

PM Liz Truss's opening speech on the energy policy debate

Mr Speaker, I beg to move the motion.

Earlier this week I promised I would deal with the soaring energy prices faced by families and businesses across the UK.

And today I am delivering on that promise.

This Government is moving immediately to introduce a new Energy Price Guarantee that will give people certainty on energy bills.

It will curb inflation and boost growth.

This Guarantee – which includes a temporary suspension of green levies – means that from 1st October a typical household will pay no more than £2,500 per year for each of the next two years, while we get the energy market back on track.

This will save a typical household £1,000 a year. It comes in addition to the £400 Energy Bills Support Scheme.

This Guarantee supersedes the Ofgem price cap, and has been agreed with energy retailers.

We will deliver this by securing the wholesale price for energy, while putting in place long-term measures to secure future supplies at more affordable rates.

We are supporting this country through this winter and next, and tackling the root cause of high prices, so we are never in this position again.

For those using heating oil, living in park homes or those on heat networks, we will set up a fund so that all UK consumers can benefit from equivalent support.

We will also support all businesses, charities and public sector organisations with their energy costs this winter – offering an equivalent guarantee for 6 months.

After those 6 months we will provide further support to vulnerable sectors, such as hospitality, including our local pubs.

My Rt Hon Friend the Business Secretary will work with businesses to review where this should be targeted to make sure those most in need get support. This review will be concluded within 3 months, giving businesses certainty.

In the meantime, companies with the wherewithal need to be looking for ways they can improve energy efficiency and increase direct energy generation

We will be bringing forward emergency legislation to deliver this policy. And my Rt Hon Friend the Chancellor of the Exchequer will set out the expected costs as part of his fiscal statement later this month.

I can tell the House today that we will not be giving in to calls for this to be funded through a windfall tax.

That would undermine the national interest by discouraging the very investment we need to secure home-grown energy supplies. You can't tax your way to growth.

Instead, we are taking an approach which is pro-growth, pro-business and pro the investment we need for energy security.

This is the moment to be bold. We are facing a global energy crisis and there are no 'cost-free' options.

There will be a cost to this intervention. However we are also acting immediately to defray the cost of this intervention in three ways.

Firstly, by ramping up supply.

Following on from the successful vaccine taskforce, we have created a new Energy Supply Taskforce under the leadership of Maddy McTernan.

They are already negotiating new long term energy contracts with domestic and international gas suppliers to immediately bring down the cost of this intervention.

We are also accelerating all sources of domestic energy, including North Sea oil and gas production.

We will be launching a new licensing round, which we expect to lead to over 100 new licences being awarded.

And we will speed up our deployment of all clean and renewable technologies including hydrogen, solar, carbon capture and storage, and wind... where we are already the world leader in offshore generation.

Renewable and nuclear generators will move onto Contracts for Difference to end the situation where electricity prices are set by the marginal price of gas.

This will mean generators are receiving a fair price, reflecting their cost of production, further bringing down the cost of this intervention.

Secondly, today's action will deliver substantial benefits to our economy, boosting growth which increases tax receipts and gives certainty to business.

This intervention is expected to curb inflation by up to 5 percentage points, bringing a reduction in the cost of servicing government debt.

Thirdly, this morning, together with the Bank of England, we will set up a

new scheme, worth up to £40 billion, to ensure that firms operating in wholesale energy markets have the liquidity they need to manage price volatility.

This will stabilise the market and decrease the likelihood that energy retailers need our support, like they did last Winter.

By increasing supply, boosting the economy and increasing liquidity in the market we will significantly reduce the cost to government of this intervention.

As well as dealing with the immediate situation we face, we are also dealing with the root causes.

Energy policy over the past decades has not focused enough on securing supply.

There's no better example than nuclear, where the UK has not built a single new nuclear reactor in 25 years.

It's not just about supply. The regulatory structures have failed, exposing the problems of having a price cap applied to the retail but not the wholesale market.

All of this has left us vulnerable to volatile global markets and malign actors in an increasingly geopolitical world.

That is why Putin is exploiting by weaponising energy supplies as part of his illegal war on Ukraine.

So as well as the action we are taking today on bills, we will use the next 2 years to make sure that the United Kingdom is never in this situation again.

I will be launching two reviews.

Firstly, a review of energy regulation to fix the underlying problems. We want a new approach which will address supply and affordability for the long term.

Secondly, we will conduct a review to ensure we deliver net zero by 2050 in a way that is pro-business and pro-growth. This review will be led by my Rt Hon Friend the member for Kingswood.

We are delivering a stable environment that gives investors the confidence to back gas as part of our transition to net zero.

We will end the moratorium on extracting our huge reserves of shale, which could get gas flowing in as soon as six months, where there is local support.

We will launch Great British Nuclear later this month – putting us on the path to deliver up to a quarter of our electricity generation with nuclear by 2050.

As a result of these steps on shale and nuclear and the acceleration of renewables, I am today setting a new ambition for our country.

Far from being dependent on the global energy market and the actions of malign actors, we will make sure the UK a net energy exporter by 2040.

And my Rt Hon Friend the Business Secretary will set out a plan in the next two months to make sure we achieve this.

I know businesses and families are very concerned about how they will get through this winter.

That's why I felt it was important to act urgently to provide immediate help and support, as well as setting out our plan about how we are going to secure the UK's future supplies.

This is part of my vision for rebuilding our economy.

Secure energy supply is vital to growth and prosperity. Yet it has been ignored for too long.

I will end the UK's short-termist approach to energy security and supply once and for all.

That is what I promised on the steps of Downing Street.

Today we are acting decisively to deliver that pledge.

This will help us build a stronger, more resilient and more secure United Kingdom.

I commend this motion to the House.