



Statement regarding draft Bill for an energy price cap by the Department for Business, Energy and Industrial Strategy

12 October 2017, 07:00am

The Department for Business, Energy and Industrial Strategy will publish later this morning for pre-legislative scrutiny a draft Bill to cap energy prices. The cap would apply to households in England, Wales and Scotland on Standard Variable Tariffs and other default tariffs.

The Bill would require Ofgem to consult and impose the cap as soon as practicable after the legislation is passed. It will be an absolute cap, and in setting it Ofgem must have regard to the need to: protect customers, create incentives for suppliers to improve efficiency, enable effective competition for domestic supply contracts, maintain incentives for customers to switch and ensure efficient suppliers are able to finance their activities.

The cap would be a temporary measure, having effect initially until the end of 2020. The need for it would be kept under review, and extensions could be made, on the advice of Ofgem, up to the end of 2023 at the latest.