

# Statement to Parliament: Domestic Gas & Electricity (Tariff Cap) Bill

We will today introduce the Domestic Gas & Electricity (Tariff Cap) Bill to this House.

We are taking this action because the energy market is not working for all customers. The Competition and Markets Authority 2016 investigation into the energy market highlighted that domestic customers of the Big 6 energy companies pay on average £1.4 billion a year more than they would in a truly competitive market.

We believe that competition is the best way to drive value and service for customers. Where this is not happening, the government has a duty to act by ensuring regulation is effective and companies have the right incentives to provide value.

The energy market is not working for all consumers.

There is in effect a two-tier market in operation whereby active customers save money by switching suppliers, but those who can't or don't switch remain on poor value tariffs. It is of particular concern that customers who don't switch typically tend to be more vulnerable than those who are getting the best deals. The difference between the cheapest available tariff and the average Standard Variable Tariff of a Big 6 supplier is around £300.

Earlier this month, one million more vulnerable consumers who receive the Warm Home Discount were protected from higher bills with the extension of Ofgem's safeguard tariff cap. There are now 5 million households protected by this cap which was introduced in 2017.

The Domestic Gas and Electricity (Tariff Cap) Bill will, subject to Parliamentary approval, put in place a requirement on the independent regulator, Ofgem, to cap domestic energy tariffs until at least 2020. Currently, some consumers are paying up to £300 more than they need to – this cap will help bring this overcharging under control. It will require Ofgem to set an absolute cap on standard variable and default tariffs, protecting the 11 million households in England, Wales and Scotland who currently buy their energy on this basis and who are not protected by existing price caps.

The Bill is part of a package of measures being introduced by the government to increase competition in the retail energy market and lower prices for consumers. These include support for more and faster switching, initiatives to improve engagement and the rollout of smart meters. We believe all of these measures will help create the conditions for more effective competition.

In setting the cap, Ofgem must protect existing and future domestic customers, but must do so in a way that creates incentives for suppliers to

improve efficiency, sets the cap at a level that enables suppliers to compete effectively for supply contracts, maintains incentives for customers to switch and ensures that efficient suppliers are able to finance their businesses. The government intends Ofgem to be able to set the temporary price cap by the end of this year so that it is in place by next winter.

The cap will apply until the end of 2020 when Ofgem will recommend to government whether it should be extended on an annual basis up to 2023.

The introduction of the Domestic Gas and Electricity (Tariff Cap) Bill comes after the Business, Energy and Industrial Strategy Select Committee scrutinised the draft Bill as part of the government's work to ensure the Bill would be effective and would meet its objectives. This pre-legislative scrutiny took written and oral evidence from a wide range of stakeholders. The Committee made a number of recommendations about the Bill, which the government has accepted in full, including the Committee's recommendation that Ofgem reviews the level at which the cap is set at least every 6 months, and the recommendation to add in safeguards so that where consumers make an active choice to opt for green standard variable tariffs or default tariffs, Ofgem is able to protect these customers but not stifle investment in green energy. Ofgem will also be required to consult on a potential exemption for green tariffs.

This Bill will give the regulator the powers to protect those consumers who are overpaying for energy, while ensuring that other initiatives such as switching, smart meter roll out and consumer education continue to contribute to a more competitive market.

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## **[News story: CMA dismisses SSE and EDF Energy appeal against Ofgem decision](#)**

SSE and EDF appealed to the CMA (Competition and Markets Authority) after Ofgem decided to reject their request to modify industry rules.

The appeal related to a dispute about the charges paid by electricity generators, including SSE and EDF, for use of the electricity transmission system. In 2016, SSE had requested a change to industry rules, which would have resulted in generators receiving a £120m rebate from National Grid.

SSE argued that GB generators had paid more in transmission charges in 2015/16 than the maximum permissible under EU law.

Ofgem rejected SSE's request in November 2017, concluding that the maximum permissible level of charges under EU law [had not been breached](#).

SSE and EDF appealed to the CMA. The main point of dispute was whether there

was an exclusion from the EU cap on transmission charges for the cost of connections between offshore wind farms and the onshore grid. The CMA concluded that – applying the correct approach to EU law – there was such an exclusion and therefore there had not been a breach of the cap and Ofgem was entitled to reject the modification request.

The CMA's determination, setting out full reasons for dismissal of the appeal, will be published on the [case page](#) shortly.

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## [News story: #GlobalStDavids](#)



Wales flag

On 1 March, we will celebrate St David's Day by bringing to life the brilliant and far-reaching work done internationally by Welsh people and anyone connected to Wales, through content shared on Twitter and Facebook and using #GlobalStDavids.

Staff in the UK Government's international embassies together with our armed forces and humanitarian workers will be part of this global celebration and we'd love you to join in.

### **Get involved**

Tell the world about someone inspirational working abroad this St David's Day or if you are Welsh or have a connection to Wales and you are overseas tell us what you are doing.

If you are an employer, tweet a thank you message to your staff abroad.

