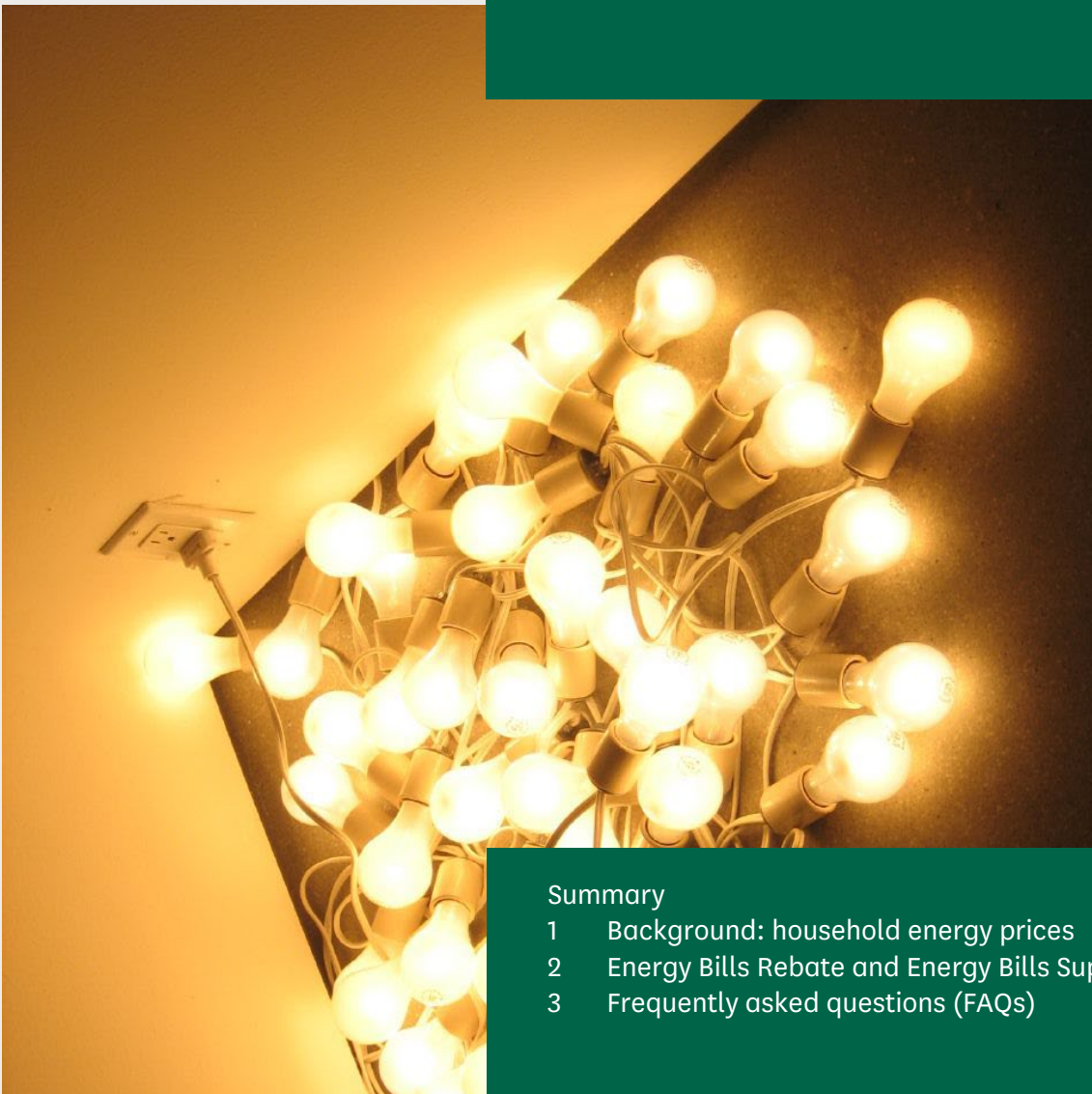


Research Briefing

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9 August 2022

Energy Bills Support Scheme: Government policy and FAQs



Summary

- 1 Background: household energy prices
- 2 Energy Bills Rebate and Energy Bills Support Scheme (EBSS)
- 3 Frequently asked questions (FAQs)

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Summary

January 2023 update

Since this briefing's publication the Government has updated its guidance on the **Energy Bills Support Scheme (EBSS)** and the **Energy Bills Support Scheme Alternative Fund**, which provide a one-off £400 payment to households to help with bills over winter 2022-23.

For updated information on these schemes, see section 2 of the Library briefing [Constituency casework: Government support for energy bills](#). The briefing also covers new energy bill support schemes introduced in autumn/winter 2022-23, including:

- **Energy Price Guarantee (EPG)**: a cap on domestic electricity and gas prices over the period 1 October 2022 to 31 March 2024
- **Energy Bill Relief Scheme (EBRS)** including the **ERBS for non-standard customers**: a discount on non-domestic electricity and gas prices over the period 1 October 2022 to 31 March 2023
- **Energy Bill Discount Scheme (EBDS)**: a discount on non-domestic electricity and gas prices over the period 1 April 2023 to 31 March 2024
- **Pass-through requirements for the EBSS, EPG and EBRS**, including specific pass-through requirements for heat networks: these require third party intermediaries to pass on benefits to end users
- **Alternative Fuel Payments**, including the **Alternative Fuel Payments Alternative Fund**: a one-off payment for households (£200) and non-domestic customers (at least £150) who are not on the mains gas grid and use an alternative fuel (such as heating oil) for heating.

The remainder of this briefing paper has not been updated since it was originally published, in August 2022.

The price of energy has increased significantly in the UK and globally since summer 2021. There is widespread concern about the how this will affect domestic and commercial energy consumers.

This briefing summarises the Government support package that was first announced [following the announcement of a 54% rise in the cap](#) on gas and electricity in February, and which has since been updated (in May and July), as well as the reaction to the package. It also answers frequently asked questions about support with energy bills.

Household energy prices

Wholesale energy prices increased rapidly in the second half of 2021. Many consumers were protected, at least initially, by the energy price cap. However, the price cap increased by 54% in April 2022. There were further large jumps in wholesale prices after Russia invaded Ukraine.

Many observers predict that the energy price cap (also known as the Default Tariff Cap) will increase substantially in October 2022. In May the chief executive of Ofgem said it could rise by 40% to around £2,800 in October. Since then forecasts have increased and the latest from [Cornwall Insight](#) is around £3,580 or 80% above the current cap, with further rises forecast in 2023.

Ofgem is currently expected to announce the next price cap level on 26 August 2022.

The Energy Bills Rebate

The Chancellor of the Exchequer first announced an [Energy Bills Rebate support package to help households with rising energy bills](#) on 3 February 2022, in response to the increase to the Default Tariff Cap.

The original Energy Bills Rebate comprised an **Energy Bills Discount** and a **Council Tax Rebate**. The Chancellor announced an expansion of the Warm Homes Discount Scheme at the same time.

He said the Energy Bills Discount would be given to all domestic electricity customers in Great Britain as “[an up-front discount on their bills worth £200](#)” in autumn 2022. (Energy policy is almost entirely devolved in Northern Ireland). At the time, the Government proposed customers would pay the money back through bills in later years.

A Government factsheet provided [more information on the council tax rebate](#). The main points included:

- A £150 non-repayable council tax rebate for all households that are liable for council tax in bands A to D in England. This is expected to benefit 80% of homes in England. It was paid directly by local authorities from April 2022.
- Local authorities will be given £144 million of discretionary funding to support people needing help with energy bills who are not eligible for the council tax rebate.
- The devolved administration will receive around £715 million to provide comparable support to the council tax rebate, where the UK Government support didn't cover Scotland, Wales or Northern Ireland.

Rebate becomes the Energy Bills Support Scheme (EBSS)

On 1 April 2022, the Government published an [explainer of the Energy Bills Discount, renaming it the Energy Bills Support Scheme \(EBSS\)](#).

The Chancellor announced a further [Cost of Living support package](#) on 26 May 2022 to help households cope with high inflation. As part of this, he said the EBSS would be doubled to **£400** and would now be provided as a **non-repayable grant**.

