



DEBATE PACK

Number CDP 2017/0090, Debate day 16 March 2017

Energy prices

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Summary

This Debate Pack has been prepared ahead of the debate on 'Energy prices', to be held in the House of Commons Chamber on Thursday 16 March 2017. The subject for the debate has been chosen by the Backbench Business Committee, following a representation by Caroline Flint MP and John Penrose MP.

The Motion for the debate is:

That this House deplores the big six energy firms' treatment of out-of-contract energy customers on default tariffs; believes immediate action is needed to protect those consumers, and that pushing customers to start switching will not fix the problem sufficiently quickly or completely on its own; and calls on the industry, regulators and the Government to consider solutions which recognise that many people lead busy lives and that switching their energy supplier may not always be a high priority.

Further information is contained in Library Briefing paper [The Current Energy Market Reforms in Great Britain](#)

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

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1. Summary

This briefing paper covers the current energy market reforms in Great Britain. Increasing energy costs and the position of the 'big six' suppliers has meant that competition in the energy market has been high on the political agenda in recent years. A major review of the marketplace concluded in 2016 with a report from the Competition and Markets Authority. Recommendations from this report are now being implemented whilst the Government has indicated further reforms are being considered.

The energy market in Northern Ireland is separate and is not included here. The focus of the paper is on major reforms and events; it does not provide full coverage of the Competition and Markets Authority ('CMA')'s [Energy Market Investigation](#). Members and their staff can get in touch with the Library if they require further briefing on this.

The British domestic energy market has seen a number of reforms in the past two decades, from the opening-up of the markets in 1980's-1990's to the latest interventions following the Competition and Markets Authority's Energy Market Investigation.

Successive probes and reviews of the British energy market have led select committees, Ofgem (the gas and electricity market regulator) and stakeholders to conclude that competition in this market was not "[working effectively](#)" for consumers. No evidence of "active collusion" was ever found but Ofgem ended their Retail Market Review in 2013 with a series of measures aimed at providing more clarity to consumers regarding tariffs.

In 2013, Ed Miliband announced that Labour would cap energy prices for 20 months if it won the general election. In 2014, with increased political and public interest in the energy market, Ofgem worked with the Office of Fair Trading and the CMA on a State of the Market Assessment.

Shortly after the report was published, Ofgem made an investigation reference to the CMA. It became the CMA energy market investigation. The CMA published its [first set of provisional decisions on remedies](#) on 7 July 2015 and planned to publish its final report in December 2015. Due to the volume of evidence and comments on its original findings and provisional remedies, the CMA extended the inquiry to the statutory deadline of 26 June 2016. It published its [final report](#) on 24 June 2016.

The CMA's key [findings](#) for **Domestic Consumers** were:

- Around 70% of the domestic customers of the six largest energy firms are still on an expensive 'default' standard variable tariff (SVT)
- These customers could potentially save over £300 by switching to a cheaper deal
- Customers could have been paying about £1.4 billion a year more than they would in a fully competitive market.

The principal [remedies](#) proposed by the CMA to address these challenges are:

- Ordering suppliers to give Ofgem details of all customers who have been on their default tariff for more than 3 years, which will be put on a secure database under Ofgem control to allow rival suppliers to contact customers.
- Introducing a temporary safeguard price control to protect customers on prepayment meters, whose options are more limited, which would reduce their bills by a total of £300 million a year.
- Enabling price comparison websites (PCWs) to play a more active role in helping customers find the best offers for them and give access to meter data which will enable customers to search instantly for deals.

Unusually for an investigation by the CMA, there was one dissenting member of the investigating panel for one part of the proposed domestic market remedies.

Reactions to the CMA's findings were mixed but the Government is [committed](#) to take forward the recommendations. The Department for Business, Energy and Industrial Strategy (BEIS) announced on 14 December 2016 that Ofgem was also publishing "an energy supplier [league table](#) to increase transparency on the numbers of people on expensive standard variable tariffs."

Ofgem also recently launched a [Supplier Cost Index](#). Drawing on publically-available information, it estimates ongoing trends in the main elements of cost that a supplier incurs in supplying a typical domestic customer with gas and electricity. The aim of this index is to increase transparency in the energy market and help consumers understand what is behind trends in prices.

