

'GREEN' MULTINATIONALS EXPOSED

# BRITISH GAS (Centrica plc)



**HEADQUARTERS** Windsor, United Kingdom

**MAIN SHAREHOLDERS**<sup>1</sup>

*Centrica is the only shareholder, all investors below are listed under Centrica PLC.*

- Jupiter Asset Management Ltd — 1.88%
- Threadneedle Asset Management Ltd — 1.73%
- Chris O'Shea — 1.67%
- Permian Investment Partners LP — 1.54%
- BlackRock Investment Management (UK) Ltd — 1.30%
- Merrill Lynch International (Investment Management) — 1.26%
- Jennison Associates LLC — 1.12%
- The Vanguard Group, Inc. — 1.10%
- Barrow, Hanley, Mewhinney & Strauss LLC — 1.04%
- SSgA Funds Management, Inc. — 0.86%

**PROFITS**

- US\$4.07 billion in 2022
- US\$12.48 billion between 2016 and 2022

**TOP SALARIES AND BONUSES**

US\$5.55 for CEO Chris O'Shea (2022)<sup>2</sup>

**DIVIDEND PAY-OUTS AND SHARE BUYBACKS**

- US\$0.07 billion in dividend payouts in 2022; US\$2.67 billion between 2016 and 2022
- US\$0.05 billion in share buybacks in 2022; US\$0.05 billion in share buybacks between 2016 and 2022<sup>3</sup>

**RENEWABLE GENERATION**

12GW of renewable capacity under contract in Europe as of 2022<sup>4</sup>

	2022	2021	2020	2019	2018	2017	2016
NET PROFIT (£ BILLION)	3.31	0.95	0.45	0.90	1.39	1.25	1.52
NET PROFIT (US\$ BILLION)	4.07	1.31	0.57	1.15	1.85	1.55	1.97
DIVIDENDS (£ BILLION)	0.06	0.00	0.00	0.47	0.55	0.46	0.53
DIVIDENDS (US\$ BILLION)	0.07	0.00	0.00	0.60	0.73	0.57	0.69
SHARE BUYBACKS (£ BILLION)	0.04	0.00	0.00	0.00	0.00	0.00	0.00
SHARE BUYBACKS (US\$ BILLION)	0.05	0.00	0.00	0.00	0.00	0.00	0.00

\* Exchange rate based on IRS annual values: <https://www.irs.gov/individuals/international-taxpayers/yearly-average-currency-exchange-rates>

British Gas was founded as the Gas Light and Coke Company in 1812.<sup>5</sup> It was the first public utility company in the world and for most of its history, it was owned by the UK government, until Prime Minister Margaret Thatcher's administration privatised it in 1986.<sup>6</sup> Today, it is the main subsidiary of a company named Centrica plc.<sup>7</sup>

UK households seeking to buy electricity would be forgiven for thinking that British Gas no longer uses any fossil fuels. The marketing division of the company has inundated the public with materials that promote British Gas as the greenest in the business, claiming that all their 'fixed tariffs are matched 100% with renewable electricity'.<sup>8</sup>

However, British Gas is still very much in the business of supplying fossil fuel-derived gas to consumers — indeed it supplies just over a quarter of the 22 million gas connections in the UK.<sup>9</sup> (It is worth noting here, that 33 per cent of all UK electricity consumption comes from gas<sup>10</sup> — and Centrica's own annual report notes that it produced 39.7 million barrels of oil equivalent in 2021).<sup>11</sup>

While British Gas supplies 20 per cent of the UK market for electricity,<sup>12</sup> including 1.6 million households with 100 per cent 'green' power packages,<sup>13</sup> it does not produce large quantities of renewable power. *Which?* magazine pegged the renewable electricity British Gas directly buys from generators at just 0.4 per cent of the company's 2021/2022 fuel mix<sup>14</sup> and even though British Gas' parent company Centrica did previously produce energy from wind farms, it sold off all its wind assets in 2017, mostly to Ørsted.<sup>15</sup> Instead, **British Gas resells electricity produced by other companies and packages it with clever marketing that allows it to claim a higher percentage of renewables than it actually delivers.**

The key to this is the use of Renewable Energy Guarantees of Origin certificates (REGOs), which can be bought and sold on markets much more easily than building new solar or wind facilities. Under the rules issued by the UK Office of Gas and Electricity Markets (Ofgem),<sup>16</sup> British Gas is allowed to supply any kind of electricity (including gas-powered electricity) and repackage it with a REGO certificate to label it renewable.<sup>17</sup> Investigations by competitors like Good Energy show that British Gas was the biggest buyer of such certificates from sources around Europe, purchasing 20.1 million certificates at prices at a little over £1 per customer per year in 2019–2020 and 21 million certificates the following year.<sup>18</sup>

Another dubious green marketing tactic British Gas uses is paying for ‘carbon offsets’. For example, British Gas offers electricity customers an 100 per cent renewable electricity tariff comprised of 10 per cent biomethane and 90 per cent carbon offsets through a partnership with ClimateCare.<sup>19</sup> But both biomethane and carbon offsets are problematic. Biomethane, which is the anaerobic combustion of food waste and manure, is often derived from livestock operations that are unsustainable.<sup>20</sup> Meanwhile, **carbon offsets often involve projects in low-income countries, bound up with mass displacement, land grabs and the creation of monocultures.**<sup>20</sup>

