plain words

A range shows where the total lands if one uncertain input is changed at a time.

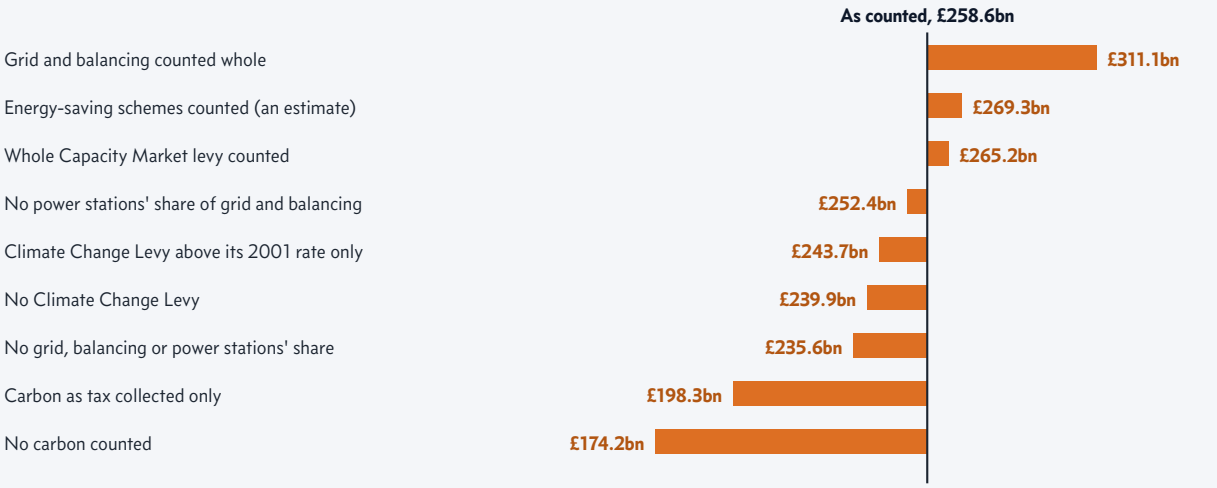
What is counted moves it further

Chart 5.1 shows the headline under each choice of what to count.

Chart 5.1

What is counted moves the bill already paid further than its range does.

The bill already paid, 2002 to 2024, under each choice of what to count, one changed at a time, £bn, 2024 prices.



Source: the author's model of the bill already paid, version 1.6.3.

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With the grid and balancing counted whole, the headline would be £311.1bn. With no carbon counted it would be £174.2bn.

The grid and balancing lines rest on the gas-led alternative, which has no range in the published figures. So this report prints a case without them, power stations' share of them or their VAT: the headline would be £235.6bn.

The bill still to come: the price of power moves it most

Each of eighteen disputed assumptions was changed on its own, the rest held at central. Four move the bill further than any others: the price of power, the price after 2050, Sizewell C's return after 2039 and Sizewell C's cost.

The price of power swings the bill by £74.6bn, the largest of the eighteen. On the department's low price path the bill is £221.8bn, the top of the range. Low prices raise the bill, because the contracts top generators up to a fixed price. Only the prices that turn out will settle it.

Sizewell C sets the low end. Its licence sets an initial return of 6.73% a year in real terms until its post-construction review is decided. The central case holds that return beyond 2039, as an assumption. The low end, £126.6bn, holds Sizewell C's allowed return after 2039 at the Green Book rate, a swing of £45.7bn. The price after 2050 swings the bill by £49.2bn, and Sizewell C's build cost by £33.9bn. Discounted at the Green Book rate, the range is £124.4bn to £173.2bn.

Key number

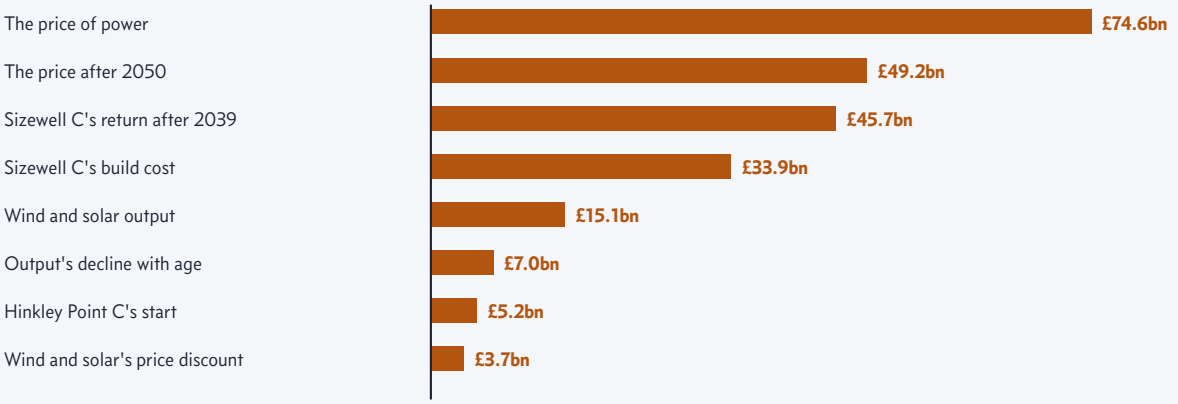
£74.6bn

the swing between the low and high price paths

Chart 5.2

The price of power moves the bill still to come more than any other assumption.