The number of energy suppliers has grown in the last six years, from 14 to 48 as of March 2017, as the so-called 'big six' - Centrica plc (British Gas), EDF Energy, E.ON, SSE, Scottish Power and Npower – have seen their share of the market decline.

However, it is still viewed that the market could be more competitive, and support consumers in accessing lower prices. For example, the CMA has found that between 2004 and 2014 average annual domestic gas prices rose by around **125%** in real terms over the period, and domestic electricity prices by around **75%**.

Moreover, and despite Ofgem's [warning about increasing prices](#), five of the 'big six' have announced since December 2016 that they were increasing their energy prices. This led the Members of Parliament John Penrose, Caroline Flint, Patricia Gibson, Caroline Lucas and Mr Roger Godsiff to apply to the Backbench Business Committee for a parliamentary debate on energy prices. The debate will [take place](#) on 16 March 2017.

2. Press Articles

The Times [subscription required]
13 March 2017

[SSE raises energy prices for 2.8 million households](#)

The Observer
12 March 2017

[Energy companies 'ripping off' millions, ministers say: Cross-party group will call for action to protect consumers after a series of price increases by gas and electricity companies](#)

The Times [subscription required]
4 March 2017

[A welcome disruption to your energy supply: newcomers are challenging the Big Six companies](#)

The Guardian
10 February 2017

[Scottish Power customers to be hit by 7.8% price hike; customers could see energy bills rise by £86 a year as supplier becomes third of the big six to raise prices](#)

The Independent
10 February 2017

[British Gas freezes prices while rivals hike them; Scottish Power said around 1.1 million, or a third of its customers, will be affected by its price hike](#)

The Daily Telegraph
8 February 2017

[British Gas customers to see bills rise by £100 a year](#)

The Independent
7 February 2017

[Four million households to save on gas and electricity bills after crackdown on rip-off energy meters;](#)

The Independent
5 February 2017

[Future Labour government would cap energy prices, John McDonnell says](#)

The Daily Telegraph
4 February 2017

[May's threat over energy costs; PM willing to act after NPower is the first of the Big Six to impose a 'shocking' price rise Question mark over cost of smart meters](#)

The Guardian
3 February 2017

[Npower prices hike sparks crackdown threat against energy providers; Ministers will intervene if market shown to be failing, says PM's spokesman after firm raises prices 9.8% for 1.4 million customers](#)

The Times [subscription required]
3 February 2017

[Price rise puts sector back in the political spotlight](#)

The Times [subscription required]
3 February 2017

[1.4 million households face hike in energy prices](#)

The Guardian
31 January 2017

[Energy companies have 'abusive relationship' with customers, says MP; Public is reluctant to switch suppliers despite poor customer service and cheaper tariffs, claims select committee chair](#)

telegraph.co.uk
19 January 2017

[Ofgem warns big six to swallow rising energy costs](#)

telegraph.co.uk
19 January 2017

[Energy firms must deliver a market that works for all](#)

The Financial Times [subscription required]
31 December 2016

[Independent energy firms call on government to stop meddling](#)

The Guardian
14 December 2016

[**Ofgem energy league table could save users hundreds of pounds; Price comparison tool could help reduce bills for consumers on standard variable tariffs by £200 a year, says watchdog**](#)

Financial Times [subscription required]
6 December 2016

[**Small energy groups lose power to big six; Soaring wholesale prices have exposed the fragility of many of the new entrants to the UK market**](#)

Financial Times [subscription required]
2 December 2016

[**Centrica freezes bills for British Gas customers;**](#)

The Guardian
1 December 2016

[**British Gas to freeze standard prices this winter; UK's biggest energy firm follows SSE in keeping prices on hold - but only for its most expensive tariffs**](#)

The Daily Telegraph
28 November 2016

[**Energy firms face winter cull as wholesale price rises bite**](#)

Financial Times [subscription required]
28 November 2016

[**Collapse of energy supplier raises fears of further failures**](#)

The Sunday Telegraph
27 November 2016

[**Energy suppliers in last-ditch plea to raise pre-payment price cap**](#)

The Times [subscription required]
15 November 2016

[**Energy companies face caps on 'rip-off' tariffs**](#)

3. Press releases

Ofgem

27 February 2017

Switches up by nearly 30% as millions go 'energy shopping'

<https://www.ofgem.gov.uk/publications-and-updates/switches-nearly-30-millions-go-energy-shopping>

Switching hit a six-year high last year as more households shopped around for a better deal.

