



Craig Whittaker MP

CALDER VALLEY

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Energy Price Cap

Thank you for contacting me about the energy market.

While I want the market to thrive and maintain the view that promoting competition is the best driver of value and service for customers, I am encouraged that the Government is prepared to act when markets are not working for all consumers.

As you are aware, the Government made a manifesto commitment to extend the price protection currently in place for some vulnerable energy consumers to more of those on the poorest value tariffs. In June, it wrote to Ofgem asking what action they intend to take and I welcome Ofgem's commitment to protect a further one million families from expensive standard variable tariffs for the first time. This will take the total number of families protected from expensive standard variable tariffs to over five million.

I recognise, however, that this does not address the scale of the problem suffered by all consumers on expensive default tariffs. That is why the Government has published the Domestic Gas and Electricity (Tariff Cap) Bill 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. The Safeguard Tariff 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 unjustifiably high prices paid by some people.

More broadly, there is already a prepayment price cap in place protecting households least able to benefit from competition. In April 2017 a prepayment price cap came into force protecting over four million households using pre-payment meters. This will remain in place until the end of 2020 and will save the average household £80 a year.

Thank you again for taking the time to contact me.

Kind regards,

Craig Whittaker MP