The eight largest swings: the gap between each assumption's two results, £bn, 2024 prices before discounting. Modelled.



Source: the author's model of the bill still to come, version 1.4.0.

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What would narrow the ranges

Two published events would narrow a range. Hinkley Point C's first power would fix when its contract starts. Sizewell C's first periodic review would fix its return after 2039, which sets the range's low end. The provisional figures for 2025 would firm up with HMRC's and DESNZ's final figures and Ofgem's reconciliation. The grid line would firm up only with a figure no one publishes: past transmission spending by cause.

Chapter 6: What is left out

Added together, the two bills are a floor, not the whole bill

Together the two bills are a floor. Eight costs left out would each raise the figure. Four things a critic would take off are not taken off.

What would raise it

Most of these costs are left out because this report counts electricity bills only, and only obligations already granted.

Table 6.1

Eight costs are left out, and counting any of them would raise the figure.

Items left out of both bills.

Item	Why it is not counted
Costs on gas bills	Outside an electricity count; Report No. 3 counts it.
Heat, transport and industry	Climate policy outside electricity is Report No. 3's.
Sizewell C above its higher threshold	Its licence does not require the owners to invest it.
Lost output from dearer power	A real loss that no bill records; it is left to Report No. 3.
Auctions not yet held	Not yet an obligation; future rounds are Report No. 3's.
Carbon, the levy, the grid and balancing from 2026	Carbon prices and levy rates are in no contract, the grid's entitlement is not valued, and balancing is paid as it arises. All are left to Report No. 3.
Power stations' share of grid and balancing charges paid out of subsidy	The subsidy taken to pay it is already counted.
Suppliers' energy-saving schemes	The part that falls on electricity bills cannot be read from a record.

Source: the technical paper, chapter 15. **richardlyon.net**

What a critic would take off

A critic would take four things off the figure. None is taken off here, because each answers a different question from what was paid through each scheme.

- The fall in price claimed for wind and solar: Report No. 1's question.
- The Electricity Generator Levy: a tax on generators, not on bill-payers.
- Exemptions: they change who pays, not how much is paid.
- Bill support in 2022 and 2023, which was not climate policy.

What is owed today can be lawfully reduced and ended; Report No. 4 sets out how.

Parliament should require a yearly statement of policy costs that shows the bill still to come, checked each year by an independent body

The statement is a yearly account, laid before Parliament, of what bill-payers pay through each scheme. The draft clauses below would do it. Report No. 1 proposed the duty and the costs, and this report adds the parts underlined below.

Why no official figure exists

No official body publishes what bill-payers pay through climate policy on electricity bills, scheme by scheme, each year. The Department of Energy and Climate Change last estimated the effect of its policies on bills in 2014. The National Audit Office recorded two years later that it had:

> "recommended in 2013 that the Department should establish routine reporting along these lines. It has failed to do so, with its last report on this topic in 2014" (NAO 2016, para 3.13).

Two bodies publish parts of the account today. The Office for Budget Responsibility forecasts environmental levies as tax receipts, to 2031-32, for some of the schemes. Its forecast holds no carbon charge in the price of power and no grid or balancing cost. Ofgem sets an allowance for policy costs in its price cap, for a typical household, before each period. Neither is a statement of policy costs.

The draft clauses, in full

The clauses are printed below as the series keeps them, version 1 of November 2026, with this report's additions underlined.

Annual statement of policy costs

After section 16 of the Climate Change Act 2008 insert—

"16A Annual statement of policy costs

(1) It is the duty of the Secretary of State to lay before Parliament in respect of each year, beginning with the year 2026, a statement of policy costs.

(2) The statement must state, for each cost listed in Schedule 1A, the amount paid in the year by or on behalf of electricity consumers in Great Britain, whether through charges made by electricity suppliers, network or balancing charges, or the wholesale price of electricity, and, for each cost listed in Part 2 of that Schedule, the Secretary of State's estimate of that amount.

(3) The statement must— (a) state each amount in the prices of the year and in the prices of a base year stated in the statement; (b) state the value added tax charged on those amounts; and (c) identify the methods and data used.

(4) The first statement must also contain the information required by subsection (2) for each year from 2002 to 2025.

(5) The statement must be laid before Parliament not later than 30th September in the year following that to which it relates.

(6) The Secretary of State must publish, at the same time as each statement, the data and calculations used in a form that allows the amounts to be reproduced.