An HM Treasury [factsheet on the cost of living support package](#) and a Department for Business Energy and Industrial Strategy (BEIS) [Energy Bills Support Scheme explainer](#) set out the details of the EBSS as amended. Key points include:

- All households with a domestic electricity connection (and/or a domestic electricity meter) will receive a £400 non-repayable grant as a credit from their energy supplier in Autumn 2022. These households will be automatically eligible for the grant and do not need to apply for it.
- The grant will be paid to households over six months from October 2022. Direct debit and credit customers will receive it as credit to their account. Customers on prepayment meters will have the money applied to their meter or paid via a voucher.
- The grant will apply directly to households in Great Britain. The Government will fund the Northern Ireland Executive “to provide comparable support with around £150 million through the Barnett formula in financial year 2022 to 2023”.
- The grant is additional to the £150 council tax rebate announced on 3 February.
- The Government held a consultation on [proposals for the EBSS](#) from 11 April to 23 May 2022. The Government response was published on 29 July 2022.

EBSS consultation and policy design

The Government held a [consultation on technical proposals for the EBSS](#) from 11 April to 23 May 2022. It published its [consultation response](#) on 29 July 2022, setting out its final policy decisions for delivery of the EBSS.

A [press release](#) and an [update to the EBSS explainer](#) summarised the new announcements, including:

- The £400 discount will be administered by energy suppliers and paid to consumers monthly, in six instalments, from October 2022.

- The payment of the discount in instalments (rather than all at once) will ensure that people whose housing circumstances change in the six month period (for example those leaving or moving home) can still benefit from the relevant portion of the total £400 discount.
- Suppliers will be required to provide each eligible domestic electricity customer they serve on the Qualifying Date (first day of each EBSS delivery month) with either £66 or £67 a month during each month that they are eligible for EBSS.

The documents also set out how customers will receive their discount:

- Customers with a domestic electricity meter point who pay for their energy via standard credit, payment card and direct debit will receive automatic deductions or credits to their bills each month over the six month period.
- Smart prepayment meter customers will see the discount credited directly to their smart prepayment meters each month.
- Traditional prepayment meter customers will be provided with discount vouchers each month, issued via SMS text, email or post, using the customer's registered contact details. These customers will need to take action to redeem these at their usual top-up point, such as their nearest local PayPoint or Post Office branch.

The [consultation response](#) reconfirmed that the Energy Bills Support Scheme will apply to consumers in England, Scotland and Wales. It said the Government is “working urgently to ensure that the people of Northern Ireland receive the equivalent support as soon as possible”.

The response also provided detailed information on the scheme's eligibility, grant design, compliance, enforcement and sanctions, and managing the costs of implementing the scheme.

Alongside the response, the BEIS published a draft Secretary of State Direction to suppliers. A final version will be issued ahead of the scheme's launch.

Further reading

The Library briefings [Domestic energy prices](#) and [Energy bills and tariff caps](#) (August 2021) provide more information on the background to rising energy prices and the energy price cap.

The Library briefing [Increasing cost of living](#) has links to the Library's wider publications on the rising cost of living in the UK, including cause of inflation, the effect on households, and Government support.

1 Background: household energy prices

Wholesale energy prices increased rapidly in the second half of 2021. Many consumers were protected, at least initially, by the [energy price cap](#) (also known as the [default tariff cap](#)). However, the price cap increased by 54% in April 2022.¹ There were further large jumps in wholesale prices after Russia invaded Ukraine.²

The monthly increases in both gas and electricity prices were by far the largest ever on a series going back to 1988. The annual increases to April 2022 were also the largest ever record on a series going back to 1970.³

Many observers predict that the energy price cap will increase substantially in October 2022. In May the chief executive of Ofgem said it could rise by 40% to around £2,800 in October.⁴ Fixed price deals launched in June averaged almost £3,100.

Since then forecasts have increased and the latest from [Cornwall Insight](#) is around £3,580 or 80% above the current cap. They also forecast further increases to £4,270 in the first quarter of 2023 and £4,430 in the second quarter of 2022.

Cornwall Insight said the increase in its estimates was due to rising wholesale prices and changes to the energy price cap calculation methodology, announced by Ofgem on 4 August.⁵ The changes include moving from six-monthly to quarterly price cap updates, and shortening the notice period between the announcement of a new cap rate and its implementation.⁶

Following the announcement on 4 August, Ofgem is currently expected to announce the next price cap level on 26 August 2022.⁷

¹ Ofgem, [Price cap to increase by £693 from April](#), 3 February 2022

² See Library briefing on [Domestic energy prices](#), p24

³ See Library briefing on [Domestic energy prices](#), p13

⁴ The Guardian, [Energy bills likely to rise by £800 in October, says Ofgem chief](#), 24 May 2022

⁵ Cornwall Insight, [Price cap forecasts for January rise to over £4,200 as wholesale prices surge again and Ofgem revises cap methodology](#), 9 August 2022

⁶ Ofgem, [Ofgem confirms changes to the price cap methodology and frequency ahead of new rate to be announced later this month](#), 4 August 2022

⁷ Ofgem, [Default Tariff Cap](#), accessed 8 August 2022

The price increases that consumers have already faced have led to concerns about the impact on vulnerable households, particularly those in fuel poverty, who might not be able to heat their homes properly.⁸

The Library briefings [Domestic energy prices](#), [Fuel poverty in the UK](#), and [Energy bills and tariff caps](#) (August 2021) have more information on household energy prices, the impact of rising prices on fuel poverty, and the energy price cap. The briefing on the energy price cap will be updated as soon as possible following Ofgem's announcement on 26 August.

⁸ NEA, [Energy crisis](#), accessed 9 August 2022; Fuel Poverty Coalition, [Leading charities urge PM-hopefuls to end fuel poverty](#), 14 July 2022. The Library briefing [Fuel poverty in the UK](#) has more information on the impact of rising energy prices on fuel poverty.

2

Energy Bills Rebate and Energy Bills Support Scheme (EBSS)

The then Chancellor of the Exchequer first announced an [Energy Bills Rebate support package to help households with rising energy bills](#) on 3 February 2022, in response to Ofgem’s decision to increase the Default Tariff Cap.⁹

The original support package comprised an Energy Bills Discount and a Council Tax Rebate. The Energy Bills Discount would be given to all domestic electricity customers in Great Britain as “an upfront discount on their bills worth £200” in autumn 2022,¹⁰ which at the time was proposed to be recovered from bills in later years. See section 2.1 for details.

On 1 April 2022 the Government published an [explainer of the Energy Bills Discount, which renamed this as the Energy Bills Support Scheme \(EBSS\)](#).¹¹

The Chancellor announced a further [Cost of Living support package](#) on 26 May 2022 to help households cope with high inflation.¹² As part of this, he said the Energy Bills Support Scheme would be doubled to £400, and that it would now be provided as a non-repayable grant.¹³ See section 2.2 for details.

The Government published its [final policy decisions for delivery of the EBSS](#) on 29 July 2022, in response to its [consultation on technical proposals for the scheme](#). It confirmed the £400 discount will be paid to households in six instalments over a six month period, starting from October 2022. It also set out how customers who pay for their energy in different ways (for example by direct debit or prepayment meter) will receive the instalments.

The following sections provides more information on Energy Bills Rebate as originally announced, as well as the amended EBSS.

⁹ [HC Deb 3 February 2022 c471-473](#)

¹⁰ [HC Deb 3 February 2022 c472](#)

¹¹ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 1 April 2022, accessed 7 April 2022

¹² [HC Deb 26 May 2022 c449-453](#)

¹³ [HC Deb 26 May 2022 c452-453](#)

2.1

Energy Bills Rebate

When announced in February 2022, the Energy Bills Rebate was expected to be worth £9.1 billion in 2022/23.¹⁴ It included:

Energy Bill Discount Scheme (now superseded)¹⁵

- All domestic electricity customers in Great Britain would receive “an upfront discount on their bills worth £200” this autumn.¹⁶ It was not clear from the Government’s statements whether it would be possible to opt out of the discount.
- The £200 would be recovered from bills in £40 instalments each year for five years, starting in the financial year 2023/2024. It was expected to be added to the standing charge on bills.
- The Department for Business, Energy and Industrial Strategy would set out more detail on the Energy Bill Discount Scheme in a consultation spring 2022.

