Department for Energy Security & Net Zero

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Rt Hon Damian Green MP
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Dear Damian,

Thank you for your letter of 7 March, on behalf of the Digital, Culture, Media and Sport Committee, regarding the exclusion of the sport and leisure sector, including swimming pools from the Energy and Trade Intensive Industries (ETII) scheme, which forms part of the Energy Bill Discount Scheme (EBDS).

His Majesty's Treasury (HMT), along with my Department, made great efforts to engage a variety of stakeholders throughout the review of the Energy Bill Relief Scheme (EBRS).

Over the course of the review, the Government engaged with businesses and trade associations to understand which are most in need of further support after 31st March 2023. A questionnaire was available online for businesses to submit evidence into the review and the link to it was distributed to business representative organisations to pass on to their members. We have received many responses reflecting the experience of a wide range of sectors, businesses, charities, and public sector organisations.

The new EBDS for UK businesses, charities, and the public sector will continue to provide support with energy bills after the EBRS ends this March. This means all eligible UK businesses as well as other non-domestic energy users, including the sport and leisure sector, will receive a discount on high energy bills from 1 April 2023 until 31 March 2024.

Under the EBDS, all eligible businesses, including the sports and leisure sectors, will automatically receive a unit discount on their bills of up to £19.61/MW for electricity, and £6.97/MW for gas. This will be subject to a wholesale price threshold of £107/MWh for gas and £302/MWh for electricity. This means that businesses experiencing energy costs below this level will not receive support.

The methodology document, which sets out how sector eligibility was determined for the higher Energy and Trade Intensive Industry (ETII) support, is published here: www.gov.uk/government/publications/energy-bills-discount-scheme-factsheet/energy-bills-discount-scheme-energy-and-trade-intense-industries-assessment-methodology.

We have taken a consistent approach to identifying the most energy and trade intensive sectors, with all sectors that meet agreed thresholds for energy and trade intensity eligible for ETII support. These thresholds have been set at sectors operating in the top 20th percentile for energy intensity and top 40th percentile for trade intensity in the UK. Both thresholds need to be met to warrant inclusion, meaning some energy intensive sectors, such as the pools and leisure sector businesses which are not significantly trade intensive will not be eligible for support. These thresholds were set to balance our goals of delivering targeted support at lower overall cost, while capturing a broad enough share of affected companies. The firms eligible for ETIIs scheme are those operating within sectors that fall above the 80th percentile for energy intensity and 60th percentile for trade intensity, and those within sectors eligible for the existing Energy Intensive Industries compensations and exemption schemes.

The list of by Standard Industry Classification (SIC) codes, which acts as a proxy for the sectors eligible for the higher level of support, is available on: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1128033/230104_ETII_List_for_gov.uk.pdf. Further details on how the ETII scheme will work, including guidance for firms that believe their operations are not correctly classified by their SIC codes will be published in due course.

The Government considers the package of support under the EBDS strikes the right balance between ensuring fiscal responsibility as the EBRS comes to an end, supporting businesses over the next 12 months and limiting taxpayer's exposure to volatile energy markets. Of course, we will continue to closely monitor energy prices in the coming months.

The Government recognises the vital role that swimming pools and leisure facilities play in improving physical and mental wellbeing for people in our communities. That is why the Chancellor announced in the recent budget that public swimming pools in England will benefit from over £60 million of Government support to address the immediate cost-pressures facing public swimming pool providers, as well as providing investment in energy efficiency measures to reform facilities, reduce future operating costs and deliver long-term sustainability.

I hope you find this reply helpful.

Yours ever,

**RT HON GRANT SHAPPS MP**
Secretary of State for Energy Security & Net Zero