### **Here are some examples to get you started.**

- Thank you to [someone you want to celebrate] who is spending #StDavidsDay [how they are spending St David's Day] #GlobalStDavids @UKGovWales
- This #StDavidsDay we're celebrating Wales's impact across the world &

all our staff who are part of it. #GlobalStDavids @UKGovWales

- This #StDavidsDay I'm in [place/country], where I'm [what you do and who you work for]. #GlobalStDavids @UKGovWales
- To all our Welsh staff, thank you for the brilliant work you do across the world. #GlobalStDavids @UKGovWales

### **Share content:**

We will be posting lots of content on the day itself; follow us and join in at:

[Facebook](#) [Twitter](#)

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## **Press release: Alun Cairns: “Wales’ coastal industries are the powerhouses driving the economy forward”**

Secretary of State for Wales Alun Cairns is to emphasise the role that Wales’ coastal industries will play as Britain prepares to leave the EU, in a visit the Port of Mostyn later today (26 February).

The Port of Mostyn in Flintshire, North Wales is responsible for transporting the wings of the Airbus A380 aircraft made at the Broughton site to Bordeaux in France for final assembly.

As well as facilitating the growth of Wales’ impressive aerospace industry, the port, considered one of the oldest in the country, is one of the main centres in Europe for the for the assembly and installation of offshore wind turbines.

The visit comes as part of the Welsh Secretary’s mission to encourage leading sectors in the Welsh economy to think beyond the political and administrative boundaries between Wales and the rest of the UK to develop growth corridors that will spread prosperity and enable the nation to compete on a global stage.

Mr Cairns will visit the port’s headquarters in Flintshire, North Wales, where he will meet Managing Director Jim O’Toole as part of the ongoing

discussions with key Welsh industries as Britain prepares to leave the EU.

The Welsh Secretary will then tour the operations control room of the 160-turbine Gwynt-y-Môr windfarm with manager John Porter to see first hand how the firm is harnessing the power of Wales' natural resources.

**Secretary of State for Wales Alun Cairns said:**

If Wales is to keep pace with the changing global economic landscape and appetite for renewable energy then we need to create the right conditions for growth, looking beyond borders to explore all the options available to us.

The Port of Mostyn demonstrates how it is possible to combine the strength of Britain's traditional heavy industries whilst capitalising on the rich natural resources available in Wales to benefit the local community, as well as the UK economy as a whole.

**ENDS**

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## **News story: Government launches Trusted Relationships Fund**

The Home Office has today (25 February) launched a £13 million fund to help youth workers, police, nurses and other professionals form close, protective relationships with children and young people at risk of sexual exploitation, county lines gang crime or relationship abuse.

The Trusted Relationships Fund will invite local authorities to apply for funding to run projects aimed at fostering relationships between frontline staff and at-risk children. Through the fund, local authorities are encouraged to work with local partners to improve the way professionals, including social workers, youth workers, police and voluntary sector practitioners, work together to support vulnerable young people.

Local authorities will be asked to design projects that fit their needs. But the projects could see frontline workers organising or becoming involved with:

- establishing a safe space where young people can share their concerns with professionals who will listen to them
- providing specialist counselling services
- delivering positive activities including sport, music, arts and volunteering

- improving the way local organisations work together to support the most vulnerable young people
- working with children who repeatedly go missing to ensure that they are kept safe and well

Minister for Crime, Safeguarding and Vulnerability, Victoria Atkins, said:

This government is working to keep all our children and young people safe and protect them from those who would exploit them or try to pull them into a life of violence and crime.

We all know how valuable it can be for a child to have an adult in their life who they can trust, who they can confide in, who has their best interests at heart and who is in a position to act when they are in trouble.

Through the Trusted Relationships Fund we want to ensure that those most at risk of abuse and exploitation, such as child sexual exploitation or gang-related exploitation have such a person in their lives.

A review carried out by the Early Intervention Foundation, commissioned by the Home Office last year, found that a trusted relationship with an adult is an essential part of programmes to support vulnerable children, and that the lack of trusted relationships is consistently cited in reviews of failures around child sexual abuse and exploitation. It found that this kind of social support can help children avoid risky situations, as well as help them overcome adverse circumstances in their lives, and that a trusted relationship can make young people significantly more likely to disclose when abuse is happening to them.

The projects will be targeted towards young people aged 10 to 17 who have been identified by local partners as vulnerable to being sexually exploited, victims of county lines or peer or relationship abuse.

Local authorities in England will shortly be able to submit expressions of interest and proposals must be able to demonstrate how they will:

- improve wellbeing, self esteem, self efficacy, resilience and critical thinking skills in vulnerable young people
- facilitate higher quantity and quality of trusted relationships between young people and adults who are there to support them, as reported by both young people and professionals
- reduce incidents of children and young people going missing, being exploited and abused, and entering the criminal justice system

The fund will also strengthen the evidence base on what works to protect young people from exploitation and abuse to improve services over the course of the programme and beyond.

Donna Molloy, Director of Dissemination at the Early Intervention Foundation

(EIF), said:

In early intervention services, the trust that develops between a skilled practitioner and a parent, child or young person can motivate and equip people to change their lives. The evidence shows that positive relationships can support the development of skills, coping strategies, confidence and behaviour change for children and young people.

We do need a better understanding of the potential of trusted relationships between practitioners and young people to protect vulnerable young people from sexual abuse and exploitation. The new funding provides a great opportunity to build the evidence about which specific aspects of workforce practice are more or less effective in building trusting relationships with vulnerable children. We still know far too little about what makes a good practitioner able to deliver effective early intervention and how to support the different groups of practitioners that collectively make up the early intervention workforce.

There will be a two-stage application process for the fund. Local authorities in England are eligible to be lead bidders and are encouraged to work with local partners in developing and delivering projects, which could include other statutory organisations, the voluntary and community sector and the private sector.