Council Tax Rebate¹⁷

- A £150 non-repayable council tax rebate for all households that were liable for council tax in bands A to D in England.¹⁸ This was expected to benefit 80% of homes in England. The rebate would be made directly by local authorities from April.
- Local authorities would be given £144 million of discretionary funding to support those who need help with energy bills but who were not eligible for the council tax rebate.
- To provide comparable support where the UK Government support doesn’t cover Scotland, Wales or Northern Ireland, the devolved administrations would receive around £715 million funding through the [Barnett formula](#).¹⁹

Regarding the energy bill discount, the then Chancellor said it was “not sustainable to keep holding the price of energy artificially low”,²⁰ but the Government could “take the sting out of a significant price shock for millions

¹⁴ HM Treasury (HMT), [Government support for energy bills and the cost of living – factsheets](#), GOV.UK, 3 February 2022, accessed 10 February 2022

¹⁵ HMT, [Millions to receive £350 boost to help with rising energy costs](#), GOV.UK, 3 February 2022; HMT, [Government support for energy bills and the cost of living – factsheets](#), GOV.UK, 3 February 2022, accessed 10 February 2022

¹⁶ HMT, [Millions to receive £350 boost to help with rising energy costs](#), GOV.UK, 3 February 2022

¹⁷ HMT, [Millions to receive £350 boost to help with rising energy costs](#), GOV.UK, 3 February 2022; HMT, [Government support for energy bills and the cost of living – factsheets](#), GOV.UK, 3 February 2022, accessed 10 February 2022

¹⁸ You can check the council tax band for a home in England or Wales on the Government’s webpage [Check your Council Tax band](#) [accessed 9 February 2022].

¹⁹ HMT, [Government support for energy bills and the cost of living – factsheets](#), GOV.UK, 3 February 2022, accessed 10 February 2022

²⁰ [HC Deb 3 February 2022 c471](#)

of families by making sure the increase in prices is smaller initially and spread over a longer period”.²¹

The Chancellor also said the council tax rebate was intended to provide extra support to “those who need it most”:

We are deliberately not just giving support to people on benefits. Lots of people on middle incomes are struggling right now too, so we have decided to provide the council tax rebate to households in bands A to D. This means that about 80% of all homes in England will benefit.²²

In response to Opposition calls to introduce a VAT cut on energy, the Chancellor said that would “disproportionately benefit wealthier households”:

There would be no guarantee that suppliers would pass on the discounts to all customers, and we should be honest with ourselves: this would become a permanent Government subsidy on everyone’s bills [...] worth £2.5 billion every year, at a time when we are trying to rebuild the public finances.²³

The Government’s [press release](#)²⁴ and [factsheet](#)²⁵ on the energy bills rebate provided more information on the energy bills discount and the council tax rebate as originally announced.

Warm Home Discount Scheme expanded

The [Warm Home Discount Scheme](#) (WHD) is a set annual rebate for the electricity bills of eligible customers. Energy suppliers with more than 250,000 domestic customers, plus other suppliers who elect to take part, offer the discount, and recoup the costs from the energy bills of all their customers.

In its press release on the energy bills rebate, the Government confirmed it would expand [eligibility conditions for the WHD to cover around 3 million vulnerable households](#).²⁶ The [energy bill rebate factsheet \(PDF\)](#) listed potential beneficiaries as those receiving Pension Credit, Guarantee Credit, and some working age benefits.²⁷

The Government also confirmed the value of the Warm Home Discount would increase to £150 per year (from the current level of £140), from October 2022.

²¹ [HC Deb 3 February 2022 c472](#)

²² [HC Deb 3 February 2022 c472](#)

²³ [HC Deb 3 February 2022 c472-473](#)

²⁴ HMT, [Millions to receive £350 boost to help with rising energy costs](#), GOV.UK, 3 February 2022

²⁵ HMT, [Government support for energy bills and the cost of living – factsheets](#), GOV.UK, 3 February 2022, accessed 10 February 2022

²⁶ HMT, [Millions to receive £350 boost to help with rising energy costs](#), GOV.UK, 3 February 2022

²⁷ HMT, [Government support for energy bills and the cost of living – factsheets](#), GOV.UK, 3 February 2022, accessed 10 February 2022

These announcements appeared to confirm proposals set out in a summer 2021 [consultation on future changes to the Warm Home Discount](#).²⁸ The consultation proposals included increasing the value of the WHD and expanding its eligibility criteria.

The [Government published its consultation response](#) (PDF) on 1 April 2022.²⁹ It confirmed it would proceed with the extension and expansion of the scheme, including the increase to £150 per year. Regarding eligibility, it said it would maintain the current Core Group 1 (which provide rebates to around one million low-income pensioners) and establish a new Core Group 2 (to provide the rebate to around 1.9 million households on low incomes and with high energy costs).³⁰

Reaction to the announcements

Some commentators welcomed the Government's decision in February 2022 to implement short-term measures (see for example, [Energy UK](#), [the Sun](#)), but overall the package attracted widespread criticism.³¹

Consumer groups and analysts said the package did not effectively target the households most in need of support:

[Citizen's Advice](#) said the package was “strange, complicated and untargeted”. It said the Government should use the benefits system, rather than council tax, to give targeted support to those in need.³²

The [Institute for Fiscal Studies \(IFS\)](#) welcomed the Government providing short term relief, but said over 40% of those who received the council tax rebate would be in the top half of earners, and that poorer families who live in band E-H properties would miss out. It said the Energy Bill Rebate was “delaying the pain” because energy prices may still be high when repayments started in 2023 and many would likely struggle to pay.³³

The IFS also noted that with regional differences in housing costs and Council Tax bands based on 1991 valuations, the rebate would disproportionately

²⁸ BEIS, [Warm Home Discount: better targeted support from 2022](#), GOV.UK, 28 June 2021

²⁹ BEIS, [Warm Home Discount: The Government Response to the Warm Home Discount: Better targeted support from 2022 consultation \[PDF\]](#), GOV.UK 1 April 2022

³⁰ Ofgem's webpage [FAQs for the Warm Home Discount scheme](#) explains eligibility for the two core groups – click to view the response to the question “Am I eligible for the Warm Home Discount rebate?”.

³¹ Energy UK, [Energy UK responds to Ofgem's Price cap announcement](#), 3 February 2022; The Sun, [The Sun Says: Rishi Sunak's Black Thursday bills bailout is a crafty sleight-of-hand](#), 3 February 2022

³² Citizens Advice, [Support on energy bills is “strange, complicated and untargeted”, says Citizens Advice](#), 3 February 2022

³³ Institute for Fiscal Studies, [The cost of living: IFS responds to cost of living support and outlook for living standards](#) [accessed 10 February 2022]

benefit households in the north of England, and the average incomes of beneficiaries in northern regions would be higher than in southern regions.³⁴

The [Resolution Foundation](#) said that cases of fuel stress (where energy bills exceed 10% of a household's disposable income) would double to five million in April 2022, although the Government's support measures would prevent an additional one million from falling into fuel stress. Like the IFS, it also highlighted the "strong regional skew" of the policy.³⁵

Press coverage of the announcement tended to focus on concerns about the scheme:

- The [Guardian](#) reported on concerns raised by the Joseph Rowntree Foundation and Meg Hillier MP, that landlords might choose not to pass the energy bill discount and the council tax rebate onto tenants whose rent includes bills, and landlords might in any case increase rent to reflect the rise in energy prices.³⁶
- The [Telegraph](#) reported on comments by Martin Lewis, founder of consumer advice website MoneySavingExpert, that all billpayers would have to repay the £200 energy bill rebate over the next five years, even if they did not currently pay energy bills.³⁷
- [The Daily Mail](#) and [the Sun](#) welcomed the council tax rebate, but said the Chancellor should have scrapped the increase in national insurance, as well as VAT and green levies on energy bills.³⁸ In contrast, the Financial Times said [the Government deserved credit for resisting calls to cut VAT](#) as this would have mostly benefited higher earners.³⁹

The Shadow Chancellor also criticised the support package for not targeting fuel poor families. She described the Energy Bill Discount Scheme as “buy-now-pay-later scheme that loads up prices for tomorrow”.⁴⁰

