

DANIEL KAWCZYNSKI MP



HOUSE OF COMMONS
LONDON SW1A 0AA

21 August 2023

Dear Constituent

Energy Prices Act 2022

Thank you for contacting me about the Energy Prices Act 2022. The Act put into law support to help households, businesses and others with energy costs this winter, while reducing inflation and supporting economic growth. Without the launch of the schemes, businesses and consumers would have been left facing increasing financial turmoil, with energy bills estimated to increase to as high as £6,500 before the government stepped in. These measures are seeing a typical household pay no more than £2,500 a year for energy, while businesses will be paying less than half of predicted wholesale costs this winter.

Further, as our energy sector is so interconnected, a rise in gas prices has an affect on the prices charged by renewable companies, as the average cost of producing electricity goes up. The UK's main supply of electricity comes from gas production and this has been severely impacted by Russia's invasion of Ukraine because of the huge exports Russia usually contributes annually of gas.

That is why this Act has introduced new powers to help sever the link between high global gas prices and the cost of low-carbon electricity through a new temporary Cost-Plus Revenue Limit in England and Wales. This will reduce the impact of unprecedented wholesale prices on consumers and the taxpayer by introducing a revenue limit, curbing the amount generators can make. [Optional: Wind farms - I appreciate your concerns about capping the revenue of wind farms. The precise mechanics of the temporary revenue limit will be examined thoroughly in a consultation which will be launched shortly, I would strongly suggest you make your concerns heard in the consultation. You will be reassured to know that the Government has been working closely with industry on the detail of the proposal which will be consulted on.]

The Act forms yet another decisive step taken by the UK Government to reform the energy market, giving Britain back control of its own home-grown energy and breaking ties to the ever-increasing volatility and uncertainty of the global gas market.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Kaw', followed by a horizontal line.

Daniel Kawczynski MP
Member of Parliament for Shrewsbury & Atcham