



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Sir George Howarth MP
House of Commons
London
SW1A 0AA

19 January 2024

Dear Sir George,

Thank you for your email of 11 December to the Chancellor of the Exchequer enclosing correspondence from your constituents, about introducing an Emergency Energy Tariff. I am replying as the Minister responsible for this policy area and I am sorry for the delay.

Throughout the energy crisis, the Government has provided unprecedented support for consumers, including paying nearly half of households' energy bills last winter, saving them almost £1,500 on average since October 2022. This is in addition to Cost of Living payments in 2023/24 worth up to £300 for pensioners, £150 for individuals on disability benefits and £900 for those on means-tested benefits. Taken together, support to households to help with the high cost of living is worth £104 billion over 2022 to 2025 - or £3,700 per UK household on average.

The Government also provides targeted support for those struggling with energy costs, for example through schemes such as the Warm Home Discount (WHD) and the Winter Fuel and Cold Weather payments. Since 2011, the Warm Home Discount has provided over £3.5 billion in direct support to low-income and vulnerable households. As part of recent reforms, the Government has expanded the WHD scheme, extended it to 2025/26 and increased rebates to £150. The Government has also reformed the scheme in England and Wales to provide more rebates automatically and to better target households in fuel poverty. Under the existing scheme, energy suppliers can also fund additional support through Industry Initiatives, which can include debt assistance. The Government expects that over 3 million households will receive rebates this coming winter. The Department for Energy Security and Net Zero will also look at options, including making WHD more flexible, to provide greater ability to respond to any future pressure on consumer bills.

In addition to this financial support, the Government continues to work alongside Ofgem to ensure that vulnerable consumers, including those in debt, are protected within the retail energy market. We will continue to monitor the situation and role of these protections alongside DESNZ and Ofgem.

At Autumn Statement 23, the Chancellor announced a National Living Wage increase benefiting over 2.7 million low paid workers and a cut to National Insurance contributions for 29 million working people.

In addition, the Government announced that it is raising Local Housing Allowance rates to the 30th percentile of local market rents, uprating benefits significantly above inflation by 6.7 per cent in 2024/25, and supporting pensioner incomes by maintaining the triple lock.

The Government continues to support households through several retrofit schemes which improve household energy efficiency and help to bring down bills for consumers:

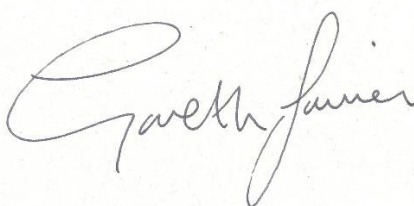
- The Social Housing Decarbonisation Fund (SHDF) has already provided social housing landlords with over £1 billion to install energy efficiency measures and low carbon heating in social homes. In addition, a new SHDF Wave 2.2 competition will allocate up to £80 million of grant funding from April 2024.
- The Home Upgrade Grant (HUG) awards funding to local authorities to provide energy efficiency measures and low-carbon heating to low-income households living in the worst-performing, off-gas-grid homes. The second phase of HUG has made £630 million of grant funding available to successful local authorities.
- The Boiler Upgrade Scheme has been extended to 2028 and now provides grants of £7,500 to support households to decarbonise their homes by replacing fossil fuel heating systems with a heat pump.
- The Heat Network Efficiency Scheme provides funding to support improvements to existing district heating or communal heating projects, with £32 million across this year and next year.

In addition to the £6.6 billion committed this parliament, in December the Government set out in more detail how a further £6 billion of funding will be made available from 2025 to 2028 for improving energy efficiency and decarbonising buildings, including the continuation of the schemes outlined above. Further support for households is available via obligations on energy retail suppliers to provide households with energy efficiency upgrades, collectively expected to upgrade 750,000 homes by 2026.

The Government is also committed to achieving fully decarbonised electricity by 2035, subject to security of supply. Low-cost renewables will be central to our goal. At Autumn Statement 2023, the Chancellor announced several measures that will provide support to the renewable energy sector, recognising its role as both a priority growth sector and essential to our security and net zero ambitions. This includes the Green Industries Growth Accelerator which will deliver £960 million of funding to support investment in UK clean energy manufacturing capabilities. These measures will sit alongside the full range of long-term energy deployment support set out in Powering Up Britain. These include the Contract for Difference scheme, for which the parameters for the 2024 auction round were announced in November, including a significant uplift in administrative strike prices.

Please pass on my thanks to your constituents for taking the time to make us aware of your concerns. I hope this information is helpful.

Yours sincerely,



Gareth Davies MP
EXCHEQUER SECRETARY TO THE TREASURY