On 8 February, the BEIS Committee took oral evidence on the default tariff cap as part of its [Energy pricing and the future of the Energy Market](#) inquiry.⁴¹ Covering the session, the Belfast Telegraph reported:

³⁴ Institute for Fiscal Studies, [The cost of living: IFS responds to cost of living support and outlook for living standards](#) [accessed 10 February 2022]

³⁵ Resolution Foundation, [The price is right? The April 2022 energy price rise and the Government's response](#), 4 February 2022

³⁶ The Guardian, [Thousands of tenants in England could miss out on council tax cut](#), 6 February 2022

³⁷ The Telegraph, [All households to foot bill for energy rebate - even if they don't receive it](#), 4 February 2022 [accessed via [Nexis News](#)]

³⁸ Daily Mail, [Daily Mail comment: Self-inflicted misery of our energy insanity](#), 4 February 2022; The Sun, [The Sun Says: Rishi Sunak's Black Thursday bills bailout is a crafty sleight-of-hand](#), 3 February 2022

³⁹ Financial Times, [UK cost of living crisis merits a full response](#), 3 February 2022

⁴⁰ [HC Deb 3 February 2022 c473](#)

⁴¹ BEIS Committee, [Formal meeting \(oral evidence session\): Energy pricing and the future of the Energy Market](#), UK Parliament Committees, 8 February 2022

The energy regulator Ofgem failed to ensure that companies were not likely to go bust before a massive series of collapses that will cost households around £200 million, its boss has warned.

Jonathan Brearley [Chief Executive, Ofgem] also said that fewer customers will hunt for better deals in the future and said that as things stand bills could rise again in October.⁴²

2.2 The Energy Bills Support Scheme (EBSS)

The Government renamed the Energy Bills Discount as the Energy Bills Support Scheme (EBSS) in [an explainer published on 1 April 2022](#).⁴³

On 26 May, the [Government announced it would double support for households under the EBSS from £200 to £400](#), now as a non-repayable grant.⁴⁴ It said the cost of these additional payments, including the conversion of the previous loan to a grant, was expected to be £6 billion.⁴⁵

The Government also announced a [Cost of Living support package](#) to help households with the increased cost of living on 26 May 2022. It is expected to be worth £15 billion.⁴⁶

An HM Treasury [factsheet on the Cost of Living support package](#)⁴⁷ and a BEIS [EBSS explainer](#)⁴⁸ set out the details of the renamed EBSS. Key points included:

- All households with a domestic electricity connection (and/or a domestic electricity meter) will receive a **£400 non-repayable grant** as a credit from their energy supplier this autumn.⁴⁹
- The grant will be paid to households **over six months** from October 2022. Direct debit and credit customers will receive it as credit to their account. Customers on prepayment meters will have the money applied to their meter or paid via a voucher.⁵⁰
- The grant will apply directly to households in Great Britain. The Government will fund the Northern Ireland Executive “to provide comparable support” with around £150 million in the 2022/23 financial year.⁵¹

⁴² Belfast Telegraph, [Ofgem ‘should have acted differently’ to ensure companies did not collapse](#), 8 February 2022

⁴³ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 1 April 2022, accessed 7 April 2022

⁴⁴ [HC Deb 26 May 2022 c453](#)

⁴⁵ HMT, [Millions of most vulnerable households will receive £1,200 of help with cost of living](#), GOV.UK, 26 May 2022

⁴⁶ HMT, [Cost of living support factsheet: 26 May 2022](#), GOV.UK, 15 June 2022

⁴⁷ HMT, [Cost of living support factsheet: 26 May 2022](#), GOV.UK, 15 June 2022

⁴⁸ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 1 April 2022, accessed 1 July 2022

⁴⁹ HMT, [Cost of living support factsheet: 26 May 2022](#), GOV.UK, 15 June 2022

⁵⁰ HMT, [Cost of living support factsheet: 26 May 2022](#), GOV.UK, 15 June 2022

⁵¹ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 1 April 2022, accessed 1 July 2022. This will be done using the Barnett formula.

- The grant is additional to the £150 Council Tax rebate announced on 3 February (see section 2.1, p11).⁵²
- The Government would hold a consultation on [Technical proposals for the EBSS](#) from 11 April to 23 May 2022.

In his statement on 26 May, [the then Chancellor said he was increasing the Energy Support Scheme and switching it to a non-repayable grant](#), because “the outlook for energy ha[d] changed” since the Energy Bills Rebate was announced in February. He also said he had “heard people’s concerns about the impact of these [originally proposed] repayments on future bills”.⁵³ He said, “all households will benefit from £400 of universal support for energy bills, with not a penny to repay”.⁵⁴

He continued to explain that combined, the Government’s new and previously announced cost of living support measures would total £1,200 for the most vulnerable households, roughly equivalent to the rise in the energy price cap expected in October 2022:

The House will have noted the news from Ofgem earlier this week that it expects the energy price cap to rise to £2,800 in October. That implies an average increase in people’s bills this year of just under £1,200, which is the same amount as our policies will provide for the most vulnerable people this year.⁵⁵

The Energy Profits Levy and Cost of Living package

The Cost of Living support package contains a range of broader measures but [in his statement, the Chancellor linked two to energy](#):

- a one-off payment for pensioners in receipt of the [Winter Fuel Payment](#)⁵⁶ who may be “disproportionately impacted by higher energy costs”
- a one-off payment for disabled people, who “may have energy-intensive equipment around their home or workplace”.⁵⁷

The Library briefing, [Rising cost of living in the UK](#), has more information on the Cost of Living support package.

The Cost of Living support measures will be paid for in part by [a new ‘Energy Profits Levy’](#). The Levy is a temporary tax on the profits of oil and gas firms operating in the UK and the UK Continental Shelf at 25%, increasing the headline rate of tax on these companies’ profits from 40% to 65%. The levy

⁵² HMT, [Cost of living support factsheet: 26 May 2022](#), GOV.UK, 15 June 2022

⁵³ [HC Deb 26 May 2022 c453](#)

⁵⁴ [HC Deb 26 May 2022 c453](#)

⁵⁵ [HC Deb 26 May 2022 c453](#)

⁵⁶ The [Winter Fuel Payment](#) is a tax-free annual payment to help older people meet the cost of their winter fuel bills.

⁵⁷ [HC Deb 26 May 2022 c452](#)

has been in place on 26 May 2022, when it was announced. The Government expects it to raise £5 billion in its first year.⁵⁸

At the same time, the Government also announced a new 80% Investment Allowance to encourage businesses to invest in oil and gas extraction in the UK.⁵⁹ The Library briefing on the [Taxation of North Sea oil and gas](#) has more information on the Energy Profits Levy and the 80% Investment Allowance.

The Energy Profits Levy was legislated for by the Energy (Oil and Gas) Profits Levy Act 2022, which received Royal Assent on 14 July 2022. The Library published a [briefing on the Energy \(Oil and Gas\) Profits Levy Bill](#) on 6 July 2022. The House of Lords Library also published an [In Focus article on the bill](#), on 7 July.

Reaction to the changes

Stakeholder and media reactions to the new support measures have tended to address the Cost of Living package as a whole rather than commenting specifically on the specifics of the EBSS.

Consumer groups and analysts widely welcomed the package, although several identified areas where additional support may be required. The following summarises commentary on how the support measures link to rising energy prices.

