



Department for  
Business, Energy  
& Industrial Strategy

The Rt Hon Sir George Howarth MP  
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**The Rt Hon Greg Hands MP**  
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Dear George

Thank you for your email dated 23 March to Secretary of State, enclosing an example of correspondence you have received from your constituents, regarding action to reduce energy costs. The Secretary of State has asked me to respond.

I recognise the difficult position that many households are in with the impact of rising energy prices. Despite the UK having highly diverse sources of gas and electricity supplies, wholesale energy prices have increased because of the rapid and substantial recovery of global energy demand as the world recovers from the pandemic. This means that energy suppliers must pay significantly more to purchase energy for their customers. In turn, this is reflected in rising energy prices.

To help people with the costs of energy, the Government has announced a package of support measures:

- A £200 rebate for households delivered via their energy bill this autumn, paid back automatically over the next 5 years, spreading the increased costs of global prices over time in a way that is more manageable for households.
- A £150 non-repayable reduction in Council Tax bills for all households in Bands A-D in England.
- £144 million of discretionary funding for Local Authorities to support households who need support but are not eligible for the Council Tax reduction.

This is in addition to the range of support for low-income, fuel poor and vulnerable households including:

- The Warm Home Discount, providing eligible households with a one-off £140 discount on their energy bill for winter 2021 to 2022. The Government has committed to extending the scheme to at least 2026, and expanding the spending envelope to £47m (in 2020 prices). The Government has consulted last summer on reforms to the scheme to better target fuel poverty, including a proposal to increase the Warm Home Discount to £150.
- The Winter Fuel Payments, worth between £100 and £300 are paid automatically to those in receipt of State Pension, or other social security benefit.
- The Cold Weather Payments, which is a £25 payment for vulnerable households on qualifying benefits when the weather is, or is expected to be unusually cold.
- The Department for Work & Pensions has also announced a new £1billion Household Support Fund to help those most in need.

More information on what the Government is doing to protect consumers can be found online at: [www.gov.uk/government/publications/government-support-for-energy-bills-and-the-cost-of-living-factsheets](http://www.gov.uk/government/publications/government-support-for-energy-bills-and-the-cost-of-living-factsheets).

In the long term, improving the energy efficiency of homes is the most effective way of tackling fuel poverty as it reduces the amount of energy required to heat the home and can therefore contribute to reduced energy bills. There are a number of Government schemes specifically targeting low income and fuel poor households to enable them to improve their energy efficiency:

- The Energy Company Obligation (ECO) scheme is an obligation on larger energy suppliers to provide energy efficiency and heating measures for fuel poor households across Great Britain. We have recently consulted on the next iteration of ECO, ECO4, which will run from 2022 to 2026 at £1billion a year.
- Sustainable Warmth - a competition launched in June 2021 brings together two fuel poverty schemes - Local Authority Delivery Phase 3 and Home Upgrade Grant Phase 1, into a single funding opportunity for local authorities. We expect local authorities to take a fabric first approach and focus on measures that will help lower household energy bills. This includes energy efficiency measures and low carbon heating technologies.
- The Boiler Upgrade Scheme (BUS) will support the installation of air source heat pumps (ASHPs), ground source heat pumps (GSHPs), and, in limited circumstances, biomass boilers in domestic and small non-domestic buildings in England and Wales. It will provide grants of £5000 towards the installation and capital costs of ASHPs and biomass boilers, and grants of £6,000 for GSHPs. Eligible low carbon heating systems that are commissioned from 1 April onwards will be eligible for support under the BUS. Applications for grants open from 23 May.

Regarding green energy, the Government's Net Zero Strategy reaffirmed our ambitious target to deliver 40GW of offshore wind capacity by 2030, including 1GW of floating offshore wind, alongside the expansion of other low-cost renewable technologies such as solar and onshore wind. This step change in renewable deployment will be achieved primarily by providing ongoing support through the UK's flagship renewable support scheme, the Contracts for Difference (CfD) scheme.

The UK is already making great progress in delivering renewable electricity generation necessary to meet our decarbonisation targets. In 2020, renewable electricity generation accounted for 43% of total electricity generation, up from 7% in 2010, setting a record and exceeding generation from fossil fuels for the first time. The fourth allocation round of the CfD scheme (AR4) opened on 13 December 2021. £285 million a year will be provided to businesses in AR4, which aims to secure more low-carbon electricity capacity than the previous three rounds combined. The additional offshore wind capacity resulting from the funding alone could power around 8 million homes. In February we also announced that the next CfD allocation round will be brought forward to March 2023, and future rounds will run annually, rather than every two years, thereafter. This will support renewable electricity producers and further drive deployment of renewable power.

Thank you for taking the time to write. I hope you and your constituents find this information helpful.

Yours ever

A handwritten signature in blue ink, appearing to read 'GH', with a long horizontal flourish extending to the right.

**THE RT HON GREG HANDS MP**  
Minister of State for Energy, Clean Growth and Climate Change