



Craig Whittaker MP

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Energy Post Code Lottery Campaign and EDM 641

Thank you for contacting me about energy bills and Early Day Motion (EDM) 641.

It is a Parliamentary convention that members of the Government do not sign EDMs. The convention applies to me because I am a Government whip.

While I do sympathise with your frustration that energy charges vary by region, it is the case that network companies face different costs for serving customers in different parts of the country. Allowing charges to fluctuate to some extent seems to the Government to be a reasonable way to allocate these costs between customers.

I understand that the Government does not plan to move to national network charging, as the current approach helps to ensure efficient use of the network and keeps overall costs down for bill payers across Great Britain. In contrast, national pricing risks an overall increase in network costs by weakening each network company's local accountability to its customers, as well as making charges less transparent.

Moreover, in 2015, Ofgem published a report on the regional differences in network charges, which found no compelling case from a regulatory perspective to move to a national network charge. Indeed, Ofgem found that it would have left 16 million households worse off, with only 11 million benefitting.

That said, I am encouraged that the Government is prepared to act when markets are not working for all consumers. As you may be aware, the price protection currently in place for some vulnerable energy consumers will be extended to more of those on the poorest value tariffs. A draft Bill has also been published which will provide for Ofgem to set a cap, or 'safeguard tariff', on the Standard Variable Tariffs that 60 per cent of people are on. This will be designed by Ofgem, who will be tasked with setting it at such a level that it still leaves considerable motivation for consumers to shop around for the best deal, but improves on the terrible prices paid by some people.

Thank you again for taking the time to contact me.

Kind regards,

Craig Whittaker MP