7.7 million gas or electricity switches took place in 2016, according to new data from Ofgem. This is 1.7 million more switches than the previous year, a surge of 28%.

In this way, switching rates last year reached their highest level since 2010, at around 15.8% across gas and electricity customers.

Of these switches, nearly half (47%) were to small or medium suppliers as they continued to attract growing numbers of customers.

In recent weeks some suppliers have announced price rises for customers on standard variable tariffs, which are typically more expensive than fixed deals.

With savings of around £230 a year on offer from switching to the cheapest deals, it's even more important to shop around.

Unlike other industry figures, Ofgem's data tracks the annual switching trends across the whole of Great Britain's domestic retail energy market.

It's never been easier to change supplier, as the vast majority of switches take three weeks to complete including a 14 day 'cooling off' period. In comparison, three years ago it took around five weeks to switch supplier.

Despite rising switching rates, however, around two-thirds of customers still remain on standard variable tariffs.

Ofgem's CEO Dermot Nolan comments:

"This welcome increase in switching should serve as a warning to supply companies. If they fail to keep prices under control or do not provide a good service, they risk being punished as customers vote with their feet.

"While today's figures show good progress, the market is not as competitive as we would like. That is why we have put a temporary price cap in place to protect people on prepayment meters who have the least access to competitive deals and why we are pursuing a raft of reforms which will make this market fairer, smarter and more competitive for consumers."

"Big savings of around £230 are available and switching has never been easier, so we would urge everyone to shop around for a better deal, especially if their supplier announces a price rise."

Ofgem is a leading provider of authoritative, accurate and impartial data on the energy industry for consumers. We update our data regularly.

For impartial, simple advice on switching visit www.goenergyshopping.co.uk.

Notes to editors

1. Last year 7.7 million switches took place as customers changed supplier; a 28% increase from 2015. This includes 4.4 million electricity switches and 3.4 million gas switches – this is an increase of 30% for electricity and 24% for gas switches.

2. Our data is based on the number of meter points a supplier gains from another following a customer choice to change their supplier.

Please note that this does not equate to 7.7 million individual customers switching, as many of these will be dual fuel customer switches, and also because some customers may have switched more than once during the year.

3. Switching rates measure the number of switches that have taken place in a 12-month period against the number of meter points. In 2016, this figure was higher for both gas & electricity customers than in each of the previous five calendar years

4. As of 28 January 2017, the cheapest dual fuel deal on the market was £834 per year, and the average standard variable tariff on offer from one of the six larger suppliers was £1,066 per year.

5. The vast majority of switches now take 21 days to complete from the moment a customer makes the decision, following action by Ofgem and government helped deliver changes to industry arrangements at the start of 2015. This includes a 14-day cooling off period where a customer can change their mind. Many suppliers have signed up to a voluntary Switching Guarantee which makes sure the new provider arranges everything and that final bills and refunds are timely and accurate.

Compare this to three years ago when it used to take around five weeks to switch supplier.

6. There are around 28 million electricity and 21 million gas meter points in Great Britain. Many of these take their gas and electricity from the same supplier, with on average 70% of electricity customers, and 80% of gas customers, having dual fuel accounts.

Ofgem

30 January 2017

Suppliers have to do more to help all their customers get a better deal

<https://www.ofgem.gov.uk/publications-and-updates/suppliers-have-do-more-help-all-their-customers-get-better-deal>

Ofgem is requiring suppliers to take part in trials to find out the best ways of helping disengaged customers get a better deal.

The trials are one of the remedies put forward by the Competition and Markets Authority (CMA) following its energy market investigation. The CMA found that two-thirds of customers who are on standard variable tariffs are paying far more than they need to.

