# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **OFGEM’s price cap on domestic energy bills** |
| **DATE** | **03 February 2022** |
| **BY** | **Jane Hutt MS, Minister for Social Justice** |

Today, the energy regulator OFGEM, has confirmed it will be increasing the domestic energy tariff cap by 54% from 1 April.

This will have the effect of increasing a typical household’s dual fuel energy bill to almost £2,000 a year. This is a very worrying time for people.

Energy bills have been fuelling the cost-of-living crisis we are all currently experiencing. There are few signs of this crisis easing.

The energy price cap, which was raised in October, has helped to shield households from some of the worst of the cost increases in the domestic electricity and gas market over the winter months, which has seen a large number of suppliers fall into administration.

But it has not been enough to protect households, particularly low-income households, from ever-increasing energy costs. National Energy Action has calculated some 22,500 more households in Wales have been pushed into fuel poverty by the October increase.

This further rise in the price cap by OFGEM in April risks pushing tens of thousands more families into fuel poverty.

The UK Government’s immediate solution appears to be to load even more costs onto consumers’ bills. Its energy bills rebate will provide a £200 discount to electricity bills only from October, which will then be automatically recovered from people’s bills in £40 instalments over the next five years.

It has also announced a £150 council tax rebate for homes in bands A to D in England from April. Wales will receive a funding consequential as a result of this announcement. We are considering how to target this support at those who need it most. A further announcement will be made in due course.

We are doing everything we can to support people in Wales with the cost-of-living crisis and rising energy bills, including doubling the Winter Fuel Support Payment to £200 and making increasing investment in our Discretionary Assistance Fund to help people who need urgent and emergency support.

It is time the UK Government acted to support households and to address the turmoil in the domestic energy markets.

The Minister for Climate Change and I have written jointly to the Secretary of State for Business, Energy and Industrial Strategy, setting out a series of actions the UK Government could take to support households with their energy bills:

* Remove the social policy costs imposed on household energy bills and move them to general taxation. These are a regressive and unfair tax;
* Introduce a differentiated domestic energy tariff cap or social energy tariff targeted to better support lower income households;
* Provide further and increased support through the Warm Home Discount and other winter fuel payment schemes;
* Expand the ability of suppliers to write off household energy debt and introduce a match-funding element to the scheme, with the costs met by the UK Government;
* Increase Local Housing Allowance rates.

Unfortunately, we have not had a response to our letter of almost a month ago.

We also support calls for a windfall tax on North Sea oil and gas producers as a means of measures to helping people through this cost-of-living crisis.

The cost-of-energy crisis and the wider cost-of-living crisis extends beyond any action the Welsh Government can take alone. We have expressed our concern to the UK Government and will continue to do so.

Urgent action is needed to relieve bill payers from these very high energy prices.