[Citizens Advice](#) welcomed the package but noted “the design of the scheme that could lead to customers missing out on the payment”, such as customers on prepayment meters, those in arrears, and tenants who pay for energy through their rent.⁶⁰

The [Resolution Foundation](#) also welcomed the package’s targeted support for those with higher energy bills but noted it lacked support for larger families.⁶¹

The [Institute for Fiscal Studies](#) (IFS) said “on average the poorest households will now be approximately compensated for the rising cost of living this year”, but warned the Government might come under pressure to continue its additional household support for a further year. It said extending fuel duty relief, energy bills support and measures in the Cost of Living package could increase borrowing by £26 billion in 2023-24.⁶²

Fuel poverty charity National Energy Action (NEA) said further support would be needed to manage high energy prices in the longer term. It said the

⁵⁸ HMT, [Cost of living support factsheet: 26 May 2022](#), GOV.UK, 15 June 2022

⁵⁹ HMT, [Cost of living support factsheet: 26 May 2022](#), GOV.UK, 15 June 2022

⁶⁰ Citizens Advice, [Citizens Advice response to BEIS’ letter on changes to the Energy Bills Support Scheme](#), 22 June 2022; Citizens Advice, [One in eight renters at risk of missing out on vital support with energy bills](#), 10 June 2022

⁶¹ Resolution Foundation, [Chancellor almost doubles cost-of-living support with two-thirds of fresh cash going to the poorest half of households](#), 26 May 2022

⁶² Institute for Fiscal Studies, [IFS response to government cost of living support package](#), 26 May 2022

Government should introduce a social tariff to set “an affordable price of energy for the poorest households”, and improve the energy efficiency of fuel-poor homes to increase their resilience to price shocks.⁶³

Press coverage for the Cost of Living package’s energy provisions mostly focussed on the Energy Profits Levy and the Investment Allowance, and the impact on energy firms.⁶⁴ Some articles discussing the EBSS commented on eligibility conditions for the grant, or highlighted the need for further support with energy efficiency:

- An article in the Times noted owners of multiple homes will receive a £400 grant for each of their residences.⁶⁵
- Utility Week, the Guardian and the Independent reported on comments by business, environmental and fuel poverty groups that the package was lacking in support to improve the energy efficiency of households.⁶⁶ The Energy and Climate Intelligence Unit and Friends of the Earth were quoted calling the temporary support a “sticking plaster” in the absence of investment on insulation.⁶⁷

The Shadow Chancellor criticised the Government for delaying the introduction of a windfall tax, and for its earlier plans for the Energy Bill Support Scheme to be repayable. She said the delays had increased household bills by £53 million every day.⁶⁸

The BEIS Committee published its report [Energy pricing and the future of the energy market](#) on 26 July 2022. Whilst the Committee welcomed the May 2022 Cost of Living support package, it noted that since the announcement, projections for the October 2022 rise in the energy price cap had already increased by £450. The Committee recommended the Government provide a “better targeted update to its support package that aligns with the expected scale of price increases”.⁶⁹

⁶³ National Energy Action, [Chancellor’s cost of living measures “avert the darkest of outcomes”](#), 26 May 2022

⁶⁴ See for example: The Telegraph [How Sunak’s windfall tax undermines the fight to ditch foreign fossil fuels: The Government is hitting UK oil and gas producers with a shock levy just as it needs them to invest in production, says Rachel Millard](#), 27 May 2022 [accessed via [Nexis News](#)]; The Guardian, [Sunak U-turns on ‘energy profits levy’ in £15bn cost of living package](#), 26 May 2022; Financial Times, [North Sea operators warn of reduced investment and output](#), 26 May 2022; The Times, [Windfall tax wipes £4bn from energy firms](#), 28 May 2022; ENDS Report, [‘Nonsensical’: Government issues 80% tax relief on fossil fuel investments](#), 27 May 2022

⁶⁵ The Times, [Windfall tax: £1,200 off if you have three homes](#), 27 May 2022

⁶⁶ Utility Week, [Support package is welcome but lacks efficiency measures](#), 26 May 2022 [accessed via [Nexis News](#)]; The Guardian, [Sunak’s windfall tax is a ‘sticking plaster’, say climate campaigners](#), 26 May 2022; The Independent, [Insulate homes to curb soaring energy bills. Government is urged](#), 26 May 2022 [accessed via [Nexis News](#)]

⁶⁷ The Guardian, [Sunak’s windfall tax is a ‘sticking plaster’, say climate campaigners](#), 26 May 2022; The Independent, [Insulate homes to curb soaring energy bills. Government is urged](#), 26 May 2022 [accessed via [Nexis News](#)]

⁶⁸ [HC Deb 26 May 2022 c454](#)

⁶⁹ BEIS Committee, [Energy pricing and the future of the energy market](#), 26 July 2022, HC 236 2022-23, paras 169-170

The BEIS Committee also called on the Government to address the risk that some vulnerable customers may not receive the EBSS, including tenants, those using prepayment meters (who will have to redeem vouchers) and those in debt.⁷⁰

2.3 EBSS consultation and policy design

BEIS held a [consultation on technical proposals for the EBSS](#) from 11 April to 23 May 2022.⁷¹ This sought views on:

- the processes needed to provide the funding to energy suppliers, and
- the mechanisms by which the reduction will be passed on to consumers' bills.

It also sought views on the mechanism to recover the discount from energy bills over the following five years. However, as set out in section 2.2, this no longer applies as the support will now be in form of a £400 non-repayable grant.

On 29 July 2022 the Government published its [consultation response](#), setting out its final policy decisions for delivery of the EBSS. It summarised the main new announcements:

- The £400 discount will be administered by suppliers and paid to consumers over 6 months with payments starting from October 2022, to ensure households receive financial support over the winter months
- households will see a discount of £66 applied to their energy bills in October and November, rising to £67 each month from December through to March 2023
- the discount will be provided on a monthly basis regardless of whether consumers pay monthly, quarterly or have an associated payment card
- households will never be asked for their bank details, and those with a domestic electricity connection will not need to apply
- there is no need to contact your supplier as all domestic electricity customers will be automatically eligible. Electricity bill payers should enquire with their supplier if they have not received their first instalment by the end of October.⁷²

The discount is being paid in six instalments, so that people whose housing circumstances change in the six month period (for example those leaving or

⁷⁰ BEIS Committee, [Energy pricing and the future of the energy market](#), 26 July 2022, HC 236 2022-23, paras 173-174

⁷¹ BEIS, [Technical proposals for the Energy Bills Support Scheme](#), GOV.UK, 11 April 2022

⁷² BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

moving home) can still benefit from the relevant portion of the total £400 discount.

The explainer set out how customers will receive their discount, which depends on how they pay their energy bills:

- **direct debit customers** will receive the discount automatically as a reduction to the monthly direct debit amount collected, or as a refund to the customer's bank account following direct debit collection during each month of delivery
- **standard credit customers** and **payment card customers** will see the discount automatically applied as a credit to standard credit customers' accounts in the first week of each month of delivery, with the credit appearing as it would if the customer had made a payment
- **smart prepayment meter customers** will see the discount credited directly to their smart prepayment meters in the first week of each month of delivery
- **traditional prepayment meter customers** will be provided with redeemable vouchers or Special Action Messages (SAMs) from the first week of each month, issued via SMS text, email or post. Customers will need to take action to redeem these at their usual top-up point.⁷³

The Energy Bills Support Scheme will apply to consumers in Great Britain. It said the Government is working to ensure that consumers in Northern Ireland receive equivalent support "as soon as possible".⁷⁴

The response provided detailed information on the scheme's eligibility, the design of the grants, compliance, enforcement and sanctions, and managing the costs of implementing the scheme. This included decisions on: energy supplier funding, administrative and reporting processes, consumer notifications, provision of the discount to consumer groups that are hard to reach, interactions between the scheme and consumer debt, and the administrative cost of the scheme, amongst other issues.