Ofgem is working to deliver a smarter, fairer, more competitive energy market. The CMA recommended that Ofgem lead a programme of trials to identify more effective prompts and information to help customers get more out of the market.

The rules mean that Ofgem can require suppliers to undertake trials, which will start by this summer. They will cover issues including:

- Suppliers telling customers what the cheapest deals are across the whole market
- Changing the name of standard tariffs, for example, to 'out of contract' tariffs
- Different ways of presenting information in domestic bills
- Changes to information customers receive once they come to the end of a fixed deal.

Rachel Fletcher, senior partner, consumers and competition said:

"We must end the two- tier market where only a third of people get the best deals, while the remainder do not benefit from competition.

"By overseeing these trials, we will make sure that suppliers are doing everything they can to test ways to help these customers find better deals. This could be through switching supplier, or helping loyal customers find cheaper tariffs with the current supplier.

"As the market develops, we want to ensure that customers in vulnerable situations are not left behind. So we are making clear that suppliers have a special responsibility to these customers. We are proposing an enforceable principle for suppliers to make all efforts to identify and support them."

In December 2016, Ofgem published [data on the number of customers on standard variable tariffs](#) per supplier, and the gap between these tariffs and some of the cheapest in the market. This adds to transparency around this issue.

Notes to editors

1. [Facts and figures about switching, savings and the number of suppliers active in the market](#)
2. Today Ofgem has published:
 - A [decision to introduce a new rule requiring suppliers to undertake trials to identify better prompts for customer switching](#). Several suppliers are already carrying out trials voluntarily.
 - A final [consultation on replacing many of the prescriptive sales and marketing rules with five enforceable principles](#). This is part of Ofgem's move to regulating based more on principles so that

suppliers put the needs of customers at the heart of their business. Any supplier that fails to treat its customers fairly will face tough action. The consultation also covers removing or amending some rules such as the proposed removal of the tariff comparison rate (a pence/kWh estimation of the cost of a tariff based on average consumption). Suppliers will still be required to provide information about their cheapest offers on bills. Ofgem will consult further on this in the Spring.

- A [consultation on introducing a new enforceable vulnerability principle](#) requiring suppliers to identify and respond to the needs and circumstances of vulnerable customers. See [our blog: Step-change: energy customers in vulnerable situations](#) about this today.

Ofgem

3 August 2016

Ofgem working to deliver a more competitive, fairer energy market for all consumers

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-working-deliver-more-competitive-fairer-energy-market-all-consumers>

Ofgem has today outlined [our approach to the remedies](#) the Competition and Market Authority (CMA) has recommended. We will implement these to deliver a more competitive and fairer energy market for all consumers.

The CMA's two year investigation, which concluded last month, confirmed that two thirds of households are disengaged and paying over the odds for their energy compared to those who have switched tariff.

The remedies are aimed at freeing up competition and innovation in the market to drive down bills and improve service for all consumers not just a minority.

Those on pre-payment meters, who are among the most vulnerable and least likely to switch, will be protected by an interim price cap which will save them around £75 a year from next April.

Ofgem will work closely with suppliers to help disengaged customers, who remain on expensive standard variable tariffs, to shop around and save money. In particular it will trial more effective prompts on customers' bills to encourage them to compare tariffs. Next year Ofgem will pilot the database service, which will allow suppliers to offer disengaged customers better value deals. Protecting the privacy and security of consumers' data remains a priority.

Ofgem has published a separate consultation today on the CMA's proposals to [remove parts of its Retail Market Reforms](#) so consumers can enjoy a wider choice of innovative good value deals. Ofgem has also consulted on its approach to the CMA's recommendation to remove the

requirement on price comparison websites to display all the tariffs on the market.

Combined with other changes already happening, such as smart meters and faster switching, these remedies provide an opportunity to transform the energy market. Ofgem will be continuing our Be An Energy Shopper marketing campaign this autumn encouraging consumers to save around £300 a year by shopping around.

Ofgem's annual review of the retail energy market, also published today, confirmed that the majority of consumers who do not engage in the market are losing out. It also found that the proportion of people on expensive standard variable tariffs has dropped from 69% last year to 66% in March this year as switching rates increase.