(7) The statement must also state the Secretary of State's estimate of the amounts that will be payable in each later year, until each obligation ends, under contracts, accreditations, agreements and regulations for any cost listed in Part 1 of Schedule 1A entered into, granted or made on or before a date stated in the statement (being a date not earlier than the last day of the year to which the statement relates), and the part of those amounts expected to be met by or on behalf of electricity consumers in Great Britain and the part expected to be met out of money provided by Parliament.

(8) That estimate must be stated (a) without discounting, in the prices of the base year; (b) discounted at the rate in HM Treasury's guidance on appraisal; and (c) separately for generating stations already commissioned and those not yet commissioned.

(9) The Secretary of State must arrange for a person independent of the Secretary of State to examine the estimate under subsection (7) and report on whether it is reasonable and how it differs from the last; and must lay the report before Parliament within three months of the statement.

(10) The Secretary of State may by regulations amend Schedule 1A so as to add a cost to it; regulations under this subsection may not be made unless a draft has been laid before and approved by a resolution of each House of Parliament."

After Schedule 1 to the Climate Change Act 2008 insert—

"Schedule 1A: Costs covered by the statement of policy costs

Part 1: Schemes paid for through electricity supply

1 A renewables obligation imposed by an order under section 32 of the Electricity Act 1989.
2 Feed-in tariffs under arrangements made by virtue of section 41 of the Energy Act 2008.
3 Contracts for difference under Chapter 2 of Part 2 of the Energy Act 2013.
4 [Omitted.]
5 Any greenhouse gas emissions trading scheme, and carbon price support under paragraph 42A of Schedule 6 to the Finance Act 2000, to the extent reflected in the wholesale price of electricity.
6 Climate change levy charged on supplies of electricity.
7 Any other scheme which the Secretary of State considers adds to the cost of supplying electricity for the purpose of reducing greenhouse gas emissions.
7A Payments by electricity suppliers to a revenue collection counterparty under regulations made under section 15 of the Nuclear Energy (Financing) Act 2022.

Part 2: Costs attributable to wind and sunlight, estimated

8 Balancing the national electricity transmission system.
9 Reinforcing electricity transmission networks.
10 Capacity held in reserve.

In each case to the extent attributable to the connection and operation of generating stations powered by wind or sunlight."

The clauses keep "Great Britain", although two of this report's lines are counted across the United Kingdom.

What each addition does

A yearly account of what was paid tells Parliament nothing about what is already owed.

Table 7.1

Each addition to the draft clauses follows from a finding of this report.

This report's four additions to the series' draft clauses.

Addition	What it does	The finding it follows from
Subsections (7) and (8)	The statement would give the Secretary of State's estimate of what is payable in each later year under obligations already made. It would be shown before and after discounting, built and not yet built, and split between consumers and taxpayers.	Obligations already granted come to £172.3bn, and no official account shows it.
Subsection (9)	A person independent of the Secretary of State would examine the estimate each year and report on it.	So large a figure rests on prices no one knows, estimated by the department that signs the contracts.
Paragraph 7A of the Schedule	It names the levy that funds Sizewell C.	The Sizewell C levy is already on bills.
Subsection (10)	The Secretary of State can add a cost to the Schedule by regulations that each House must approve, without a new Act.	Later costs can be added without moving any number.

Source: the draft clauses, version 1; the technical paper, chapters 2 and 16. **richardlyon.net**

Who checks, and the strongest objection

The estimate of what is still owed, the forward statement, should be checked each year by an independent body. It rests on prices and output no one yet knows, estimated by the department that signs the contracts. The price of power alone swings the bill still to come by £74.6bn. This report's figure for the Contracts for Difference in 2027 is 2.54 times the Office for Budget Responsibility's.

The clause names no body. The Office for Budget Responsibility is the example, not the choice.

The strongest objection is that the Office already forecasts the levies, so a second examiner would duplicate work. The answer is that its forecast covers some schemes, to 2031-32, as tax receipts. The forward statement covers every contract to its end. The data and calculations would be published, so the check reviews workings anyone can rerun.

Where it could go

The clauses could be moved as a new clause to a Government energy Bill, or brought as a private member's Bill. The King's Speech of 13 May 2026 said that ministers would "introduce an Energy Independence Bill" (King's Speech 2026). On 11 November 2026 Parliament's bills record showed the Bill before the Commons as a Government Bill, awaiting its second reading. A new clause could be moved to it in committee.

Where the evidence is

The technical paper gives the method, every choice and every source. Both models are open, and one command each reruns every figure.



The Subsidy Clock, at subsidyclock.co.uk, shows the bill already paid as it grows, from the same model. This report's headline for the bill already paid stops at the end of 2024.

Comments and corrections: corrections@richardlyon.net.

RICHARD LYON

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Report No. 2, the short report, drawn from the technical paper, version 1.0.0, November 2026. The bill already paid is from its model's version 1.6.3, the bill still to come from its model's version 1.4.0.