Alongside the response, BEIS published a draft Secretary of State Direction to suppliers to implement the scheme. A final version will be issued ahead of the scheme's launch. It also said the Government will work with Ofgem and suppliers, to develop guidance for suppliers on the implementation of the scheme, which will be published at the end of August.⁷⁵

In a [press release accompanying the announcement](#), the Secretary of State for Business, Energy and Industrial Strategy said:

⁷³ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

⁷⁴ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p11

⁷⁵ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p14

While no government can control global gas prices, we have a responsibility to step in where we can and this significant £400 discount on energy bills we're providing will go some way to help millions of families over the colder months.⁷⁶

A BBC article quoted the Energy and Business Minister on the £400 discount:

This is just one small part of a wider package of measures. The problem is that there are many people who are not on means-tested benefits or just above benefit level who are still really struggling with really high bills, so we thought this was the fairest and easiest way to distribute the money,⁷⁷

Ofgem published its [response to the EBSS consultation](#) (dated 20 May 2022) on 29 July. It said:

We understand the benefits of delivering the scheme ahead of the winter months [...] However this timeframe heightens implementation risks as well as necessitating interdependencies between Ofgem's, Ministerial and industry activities, which will require a degree of parallel working.⁷⁸

Ofgem also published its decision to introduce a new Standard Licence Condition requiring suppliers to comply with the EBSS on 29 July.⁷⁹

Additional support

In the [press release accompanying the EBSS consultation response](#) the Government reconfirmed that only households with a domestic electricity connection will be eligible for the £400 discount. However it said equivalent support will be made available to other households:

further funding will be available to provide equivalent support of £400 for energy bills for the 1% of households who will not be reached through the EBSS. This includes those who do not have a domestic electricity meter or a direct relationship with an energy supplier, such as park home residents. An announcement with details on how and when these households across Great Britain can access this support will be made this Autumn.⁸⁰

It also announced:

- The launch of a new [online service](#) to help inform homeowners about the energy efficiency of their home, and how they can make home improvements to make their property cheaper to heat.
- The launch of a [consultation on the continuation of the Hydro Benefit Replacement Scheme](#), which protects consumers in the north of Scotland from the high cost of electricity distribution in that area.
- The Government will consult on protections and prices “for domestic consumers whose energy supply arrangements do not enable them to

⁷⁶ BEIS, [£400 energy bills discount to support households this winter](#), GOV.UK, 29 July 2022

⁷⁷ BBC, [Details of £400 energy payment to households revealed](#), 29 July 2022

⁷⁸ Ofgem, [Ofgem's response to BEIS' Consultation on the Energy Bills Support Scheme](#), April 2022, 29 July 2022

⁷⁹ Ofgem, [Supplier licence condition decision notice in response to EBSS consultation](#), 29 July 2022

⁸⁰ BEIS, [£400 energy bills discount to support households this winter](#), GOV.UK, 29 July 2022

move to a tariff protected by the [energy] price cap such as those paying for energy through all inclusive rents”.⁸¹

Reaction to the announcements

Charities have said that vulnerable customers and tenants with all-inclusive rents may miss out on the discount.

[The BBC](#) reported on comments by fuel poverty charity National Energy Action (NEA), that the two million customers on traditional prepayment meters may have difficulty accessing the £400 discount as they will need to redeem vouchers that will be sent to them. The NEA has called on the Government to make sure households know to look out for the support: "We don't want people to miss out on vouchers that could keep them warm in the coldest months of the year".⁸²

[The Guardian](#) and [the BBC](#) said there are concerns about how both tenants and landlords with “all inclusive” rental contracts will be affected by the scheme:

- Housing charity Shelter said tenants with “all inclusive” rent covering their energy bills “will be at the mercy of their landlord” because “there’s no specific legal obligation for landlords to pass [it] on”.⁸³
- Citizens Advice said there is “no clear guidance on how landlords should pass on the discount”.⁸⁴
- The National Residential Landlords Association said:

there will be instances where all-inclusive rents have been set without reflecting higher energy prices. The government needs to ensure that its scheme recognises such cases where it is the landlord who is ultimately paying the cost of increased bills, rather than the tenant.⁸⁵

[Age UK](#) said the £400 discount will provide “a bit of relief” for older households, but it too warned that self-funded care home residents, park home residents, social housing tenants and those on traditional prepayment meters may have difficulty accessing the discount. It said that extending support in Northern Ireland “must be a top priority”.⁸⁶

In its summer 2022 economic outlook, published 3 August 2022, the [National Institute of Economic and Social Research \(NIESR\)](#) called on the Government

⁸¹ BEIS, [£400 energy bills discount to support households this winter](#), GOV.UK, 29 July 2022

⁸² BBC, [Details of £400 energy payment to households revealed](#), 29 July 2022

⁸³ Shelter, [Shelter responds to fears some tenants could miss out on the government's £400 energy rebate](#), 3 August 2022

⁸⁴ BBC, [£400 energy payment: Fears landlords to keep renters' rebate](#), 3 August 2022

⁸⁵ The Guardian, [Renters 'at mercy of landlords' over £400 energy rebate, UK charities warn](#), 3 August 2022

⁸⁶ Age UK, [Age UK responds to the launch of The Energy Bills Support Scheme](#), 29 July 2022

to increase the EBSS from £400 to £600 for low-income households, to help the support scheme keep up with rising energy prices.⁸⁷

⁸⁷ National Institute of Economic and Social Research, [National Institute UK Economic Outlook: A Risky Present](#), Summer 2022 Series A. No. 7, 3 August 2022, p59

3 Frequently asked questions (FAQs)

3.1 Who will receive the £400 discount?

The [Government's explainer on the EBSS](#) says: “all households with a domestic electricity connection in Great Britain are eligible for the £400 discount”.⁸⁸

The Government's [consultation response on the EBSS \[PDF\]](#) provides further clarification on which households that will receive the discount. It says: “all domestic electricity customers who have a direct relationship with a licensed electricity supplier” will be eligible.⁸⁹

The [explainer](#) says the Government will make equivalent support available for households which are not eligible for the £400 discount:

- Approximately one per cent of UK households are currently ineligible to receive [the] Energy Bills discount as they do not have a domestic electricity meter and a direct relationship with an electricity supplier
- the government has confirmed that further funding will be available to provide equivalent support of £400 for energy bills for the 1% of households who will not be reached through the Energy Bills discount
- an announcement with details on how and when these households across Great Britain can access this support will be made this Autumn.⁹⁰

The FAQs below address the eligibility of households in different circumstances.

Will park homes residents and customers on private electricity networks receive the discount?

No, but the Government has said it will provide them with equivalent support to help with energy bills this winter.

Households who do not have a domestic electricity contract with a licensed electricity supplier will not receive the £400 EBSS discount. This includes park home residents who buy their electricity from the park site owner, and

⁸⁸ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

⁸⁹ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p19

⁹⁰ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

households on a private electricity network.⁹¹ The Government's [consultation response on the EBSS \[PDF\]](#) said:

Some households will not receive EBSS from a supplier if they do not have a domestic electricity contract with a licensed electricity supplier. Affected groups would include those who pay their electricity as part of an inclusive charge with supply through a non-domestic contract. For example, residents of park homes paying a site owner, properties on a private electricity network and those who are not connected to the electricity grid. Evidence suggests at up to 400,000 would not receive EBSS support due to these circumstances, compared with approximately 29 million that will.⁹²

It explained the Government is developing alternative approaches to provide £400 equivalent support to these households:

For these affected households, funding will be made available as soon as possible. We are developing approaches that will ensure they receive £400 equivalent support for energy bills this winter, working with local authorities, the devolved administrations and commercial partners. An announcement with details on how and when these households across Great Britain can access this support will be made this autumn.⁹³

Some park home residents will be eligible for the Warm Homes discount. Information on this can be found in section 3.3.

Will customers on a heat network or communal energy system receive the discount?

Whilst this scheme is called the “**Energy** Bills Support Scheme”, eligibility for the £400 non-repayable grant will depend on whether the household has a domestic supply contract for **electricity** (with a direct relationship with a licensed electricity supplier).⁹⁴

In many cases, customers of heat networks will have their own domestic electricity supply contract with a licensed electricity supplier, and so will be eligible for the £400 discount. A household's eligibility is not affected by its arrangements for purchasing heat (e.g. on a heat network).

Some households may purchase their electricity through a communal energy system, paying the network operator for their electricity use. This could, for example, be a heat network where electricity is also generated on-site (e.g.

⁹¹ A private electricity network is a localised network where electricity is generated either on-site or off-site and supplied directly to the network via an unlicensed ‘private’ wire. These are also known as ‘private wire’ networks. Operators of such networks are not required to be a licensed electricity supplier.

⁹² BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p22

⁹³ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p22

⁹⁴ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p21

by a combined heat and power plant). An alternative example (without a heat network) could be a private electricity network. Operators of such networks are not required to be a licensed electricity supplier, and their customers would not qualify for the discount, however the Government has said it will provide equivalent support for these households. More information on this can be found in the response to the previous question above.

The Library briefing, [Heat networks and energy prices \(April 2022\)](#), has information on existing and proposed consumer protections for customers on heat networks, as well as support for constituents struggling with bills.

Will tenants who pay their landlord for their electricity receive the discount?

The Government has said it expects landlords to pass on the discount to tenants. Whether landlords are required to pass on the discount depends on how the tenant pays for their electricity.