Ofgem Chief Executive, Dermot Nolan said: "The CMA's final report is a watershed moment for industry and consumers and points the way to a fairer and more competitive future. I call on energy companies and consumer groups to seize this opportunity."

Notes to editors

1. [CMA remedy implementation strategy](#)
2. [Helping consumers make informed choices – proposed changes to rules around tariff comparability and marketing](#)
3. [Confidence Code review 2016 consultation](#)
4. [Retail energy markets in 2016](#)

Competition and Markets Authority

24 June 2016

The CMA has concluded its energy market investigation setting out a wide range of reforms to modernise the market for the benefit of customers.

<https://www.gov.uk/government/news/cma-publishes-final-energy-market-reforms>

Over 30 measures will be brought in after the most comprehensive investigation into the energy market since privatisation. These will drive down costs by increasing competition between suppliers and helping more customers switch to better deals, whilst protecting those less able to benefit from competition. They will also bring in technical and regulatory changes to modernise the market and ensure it works in consumers' interests.

The CMA has today published a [short overview](#) of its investigation, [a summary of the report](#), itself and a range of [other materials](#) for consumers and businesses together with its final report.

The investigation has found that 70% of domestic customers of the 6 largest energy firms are still on an expensive 'default' standard variable tariff. As these customers could potentially save over £300 by switching

to a cheaper deal, the Competition and Markets Authority (CMA) will be enabling more of them to take advantage. The CMA has found that customers have been paying £1.4 billion a year more than they would in a fully competitive market.

Suppliers will be ordered to give Ofgem details of all customers who have been on their default tariff for more than 3 years, which will be put on a secure database to allow rival suppliers to contact customers by letter and offer cheaper and easy-to-access deals based on their actual energy usage. Ofgem will control access to the database and carry out testing on the frequency and form of communications, to ensure it is effective in helping customers move on to better deals. Customers can opt out at any time if they wish.

The options to switch are far more limited for the 4 million households on prepayment meters. For these customers, a transitional price cap will be introduced which will reduce bills by around £300 million a year. The cheapest tariffs for such customers are currently £260 to £320 a year more expensive than those available for direct debit customers. The price cap will remain in place until the introduction of smart meters removes the limitations on such customers accessing better deals.

The CMA is also introducing a range of measures to revitalise competition and reduce the costs borne by customers. These include pressing ahead with reforming outdated systems for measuring and charging energy that distort competition between suppliers, reducing the costs of transmitting electricity and using competition to help ensure that financial support for low carbon generation is allocated at the lowest cost to customers. Price comparison websites (PCWs) will also be enabled to play a more active role in helping customers find the best offers for them and given access to meter data which will enable customers to search instantly for deals.

The measures will also tackle specific issues faced by microbusinesses (those that employ fewer than 10 people) – 45% of which are on default tariffs. Suppliers will now be required to publish their prices for such customers and will no longer be able to lock them into expensive ‘rollover’ contracts.

Ofgem will also be given much greater influence over the detailed codes that govern the working of the market – and which currently give undue influence to established industry participants over decisions that affect competition and consumers – and more powers to enable it to scrutinise the performance of the market and suppliers as well as the impact of policy.

Roger Witcomb, Chairman of the energy market investigation, said:

“Competition is working well for some customers in this market – but nowhere near enough of them. Our measures will help more customers get a better deal and put in place a modernised energy market equipped for the future.

“With far too many customers paying hundreds of pounds more than they need to, they will be alerted to the better value deals that are out there and it will be easier for them to identify a good

deal and switch to it. Those that can help with this process, like price comparison websites, will be given the ability to play a more active role. In other markets, they've played a big part in driving down prices, increasing switching and enabling suppliers of all sizes to reach customers and, freed up, they can do the same here.

"More active customers will not only save themselves money but keep suppliers on their toes, addressing many of the problems that we've identified. There are promising signs in this market with smaller suppliers getting more of a foothold and making it easier for customers to get involved will push things more quickly in the right direction.

