



# Department for Energy Security & Net Zero

Rt Hon Claire Coutinho MP  
Secretary of State

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Dear Martin,

Thank you for our constructive meeting last month, and for all your work to make sure consumers get a fair deal. Before becoming an MP, I worked with struggling families so my priority in this job is to lower bills and help ensure people get the possible service from their suppliers.

## **Standing charges**

I share your concerns about the sharp rise in standing charges. Whilst energy bills have fallen to their lowest levels in two years, I would like to see standing charges as low as possible so that people can get more of the benefit of lower energy prices. We have encouraged Ofgem to consult on this, and they have recently closed a Call for Input, which received over 40,000 responses showing the importance of standing charges to the general public.

I have made clear to the CEO of Ofgem that I expect standing charges to be kept as low as possible, with consumers able to access tariffs with different options. I am also open to reforms based on the evidence gathered from the Call for Input. I understand how important this is to families across the country, and have urged Ofgem to bring forward the findings from the Call for Input as quickly as possible.

## **Competition in the market**

I want to see a retail energy market which uses competition, investment, and innovation to give consumers the best possible deals. Ofgem has recently confirmed that they will remove the Market Stabilisation Charge, which will make the market more competitive and limit extra costs for consumers. DESNZ and Ofgem are also running calls for evidence on default tariffs and the price cap, both of which will help drive competition in the market. Our work on off-peak tariffs to allow people to access the cheapest price for electricity during the day could save families an average of £900 off of their annual bill. We expect all households to feel the benefits of these reforms by April 2025.

You made a strong case for better price comparison for customers. I agree. You highlighted that other sectors, such as mortgage rates, are able to provide more forward facing pricing than energy due to the methodology used to calculate them. Ofgem do publish their price cap methodology online, so it is possible to forecast prices using this information. But there are a number of risks involved in doing this on a more forward looking basis as Ofgem sometimes will need to make last minute adjustments to the price cap in response to new data on the direction of costs or prices. Ofgem has a legal duty to make such judgement calls and to set the statutory price. However, we are consulting on introducing regulation for third-party intermediaries in the energy sector, such as price comparison websites and will consider price transparency as part of our consultation. I stand ready to take action if needed, to make sure customers can shop around with confidence.

## **Smart meters**

Almost 90% of smart and advanced meters installed in the UK are working correctly, but you are right to raise concerns about those meters which are not working. We have now got 9 suppliers to sign up to our measures to offer better consumer protection for broken smart meters, which covers over 60% of the market and gives consumers better access to repairs and replacements after their 12 month warranty has expired. We have further asked Ofgem and suppliers to ensure fixing faulty smart meters is a priority, and I am considering further steps to speed up compensation and better hold suppliers to account. This will be critical to maintain public support for a measure which coupled with our reforms will be able to deliver households a significant savings off of their bills.

## **Warm Home Discount**

Since it began in 2011, the Warm Home Discount (WHD) scheme has provided over £4 billion to help low-income households stay warm over the winter. This is on top of the broader support we have put in place, such as the £900 cost of living payments and £150 to those on eligible disability payments in 2023/24. In the Autumn Statement we also announced the largest ever cash increase to the National Living Wage, worth £1,800 per worker each year, an increase to benefits of 6.7%, and a pensions boost of 8.7%, all of which will be putting more money into people's pockets this month. The government has stepped in to provide £3,800 worth of support per household on average between 2022 and 2025.

In winter 2022/23, 2.7 million households received a WHD rebate and around 95% of those households in England and Wales received this automatically without having to take any action. There was an underspend as fewer eligible households were identified than we expected, and fewer households than we expected contacted our eligibility helpline. We made the eligibility criteria more generous in order to reduce the risk of future underspends, and this winter we expect over 3 million households in Great Britain to have received a rebate. Thank you for your work to encourage those who might be eligible to contact us to make sure they got the money they deserved.

## **Debt Collection and Failed Energy Supplier Customers**

We also discussed the recent case of former Igloo Energy and Together Energy customers being approached for debts which they do not owe. The Insolvency Service has been in contact with the Igloo and Together Energy administrators, who have taken action to prevent the issues you highlighted from happening again. Our teams should discuss the action the Insolvency Service and Ofgem have taken to date and how we can make sure customers know who to approach with complaints.

Thank you once again for raising these issues with me, and your dedication to the cause of consumers. I look forward to continuing to work together.

Yours ever,



**RT HON CLAIRE COUTINHO MP**  
Secretary of State for Energy Security & Net Zero