Tenants who pay according to how much electricity they use

The [‘maximum resale price’ rules](#) mean that landlords with a domestic electricity contract, who resell electricity to their tenants based on the tenant’s usage, will be required to pass on the discount. The Government’s response to the EBSS consultation provides more detail:

The maximum resale price (MRP) applies to domestic electricity supply. It is the most any person who resells electricity supplied by an authorised supplier can charge for resupplying gas or electricity. For example, it applies when a landlord resells gas or electricity to tenants in rented accommodation. Further guidance is available from Ofgem.

The current maximum price at which gas or electricity may be resold is set at the same price as that paid by the person who is reselling it, including any discounts. The EBSS will be treated as a discount for the purposes of the MRP.

Landlords who have a domestic electricity contract with a licensed electricity supplier and resell the electricity to their tenants must comply with the MRP rules and should therefore pass on any EBSS payments appropriately.

Anyone who charges more than the MRP may face civil proceedings for the recovery of the amount overcharged, and may be required to pay interest on the amounts overcharged.⁹⁵

[Ofgem’s guidance on the maximum resale price rules](#) provides more information.

⁹⁵ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, pp21-22

Tenants who pay “all inclusive” rent including electricity

The EBSS explainer says landlords with a domestic electricity contract who charge “all inclusive” rent covering electricity bills “should” also pass on the discounted payments to tenants”.⁹⁶ The Government’s [EBSS consultation response \[PDF\]](#) encourages tenants and landlords to discuss this:

Where there is a domestic electricity connection and an inclusive charge is made for accommodation with no specified charge for gas or electricity and no separate agreement for the resale of energy, parties are encouraged to come to an agreement on the EBSS discount, in line with the arrangements in their respective contracts or tenancy agreements.

We are aware of stakeholder’s concerns that landlords with a domestic electricity connection who charge ‘all inclusive’ rent may not pass on the EBSS discount to their tenants. In these living arrangements, the landlord’s fixed charge may already provide their tenant with similar protection from the impact of the price increase.

As set out in the [MRP \[maximum resale price\] guidance](#), where rental charges are affected by the rising costs of energy, the tenant and landlord would need to consider whether any other restrictions might apply.⁹⁷

The [original EBSS consultation \[PDF\]](#) said that where multiple tenants paying all-inclusive rent share a meter, the landlord “will need to ensure [...] the grant received [...] is shared fairly between tenants”.⁹⁸

Will customers who are not on the gas grid receive the discount?

Whilst this scheme is called the “**Energy** Bills Support Scheme”, the Government’s response to its [consultation on technical proposals for scheme \[PDF\]](#) says eligibility will depend on whether the household has a domestic supply contract for **electricity** (with a direct relationship with a licensed electricity supplier).⁹⁹ A household’s eligibility for the scheme will not depend on its arrangements for purchasing other fuels (such as natural gas), nor on its arrangements for purchasing heat.

Will customers on a prepayment meter receive the discount?

Yes. The [Government’s explainer on the EBSS](#) says:

⁹⁶ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

⁹⁷ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p22

⁹⁸ BEIS, [Energy Bills Support Scheme: Managing the impact of the energy price shock on consumer bills \[PDF\]](#), GOV.UK, 11 April 2022, pp19-20

⁹⁹ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p21

- **smart prepayment meter customers** will see the discount credited directly to their smart prepayment meters in the first week of each month of delivery
- **traditional prepayment meter customers** will be provided with redeemable vouchers or Special Action Messages (SAMs) from the first week of each month, issued via SMS text, email or post. Customers will need to take action to redeem these at their usual top-up point.¹⁰⁰

The explainer adds that:

- traditional prepayment meter customers must ensure their supplier has up-to-date contact details for them so they receive their voucher and understand how to redeem it.¹⁰¹

Will customers with a single electricity account serving their home and their business receive the discount?

For multi-function premises with household electricity contracts, the [Government consultation \[PDF\]](#) said they would be eligible:

There are circumstances where premises can be used for both residential and business purposes. For example, a hairdressing salon where there is a flat above the business. If residents in these properties have domestic electricity supply contracts in place, they will be eligible for the scheme. If they were identified by a supplier to be non-domestic, they would not be eligible.¹⁰²

Will second homes receive the discount?

The response to this question also covers:

- **Customers who have taken on responsibility for another household's energy supply eg. for an elderly relative**
- **Landlords with multiple properties**

Yes; individuals who have a domestic electricity supply contract in their name at multiple properties, will receive a discount for each domestic supply contract.

The [Government consultation \[PDF\]](#) said some individuals may receive multiple discounts if they have multiple electricity meters:

As delivery is linked to domestic meter points, individuals or households who have multiple domestic electricity meters will receive multiple grants (one for each meter point) [...]. For example, this may be for a second home, or it may

¹⁰⁰ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

¹⁰¹ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

¹⁰² BEIS, [Energy Bills Support Scheme: Managing the impact of the energy price shock on consumer bills \[PDF\]](#), 11 April 2022, p19

be where someone has taken responsibility for an elderly relative's energy supply. [...]

Landlords with multiple properties, where each electricity meter is linked to an account in their name, may also receive several grants.¹⁰³

The [EBSS explainer](#) explains the Government's decision to provide multiple discounts:

- We want to ensure households start to receive this support from October and taking action on second homes could risk the start date for delivering the Scheme as a whole for winter, which would have an impact on many more households including the most vulnerable
- we acknowledge that delivering support at this scale and pace means there may be instances where people receive the discount multiple times if they are paying multiple electricity bills
- [...]
- removing the discount from those with multiple meters could also stop people who are paying on behalf of elderly/disabled individuals from receiving a needed discount.

The Government [response to the EBSS consultation](#) provides more detail. It says “it would not be practical” to exclude second homes from the scheme. It said that such restrictions could inadvertently lead to some households missing out on the discount entirely:

We acknowledge that delivering support at this scale and pace means there may be instances where people receive the grant more than once if they have another property (e.g. a second home). The government has carefully considered this issue. Based on the information electricity suppliers currently collect, they would not be able to accurately identify if someone's property is a second home. Requiring suppliers to make assumptions and exclude second homes based on this could lead to adverse consequences, such as inadvertently excluding customers paying for elderly relatives' bills. Local authorities also do not hold a complete data set and vary their definition of a second home across localities – there is no register of second homes in Great Britain. The government considers it would not be practical to try to restrict eligibility in this regard. To create a new mechanism to accurately identify second homes would delay the whole scheme, for minimal benefit, and would result in significant risks of inaccurate data matching, leading to primary home residents losing out, and compromising data protection principles.¹⁰⁴

¹⁰³ BEIS, [Energy Bills Support Scheme: Managing the impact of the energy price shock on consumer bills \[PDF\]](#), 11 April 2022, p19

¹⁰⁴ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p16

Will homes with two electricity meters receive two discounts?

No. Homes which have more than one ‘related’ electricity meter (e.g. for a dual-rate tariff such as Economy 10) will only receive one discount.

The EBSS consultation published in April suggested that homes with more than one electricity meter might receive more than one discount.¹⁰⁵ However the [Government’s consultation response \[PDF\]](#) confirmed that where a customer has multiple meter points at a single property, suppliers will be expected to pay only one discount:

In instances where a household has one or more ‘related’ electricity Meter Point Administration Numbers (MPANs) designed to facilitate multiple tariff rates for one property, such as those with an Economy 10 tariff, suppliers will be expected to provide only one grant per household. This approach recognises that households paying only one electricity bill are eligible for one grant.¹⁰⁶

Will small and medium-sized enterprises (SMEs) receive the discount?