"For those customers on prepayment meters, whose options to switch are far more limited, we'll cap prices until the time that they too can benefit from competition.

"As well as helping customers switch, there are many other things that need to be done to make this market work better over the coming years and address all those elements that contribute to the final bill for customers. Modernising the market will equip it to meet future challenges and allow it to take full advantage of the forthcoming technological advances, such as smart meters, which have the potential to transform the way we use energy.

"As part of this, we're going to strengthen the ability of Ofgem to push through change, to keep the market and suppliers under the microscope and to scrutinise government policies. With climate change and energy policies having an increasingly large effect on bills, it's essential that decisions, particularly on support for new forms of generation, are made – and seen to be made – in the best interests of customers.

"We believe our measures alongside other future developments will mean energy customers see real improvements over the years ahead."

The changes will be accomplished via a combination of CMA Orders and recommendations to Ofgem and government. The CMA will shortly publish a timetable setting out this remedies implementation process over the next 6 months. All information published in relation to the investigation (including the full report and appendices later today) is available on the energy market investigation case page.

Notes for editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law. From 1 April 2014 it took over the functions of the Competition Commission and the competition and certain consumer functions of the Office of Fair Trading under the Enterprise Act 2002, as amended by the Enterprise and Regulatory Reform Act 2013.

2. The members of the Energy Market Investigation Group are: Roger Witcomb (Chairman), Lesley Ainsworth, Martin Cave, Malcolm Nicholson and Robert Spedding. The appointed investigation group act as the decision-makers and have been chosen from the CMA's panel

members, who come from a variety of backgrounds, including economics, law, accountancy and business.

3. Ofgem announced its decision to refer the energy market in June 2014. The CMA has been carrying out its own comprehensive, independent investigation to assess whether there are any features of this market which prevent, restrict or distort competition (an adverse effect on competition) and, if so, whether action should be taken to remedy, mitigate or prevent the adverse effect on competition or any resulting detrimental effects on consumers.

4. Parliamentary material

Parliamentary Questions

[Energy. Prices](#)

Asked by: Cunningham, Mr Jim

To ask the Secretary of State for Business, Energy and Industrial Strategy, what representations he has received about energy price rises in the last 12 months; and if he will make a statement.

Answering member: Jesse Norman | Department for Business, Energy and Industrial Strategy

BEIS Ministers and officials received a number of representations on a range of issues in the last 12 months.

We are disappointed by the announcements of some companies of price rises when customers on standard variable tariffs are already paying more than they need to. We expect energy supply companies to treat all their customers fairly and have made it clear that, wherever markets are not working for consumers, there can be a role for Government in ensuring that they do.

20 Feb 2017 | Written questions | House of Commons | 63696

[Energy. Prices](#)

Asked by: Elmore, Chris

To ask the Secretary of State for Business, Energy and Industrial Strategy, what plans his Department has to respond to the recommendations of the Competition and Market Authority report on the energy sector, published in December 2016.

Answering member: Margot James | Department for Business, Energy and Industrial Strategy

The Government is carefully considering the recommendations of the Competition and Market Authority and will be responding soon.

08 Feb 2017 | Written questions | House of Commons | 62988

[Energy. Prices](#)

Asked by: Thewliss, Alison

To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will bring forward legislative proposals to ensure that consumers are adequately informed about the option to switch to gas and electricity tariffs with zero standing charge.

Answering member: Jesse Norman | Department for Business, Energy and Industrial Strategy

Tariffs with zero standing charge generally have a higher unit charge than tariffs with a standing charge, as the cost to supply is only recovered when energy is used.

This tariff may benefit low energy using households but not others. Under the terms in the supply licence, suppliers must provide individual customers with details of their cheapest tariff and an estimate of annual savings.

Customers can shop around for the best energy deal that suits their needs by using a price comparison company that operates in accordance with the Confidence Code, a code of practice managed by Ofgem for accredited price comparison companies.

18 Oct 2016 | Written questions | House of Commons | 46781

[*Energy. Prices*](#)

Asked by: Gwynne, Andrew

To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will make it his policy to place a legal obligation on energy suppliers automatically to transfer pensioner households to their lowest possible tariff.

