

MoneySavingExpert

The Rt Hon Jeremy Hunt MP

Chancellor of the Exchequer

HM Treasury

1 Horse Guards Road

London SW1A 2HQ

CC: The Rt Hon Grant Shapps MP

Thursday 9 February 2023

Dear Chancellor,

In your November Autumn Statement, you announced a 20% increase of the energy price guarantee (EPG) – the state-subsidised energy rate – from April. This will increase energy bills yet again for almost every home across England, Scotland and Wales. This comes at the same time that the £400 energy bills support scheme comes to an end.

Yet things have changed since then, and I would ask you to urgently consider postponing that increase. This cannot wait until the Budget – in practice, energy firms will need to know much sooner if the planned rise isn't happening on 1 April, or they are bound to have to communicate to customers that it is coming.

This decision to increase prices was made at a time when wholesale rates were looking to be far higher than they are now. In fact, on current predictions the EPG subsidy may well only be needed from April to July. After that, the underlying price cap currently looks like it may be cheaper than even the current EPG rate of £2,500 a year for a typical household.

This means the provisioned Government expenditure on the energy subsidy will be billions less than expected when the plans were made, giving significant headroom to enable a postponement. Plus, maintaining a lower EPG will also help reduce inflation.

While the EPG isn't perfect, as it's not targeted, it is the method the Government currently uses to support people. Postponing the increase is a practical and fair decision, with household energy bills already double what they were the prior winter. Crucially, the damage to people's pockets and mental health of another round of energy price rise letters is disproportionate.

Without intervention, and soon, the charity National Energy Action predicts that the number of fuel-poor households will rise drastically, from an already-shocking 6.7 million to 8.4 million from April – approaching double the 4.5 million households in this position in October 2021.¹ That is a frightening statistic.

There is widespread support for this move, which the likes of Citizens Advice, Fair By Design, National Energy Action, and StepChange agree with. I trust you'll consider this change, and I look forward to receiving your response.

Yours faithfully,

Martin Lewis
Founder and Chair, MoneySavingExpert.com

ⁱ National Energy Action, UK Fuel Poverty Monitor 2021-2022, 17 January 2023.
<https://www.nea.org.uk/publications/uk-fuel-poverty-monitor-2021-22/>