The Government [consultation on technical proposals for the EBSS \[PDF\]](#) made clear the discount would only be targeted at domestic electricity supply contracts. It said:

Electricity users who are not domestic electricity customers are not eligible for the scheme. This is due to the delivery mechanism proposed and is in line with our high-level objectives to keep the scheme simple, and to minimise administrative costs.¹⁰⁷

However, the consultation also explained that where premises are used for both residential and business purposes and the customer has a domestic electricity supply contract, they will be eligible for the discount:

There are circumstances where premises can be used for both residential and business purposes. For example, a hairdressing salon where there is a flat above the business. If residents in these properties have domestic electricity supply contracts in place, they will be eligible for the scheme. If they were identified by a supplier to be non-domestic, they would not be eligible.¹⁰⁸

¹⁰⁵ BEIS, [Energy Bills Support Scheme: Managing the impact of the energy price shock on consumer bills \[PDF\]](#), 11 April 2022, p19

¹⁰⁶ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p21

¹⁰⁷ BEIS, [Energy Bills Support Scheme: Managing the impact of the energy price shock on consumer bills \[PDF\]](#), GOV.UK, 11 April 2022, p18

¹⁰⁸ BEIS, [Energy Bills Support Scheme: Managing the impact of the energy price shock on consumer bills \[PDF\]](#), GOV.UK, 11 April 2022, p19

3.2

Other FAQs about the £400 discount

Do customers need to apply for the discount?

No. The [Government's explainer on the EBSS](#) says:

there is no need to apply for the discount. Energy suppliers will deliver this support to GB households with a domestic electricity connection over 6 months from October 2022.

[...]

Electricity bill payers should enquire with their supplier if they have not received their first instalment by the end of October.¹⁰⁹

When will the discount be paid?

The [Government's explainer on the EBSS](#) says:

- The £400 discount will be administered by suppliers and paid to consumers over 6 months with payments starting from October 2022, to ensure households receive financial support over the winter months
- households will see a discount of £66 applied to their energy bills in October and November, rising to £67 each month from December through to March 2023
- the discount will be provided on a monthly basis regardless of whether consumers pay monthly, quarterly or have an associated payment card

It advises that, although there is no need to apply for the discount, “electricity bill payers should enquire with their supplier if they have not received their first instalment by the end of October.”¹¹⁰

The Government's response to the EBSS consultation sets out how quickly energy suppliers should provide the discount to customers, depending on the customer's payment method:

We will require that suppliers take all reasonable steps to provide the monthly EBSS payment to each eligible customer as soon as possible after the Qualifying Date. This means within five working days for Standard Credit customers, smart PPM customers and for the issuing of vouchers or SAMs to traditional PPM customers. Payments should be in line with normal collection processes for Direct Debit customers. For harder to reach customers, this should be prior to the next Qualifying Date or Scheme end date.¹¹¹

¹⁰⁹ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

¹¹⁰ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

¹¹¹ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p25

The EBSS will have six “qualifying dates”, at 00.01 on the first day of the month, from 1 October 2022 to 1 March 2023.¹¹² The EBSS is expected to finish on 31 March 2023.¹¹³

How will the discount be paid?

The [Government’s explainer on the EBSS](#) sets out how various customers will receive their discount. This depends on how they pay their energy bills:

- **direct debit customers** will receive the discount automatically as a reduction to the monthly direct debit amount collected, or as a refund to the customer’s bank account following direct debit collection during each month of delivery
- **standard credit customers** and **payment card customers** will see the discount automatically applied as a credit to standard credit customers’ accounts in the first week of each month of delivery, with the credit appearing as it would if the customer had made a payment
- **smart prepayment meter customers** will see the discount credited directly to their smart prepayment meters in the first week of each month of delivery
- **traditional prepayment meter customers** will be provided with redeemable vouchers or Special Action Messages (SAMs) from the first week of each month, issued via SMS text, email or post. Customers will need to take action to redeem these at their usual top-up point.¹¹⁴

Will customers have to repay the £400 discount?

No. The Government has cancelled the levy that was originally proposed (as a means to recoup the cost of the scheme) when the Energy Bills Rebate was announced in February.

In his statement on 26 May, [the then Chancellor said he was switching the EBSS to a non-repayable grant](#), because “the outlook for energy ha[d] changed”. He said he had “heard people’s concerns about the impact of these [originally proposed] repayments on future bills”.¹¹⁵ He said, “all households will benefit from £400 of universal support for energy bills, with not a penny to repay”.¹¹⁶

¹¹² BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p12

¹¹³ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p18

¹¹⁴ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 29 July 2022

¹¹⁵ [HC Deb 26 May 2022 c453](#)

¹¹⁶ [HC Deb 26 May 2022 c453](#)

Will it be possible to opt out of the discount?

It is not possible to opt out. An earlier version of the [Government's explainer](#) said that all households with a domestic electricity connection would be automatically eligible for the £400 discount:

In line with our high-level principles, we want to design a scheme that is simple to deliver while maximising the reach and ensuring that additional costs are minimised.¹¹⁷

The [Government's consultation on technical proposals for the scheme](#) provided more detail on the aim to design a simple scheme to deliver at minimum additional cost. And therefore “no bespoke arrangements for customers with a domestic electricity connection will be provided”.¹¹⁸

When will the Government publish the final details of the scheme?

The Government published its response to the consultation on technical proposals for the EBSS on 29 July 2022. The response “set[s] out the final policy decisions reached for the delivery of the EBSS”.

The Government published a draft Secretary of State Direction to energy suppliers alongside the response. It has said a final version will be issued ahead of the EBSS' launch.¹¹⁹

The Government intends to publish guidance for suppliers on the implementation of the scheme at the end of August.¹²⁰

The Government will make an announcement in the autumn on equivalent support for the 1% of households who will not be eligible for the EBSS.¹²¹

The Government has said it is working to ensure that consumers in Northern Ireland receive equivalent support “as soon as possible”.¹²²

¹¹⁷ BEIS, [Energy Bills Support Scheme explainer](#), GOV.UK, 1 April 2022, accessed 1 July 2022

¹¹⁸ BEIS, [Energy Bills Support Scheme: Managing the impact of the energy price shock on consumer bills \[PDF\]](#), GOV.UK, 11 April 2022, p17

¹¹⁹ BEIS, [Technical proposals for the Energy Bills Support Scheme](#), GOV.UK, 29 July 2022

¹²⁰ BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p14

¹²¹ BEIS, [£400 energy bills discount to support households this winter](#), GOV.UK, 29 July 2022

¹²² BEIS, [Government response to the technical consultation on the Energy Bills Support Scheme \[PDF\]](#), GOV.UK, 29 July 2022, p11

3.3

Other support schemes

How and when can you apply for the Warm Home Discount Scheme?

The Government is reforming the Warm Home Discount for winter 2022-23 onwards. This means most households eligible for the discount will receive it automatically from their energy supplier, and will not need to apply.¹²³ Ofgem has a [webpage with frequently asked questions on the Warm Homes Discount](#), which provides more information.

Park home residents who pay for their electricity through their park, or as part of their pitch fees, can apply for the Warm Home Discount through the [Park Home Warm Homes Discount Scheme website](#).

What other support is available to help households with energy bills?

Both Ofgem and Citizens Advice advise customers who are struggling to pay their energy bills to contact their energy supplier.

Ofgem has a range of webpages with advice for household energy customers such as:

- [Getting help if you can't afford your energy bills](#),
- [Check if the energy price cap affects you](#), and
- [Switching energy tariff or supplier](#).

Citizens Advice's webpage, [Your energy supply](#), links to advice on dealing with a range of problems, including:

- [What to do if you're struggling to pay your energy bills](#)
- [Grants and benefits to help with bills](#) and
- Advice on how to [switch energy supplier](#) in case it is possible to get a better deal elsewhere.

The Library briefing papers [Help with energy bills](#) and [Help with energy efficiency, heating and renewable energy in homes](#) have more information on support with bills and installing energy saving measures.

The Library briefing [Increasing cost of living](#) has links to the Library's wider publications on the rising cost of living in the UK, including on support for households.

¹²³ BEIS, [Warm Home Discount: The Government Response to the Warm Home Discount: Better targeted support from 2022 consultation](#), GOV.UK 1 April 2022, p3

What support is available for businesses struggling with energy bills?

Both Ofgem and Citizens Advice suggest businesses contact their energy supplier if they are struggling to pay their bills.

Ofgem has several webpages with [energy advice for businesses](#), including [advice for small businesses who are struggling to pay their bills](#).

Citizens Advice also has a webpage for [small businesses who cannot afford their energy bills](#), as well as advice on how to [switch energy supplier](#), in case it is possible to get a better deal elsewhere.

Other more general sources of advice and support may be helpful, for example the Government's [business support helpline](#). The Library briefing papers [Coronavirus: Support for businesses](#) and [Support for small firms](#) discuss other schemes.

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