Answering member: Jesse Norman | Department for Business, Energy and Industrial Strategy

Energy supply companies are required to ensure customers are on the cheapest tariff in line with their preferences: specifically, as to their chosen payment method and to the type of tariff (fixed term or variable) they prefer.

All pensioners receive help with energy bills each winter through the Winter Fuel Payment, receiving £200-£300 depending on circumstances. Pensioners on Pension Credit may also receive assistance under the Cold Weather Payment and Warm Home Discount.

19 Sep 2016 | Written questions | House of Commons | 45683

[*Energy. Prices*](#)

Asked by: Tomlinson, Justin

To ask the Secretary of State for Business, Energy and Industrial Strategy, what steps he is taking to reduce domestic energy bills for consumers.

Answering member: Jesse Norman | Department for Business, Energy and Industrial Strategy

Effective competition is key to keeping bills down, and consumers must have trust in the market. It is important every household gets a fair deal and that is why we supported the Competition and Markets Authority investigation into the energy market and will be responding in due course.

There are now over 40 energy suppliers in the domestic retail energy market, up from 13 in 2010. Independent suppliers now have over 17% of the dual fuel market. Customers on expensive standard tariffs could save around £300 by switching to the cheapest fixed deal.

09 Sep 2016 | Written questions | House of Commons | 44828

Asked by: Nandy, Lisa

To ask the Secretary of State for Business, Energy and Industrial Strategy, what his Department's policy is on whether it should be mandatory for price comparison websites to show the cheapest energy deals available.

Answering member: Jesse Norman | Department for Business, Energy and Industrial Strategy

It is vital that customers trust price comparison websites, as they offer real opportunities for improving competition and I expect price comparison websites to be clear to consumers when they are not providing a whole market tariff comparison.

Ofgem are currently consulting on proposals to allow price comparison websites to only show those tariffs that consumers can switch to through the price comparison website as a default, but they must also provide quick and easy access to a webpage showing all tariffs available on the market. The consultation closes on 28 September and is available online at

https://www.ofgem.gov.uk/system/files/docs/2016/08/whole_of_market_consultation.pdf

09 Sep 2016 | Written questions | House of Commons | 44654

[Energy: Prices](#)

Asked by: Jarvis, Dan

To ask the Secretary of State for Energy and Climate Change, what steps her Department is taking to ensure consumers are placed on the cheapest tariff available by their energy supplier.

Answering member: Andrea Leadsom | Department for Energy and Climate Change

Strong competition in the retail energy market is the best way to ensure that customers are on the cheapest tariff that meets their particular circumstances. The Government and Ofgem have been working to improve competition and there are now 39 companies supplying energy to households across Great Britain.

The Government supports the Competition and Markets Authority's investigation into the retail energy market and we will take forward appropriate implementation of its final recommendations which are due to be published shortly.

We recognise that vulnerable consumers may need support to engage in the market and that is why we have provided £3 million over the last three years to community organisations through the Big Energy Saving Network.

04 May 2016 | Written questions | House of Commons | 35666

[*Energy Prices*](#)

Asked by: Butler, Dawn

To ask the Secretary of State for Energy and Climate Change, with reference to the contribution of the Prime Minister on 17 October 2012, Official Report, column 316, what steps the Government has taken to bring forward legislative proposals to compel energy companies to give the lowest tariff to their customers.

Answering member: Andrea Leadsom | Department for Energy and Climate Change

The Government introduced powers in the Energy Act 2013 to give effect to the Prime Minister's commitment. These powers enabled the Government to make changes to supplier standard licence conditions to ensure that customers are on the cheapest tariff that is in line with their preferences. However as the necessary changes to supplier licence conditions were introduced by Ofgem in 2013, the Government has not had to exercise these powers.

Ofgem has since referred the GB energy market to the Competition and Markets Authority for a full market investigation which is due to conclude in June 2016 following the publication of the Provisional Decision on Remedies on 10 March. The Government has committed to taking forward the CMA's recommendations.

