



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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Rt Hon Jacob Rees-Mogg MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

16th October 2022

Dear Secretary of State,

I am writing to ask for further information and assurances on several other clauses contained within the Energy Prices Bill.

Regulation of energy markets

Clause 21 and Clause 22 give you as the Secretary of State powers to modify the licences of energy companies, including the standard conditions of these licences, and issue directions to licence holders. I recognise that your Department may need to respond swiftly as this energy crisis continues to unfold and that you need the necessary legal powers to do so. These powers (e.g. the ability to direct how energy companies operate and modify the conditions under which they are regulated) are, however, very extensive. There has been little time for Parliament to scrutinise them.

It would go a long way to assuage some of the understandable concerns parliamentarians, businesses and investors have if you could set out:

- the rationale for such wide-ranging powers and the assessment upon which your decision to propose such powers was based;
- the circumstances in which you expect to use these powers;
- the principles you will use when exercising them;
- the notice that will be given to licence holders before such licence changes and directions are made;
- whether energy companies will be consulted on possible changes and have a right to appeal; and,
- any timeframe you would place on the use of these emergency powers and how you will decide when they are no longer needed.

Tariff cap

Clause 20 and Schedule 3 would modify the Domestic Gas and Electricity (Tariff Cap) Act 2018 to support the operation of the Energy Price Guarantee. These amendments to the 2018 Act would require Ofgem to set the cap at a level which considers the impact of the price cap on public spending. I recognise the need to include measures to protect the public finances. However, I

would welcome further clarity on how the Government expects Ofgem to make such an assessment when setting the level of the cap and the trade-offs involved in doing so.

Next steps

Most stages of the Bill took place in a single day. As such, I feel strongly that Parliament should have an opportunity to vote in at least six months' time on whether these powers are still needed. Though they may be necessary at this time, legislating for such powers to exist in perpetuity seems to be a disproportionate response to today's energy emergency and further risks undermining investor confidence.

Yours sincerely,

A handwritten signature in black ink that reads "Darren Jones". The signature is written in a cursive, flowing style with large, connected letters.

DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE