

# Press release: Independent review to ensure energy is affordable for households and businesses

An independent review into the cost of energy led by Professor Dieter Helm CBE will recommend ways to keep energy prices as low as possible as part of the Industrial Strategy, Business and Energy Secretary Greg Clark announced today.

Professor Dieter Helm, one of Britain's leading energy experts, will look specifically at how the energy industry, government and regulators can keep the cost of electricity as low as possible, while ensuring the UK meets its domestic and international climate targets.

This ambitious review builds on the commitment made in the [Industrial Strategy green paper](#) and will consider the whole electricity supply chain – generation, transmission, distribution and supply. It will look for opportunities to reduce costs in each element and consider the implications of the changing demand for electricity, including the role of innovative technologies such as electric vehicles, storage, robotics and artificial intelligence.

The ambition is for the UK to have the lowest energy costs in Europe, for both households and businesses.

Business and Energy Secretary Greg Clark said:

All homes and businesses rely on an affordable and secure energy supply and the government is upgrading our energy system to make it fit for the future. We want to ensure we continue to find the opportunities to keep energy costs as low as possible, while meeting our climate change targets, as part of the Industrial Strategy.

The review will consider how we can take advantage of changes to our power system and new technologies to ensure clean, secure and affordable supplies over the coming decades. Professor Helm will bring invaluable expertise to the review, and I look forward to seeing his recommendations.

Professor Helm is one of Britain's leading energy experts, a Professor of Economic Policy at the University of Oxford and a Fellow in Economics at New College Oxford, and a former member of the Council of Science and Technology, advising the UK Prime Minister from 2004 to 2007.

Professor Dieter Helm CBE said:

I am delighted to take on this Review. The cost of energy always matters to households and companies, and especially now in these exceptional times, with huge investment requirements to meet the decarbonisation and security challenges ahead over the next decade and beyond. Digitalisation, electric transport and smart and decentralised systems offer great opportunities. It is imperative to do all this efficiently, to minimise the burdens. Making people and companies pay excessively for policy and market inefficiencies risks undermining the objectives themselves.

My review will be independent and sort out the facts from the myths about the cost of energy, and make recommendations about how to more effectively achieve the overall objectives.

The government is already taking action, and has [asked the regulator to come forward](#) with proposals to extend the price protection currently in place for some vulnerable energy consumers to more people on the poorest value tariffs. This builds on action taken to cap the price for 4 million pre-payment meter customers which came into force on 1 April 2017.

There are also a number of schemes in place to reduce energy bills by improving energy efficiency, such as the [Energy Company Obligation](#) which will upgrade 200,000 homes each year and help tackle fuel poverty. For business, the package of relief for [energy intensive industries](#) was worth £260 million last year and there are financial incentives to switch to cleaner fuels and processes.

This review will consider the electricity system as a whole and make recommendations on how to deliver affordable energy over the coming decades. It follows the plan set out in July by government and Ofgem for a [smarter energy system](#) and the commitment to ensure Britain's energy costs are as low as possible.

An advisory panel will support the reviewer by providing expert insights in a personal capacity:

- Terry Scuoler CBE, Chief Executive of EEF, the Manufacturers' Organisation
- Nick Winser CBE, Chairman of the Energy Systems Catapult
- Laura Sandys, Chief Executive of Challenging Ideas
- Isobel Sheldon, Engineering & Technology Director of Johnson Matthey Battery Systems
- Richard Nourse, Managing Partner of Greencoat Capital LLP

Notes to editors:

1. The commitment to review the cost of energy was set out on page 94 of the [Industrial Strategy Green Paper](#)
2. Ofgem figures show the main costs of supplying a typical domestic

customer are 4% lower than at January 2015.

### 3. The Terms of Reference of the Review are set out below:

- The government has the ambition for the UK to have the lowest energy costs in Europe, for both households and businesses.
- The UK was the first country in the world to set a long-term, legally binding target for emission reduction. The Climate Change Act commits the UK to reduce emissions by at least 80% by 2050, and sets a framework for the setting of rolling five-year carbon budgets. Parliament has recently approved the 5th carbon budget, for the period 2028-2032, at a 57% reduction on 1990 levels.
- The carbon targets need to be met, whilst concurrently ensuring security of supplies of energy, in the most cost-effective way. The rapid closure of coal, the aging of the existing nuclear fleet, the intermittency of some renewables, the scope for demand management and new storage, the coming of electric vehicles and the timing of future nuclear capacity coming on stream will be taken into account in considering how best to meet the overall objective of system security of supply.
- The specific aim of this review is to report and make recommendations on how these objectives can be met in the power sector at minimum cost and without imposing further costs on the exchequer. In that context the review will consider the implications of the changing demand for power, including from industry, heat and transport.
- The review will report on the full supply chain of electricity generation, transmission, distribution and supply, and consider the opportunities to reduce costs in each part, taking into account the roll-out of smart meters and the work already underway to underpin the transition to a smarter energy system.
- The review will set out options for a long term road map for the power sector, and consider how technological change in the wider economy, as well as in the energy sector, may transform the power sector, and how energy policy can best facilitate and encourage such developments, consistent with the overall objectives of decarbonisation and security of supply, and with its industrial strategy.
- The review will consider the options for enhancing and extending

the scope for auctions and other competitive mechanisms, and for reducing the complexity across the full supply chain of electricity generation.

- The review will consider the key factors affecting energy bills, including but not limited to energy and carbon pricing, energy efficiency, distributed generation, regulation of the networks, and innovation and R&D. The review will not propose detailed tax changes.
- The review will focus on system issues and will not comment on the status of individual projects.
- The review will provide recommendations as to how best minimise the costs of energy consistent with the overarching objectives, taking account of the costs and benefits of the recommendations. It will set out options for developing and enhancing energy policy. Where the issues the review covers fall to other players, for example Ofgem, it will make recommendations about how government can best work with them to reduce costs.
- The review will report at the end of October 2017.

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[Professor Dieter Helm – declaration of interest](#)

(PDF, 10KB, 1 page)

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