18 Mar 2016 | Written questions | House of Commons | 31024

Debates

Opposition day debate

[*Energy Prices*](#)

HC Deb 14 Jan 2015 | 590 c891

Opposition day debate

[*Energy Prices*](#)

HC Deb 18 Jun 2014 582 cc1185-1229

Select Committees

Business, Energy and Industrial Strategy Committee

- Oral evidence: [*CMA's investigation of the UK Energy Market*](#), HC 982 22 February 2017
- Oral evidence: [*CMA's investigation of the UK Energy Market*](#), HC 982, 31 January 2017

Energy and Climate Change Committee

- Oral evidence: [*Competition and Markets Authority's Proposals*](#), HC 315, 5 July 2016
- [*Protecting consumers: Making energy price comparison websites transparent*](#), Seventh Report of Session 2014–15, HC899, 28 February 2015
- Oral evidence: [*Energy prices*](#), HC 773, 26 November 2013
- Oral evidence: [*Energy prices*](#), HC 773, 29 October 2013
- [*Energy Prices, Profits and Poverty*](#), Fifth Report of Session 2013–14, HC 108., 29 July 2013
- [*Consumer Engagement with Energy Markets*](#), Fifth Report of Session 2012–13, 20 December 2012

5. Further reading and Useful links

Ofgem

December 2016

[Energy plans: What is a 'standard variable' rate tariff and how does it compare?](#)

In December 2016 Ofgem published new [data comparing how much customers on standard variable tariffs with each supplier could save by switching to a cheaper deal](#). The table below shows what proportion of each supplier's customers is on standard variable tariffs, how this tariff compares to the cheapest deal offered by each supplier and how it compares to an average of the ten cheapest deals on the market from suppliers.

Ofgem Table: 'Standard variable' rate tariff information

The pricing information refers to 28 November 2016 and should not be used as a price comparison tool. To find out about accredited price comparison sites, see our impartial guide at [Be An Energy Shopper](#)

Supplier (1)	Number of customer accounts on standard variable tariffs (2)	Proportion of customer base on standard variable tariffs (%) (3)	Average annual cost of a standard variable tariff (£) (4)	Difference between a supplier's standard variable tariff and its cheapest tariff (£) (5)	Difference between a standard variable tariff and the average of the cheapest tariffs from the 10 cheapest suppliers (£) (5) (6) (7) (8)
British Gas	6,639,056	74%	1,044	129	166
Co-operative Energy	96,158	42%	1,121	245	244
EDF Energy	1,943,277	56%	1,069	136	192
E.ON	3,170,499	73%	1,057	41	179
Extra Energy	36,641	14%	1,130	154	252
First Utility	175,208	19%	1,071	157	193
Npower	1,737,642	59%	1,077	180	199
Ovo	225,952	35%	1,064	67	186
ScottishPower	1,541,307	50%	1,081	129	203
SSE	3,864,044	91%	1,068	98	190
Utility Warehouse	503,955	94%	1,012	150	134

Source: Ofgem, *Standard variable rate tariff information*, accessed 14 March 2017

Notes: Pricing information sourced from Energylinx as at 28 November 2016. All prices include VAT. Customer accounts information based on Ofgem data, received from suppliers for March 2016. All information is based on the most recent complete data Ofgem holds and it will be updated periodically.

Ofgem

Supplier Cost Index

Earlier in 2017 Ofgem launched a new [Supplier Cost Index](#) (SCI). The SCI draws on publically-available information to estimate ongoing trends in the main elements of cost that a supplier incurs in supplying a typical domestic customer with gas and electricity.

The aim of the SCI is to increase transparency in the energy market and help consumers understand what is behind trends in prices. We want to use this data to raise consumer awareness about energy bills and in doing so encourage consumers to shop around to get a better deal.

Competition and Markets Authority

The very substantial volume of information published during the [Energy Market Investigation](#) can be found on the [CMA website](#).

This includes:

- [Final report](#) 24.June 2016
- [Summary of final report](#) 24.June 2016
- [Summary of AECs and remedies](#) 24.June 2016

Citizens Advice

[Energy policy research](#)

Which?

[Compare energy tariffs](#)

Committee in Climate Change

[Energy Prices and Bills Report 2017](#)

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