



Department for Energy Security & Net Zero

Rt Hon Ed Miliband MP
Secretary of State

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Bill Esterson
Chair of the Energy Security and Net Zero Committee
House of Commons
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10 July 2025

Dear Bill,

REVIEW OF ELECTRICITY MARKET ARRANGEMENTS (REMA): UPDATE

Thank you for your letter in June regarding zonal pricing. I appreciate the insights and urgency you've expressed. As we approach the Summer Recess, I want to provide the clarity you and the Committee have been seeking. I am pleased to share the Government's latest update on Review of Electricity Market Arrangements (REMA) and our plans to deliver a fair, affordable, secure, and efficient clean power system.

On taking office, we inherited a decision on whether to retain the current national system in which all areas in Britain pay the same wholesale price for energy or undertake a major overhaul to split the country into different pricing zones depending on their proximity to where energy is generated.

The central challenge we face as a country is the urgent need to get off expensive, insecure fossil fuels and deliver an electricity system that meets double the level of demand by 2050. In doing so, we have to design the network in a way to ensure that generation and transmission is built in the right places, so that we can effectively move power to where it is needed, minimise network constraints, and keep bills as low as possible.

This government has shown already we are not content to accept the slow and uncoordinated pace of planning and decision-making of the past. We know reform is needed.

Throughout the process I was guided by three key priorities in my decision making. These priorities looked at which option would be the fairest outcome for families and businesses in the near and long term; will deliver energy security, best protect consumers and ensure bills savings as soon as possible as part of accelerating to our mission of clean power 2030; and which is the approach that will do most to ensure the investment and growth we need right across the economy.

We confirm that we will reform the system while retaining a single national wholesale price, as it is the best way to deliver a fair, affordable, secure, and efficient electricity system.

This will see government take on more responsibility for planning the system and determining where clean energy infrastructure is located, based on what is needed for the long-term - rather than the current fragmented, ad hoc and uncoordinated approach. These changes aim to bring down energy bills, by making the current

system more efficient, ensuring low-cost investment into cheap clean energy projects, and reducing the cost of running the electricity network.

The key elements of reformed national pricing will be:

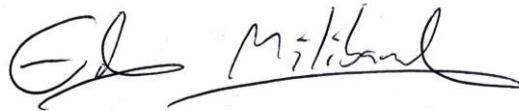
- Effective planning of renewable energy infrastructure through the upcoming Strategic Spatial Energy Plan, to be consulted on and published next year;
- National pricing reforms, such as making Transmission Network use of Service (TNUoS) charges more effective and predictable, and taking relevant powers through Parliament to do so;
- Improving the operation of flexibility and balancing markets through working with Ofgem and NESO, that will help to reduce the need for constraint payments, which are ultimately paid for by consumers.

Later this year we will publish a Reformed National Pricing Delivery Plan, focused on design and delivery and giving market participants and investors clarity on next steps for delivering these reforms. We will also publish the full REMA analysis later this year, including a cost benefit analysis of the different wholesale market reform options.

Retaining and reforming the national pricing market will ensure the benefits of clean power are felt by consumers in every part of the country, while giving businesses the stability and certainty they need to continue investing to upgrade our infrastructure to boost our national energy security, create tens of thousands of jobs, and grow the economy.

I look forward to working with the Committee as we deliver on our commitment to build clean power at pace and scale, to get Britain off the rollercoaster of fossil fuel markets and protect families and businesses for good.

Yours ever,

A handwritten signature in black ink, appearing to read 'Ed Miliband', with a stylized flourish at the end.

RT HON ED MILIBAND MP
Secretary of State for Energy Security & Net Zero