In 2008 British Gas was accused of greenwashing after running an advertisement that stated that British Gas Zero Carbon was the ‘greenest domestic energy tariff compared to those on the Energywatch website’, a claim it could not back up.<sup>22</sup> The Advertising Standards Authority upheld the complaint and told British Gas not to repeat the ad.<sup>23</sup> In 2021, several new complaints were made to the Advertising Standards Authority after British Gas launched an advert that told customers ‘you can go green without the extreme’.<sup>24</sup>

Over time, British Gas has sold off many of its downstream gas-fired electricity production facilities. This includes the 900 megawatt Langage power plant in Devon and the 2.3 gigawatt South Humber Bank plant in Lincolnshire, sold to Energetický a Průmyslový Holding (EPH), a private company controlled by Czech billionaire Daniel Křetínský.<sup>25</sup> Both are still running at full capacity, resulting in no net reduction in fossil fuel emissions.<sup>26</sup> In 2020, it sold off Direct Energy, its North American energy business, for US\$3.6 billion to NRG Energy.<sup>27</sup>

Indeed, British Gas has sourced power from the massive Drax coal plant in North Yorkshire since 2007.<sup>28</sup> While Drax has been replacing its coal units with wood burning ones (which it markets as green energy) these units appear to be producing increasingly dangerous levels of particulate air pollution. Indeed, Biofuelwatch estimates that the plant’s pollution levels rose by the equivalent of three million diesel cars between 2008 and 2016.<sup>29</sup> Centrica, British Gas’s owner, also holds a 20 per cent share in eight UK nuclear power plants, including Hinkley B, which has yet to dispose of massive quantities of nuclear waste.<sup>30</sup>

Meanwhile **British Gas is very much still in the business of fossil fuel extraction — buying gas primarily from Norway, Qatar and the US.**<sup>31</sup> In 2005, British Gas also bought up rights to 60 million tonnes of liquefied natural gas (LNG) from Equatorial Guinea.<sup>32</sup> In June 2022, Centrica signed an agreement with Equinor in Norway to buy an extra one billion cubic metres of gas per year.<sup>33</sup> And in August 2022, Centrica signed an US\$8.47 billion agreement with Delfin Midstream in the US to buy LNG in 2026.<sup>34</sup> Furthermore, Centrica is also quietly backing fracking — for example, it helped fund an open letter to Lancashire County Council in support of fracking in 2015.<sup>35</sup> In August 2022, British Gas reported that it received a £56 million tax rebate for its oil and gas operations in Scottish waters.<sup>36</sup>

British Gas has slowly been laying off thousands of employees, cutting its workforce to about half of the number it had in 2016, as revenue and profits tumbled.<sup>37</sup> A major reduction took place in 2020, with around 5,000 workers let go.<sup>38</sup> However, in 2022, the company returned to profitability. Following the onset of the war in Ukraine, British Gas raised energy prices, with the company's standard variable tariff hiked from £1,277.38 a year to £1,970.56, just three months after the invasion.<sup>39</sup> Not surprisingly, **Centrica reported £3.3 billion in operating profits for the 2022 calendar year — over three times more than the £948 million for the previous year — and the highest ever in its history.**<sup>40</sup>

This sparked public outrage, not least because the profit figures were published just two weeks after an undercover investigation by *The Times* (UK) newspaper found that British Gas was employing Arvato, a private debt collector, to break into customers' homes and forcibly install prepayment meters for some of its most vulnerable customers, including a young mother with a four-month-old baby whose energy bills had spiked sevenfold.<sup>41</sup>

In late 2022 and early 2023, the company announced a £550 million share buy-back programme with the extra cash it has on hand, effectively taking back approximately 10 per cent of its shares.<sup>42</sup>

## CORE CONTROVERSIES

- **British Gas supplies over a quarter of the UK's gas connections, despite promoting itself as one of the greenest energy companies.**
- **The company advertises 'green power packages' despite buying only 0.4 per cent of its 2021/2022 fuel mix directly from renewable producers, and no longer producing wind power since selling off most of its wind assets in 2017.**
- **British Gas uses Renewable Energy Guarantees of Origin certificates (REGOs) to repackage dirty energy as clean, which is allowed under British regulations.**
- **British Gas continues to invest in and purchase fossil fuels from across the world.**
- **Centrica, British Gas' parent company, supported fracking exploration in the UK and lobbied the County Council in Lancashire, where fracking was being opposed.**
- **Centrica has made huge profits since the invasion of Ukraine, increasing energy bills around seven times, and hired a debt collection agency to forcibly install prepaid meters in some of the most vulnerable customers' homes during the cost-of-living crisis.**

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*The company was invited to send factual corrections to these findings but did not respond to our inquiry.*

## ENDNOTES

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For over a century, energy multinationals have been wrecking the planet and exploiting people in pursuit of profit. Now, power producers and technology manufacturers are marketing themselves as 'green' to boost their reputation and benefit from public subsidies, grabbing lands, violating human rights and destroying communities along the way. Our investigation of fifteen 'green' multinationals conclusively shows that financial returns, not decarbonisation, is their primary business. 'Green' capital has taken over the energy transition, dictating its pace and blocking climate policies that hamper its profits. It is time to take on these greenwashing corporations and reclaim the entire energy sector through public ownership and democratic governance.

**Download the full report and the 14 other company profiles on <https://www.tni.org/GreenMultinationals>.**

