



Department for
Business, Energy
& Industrial Strategy

The Rt Hon Greg Clark
Secretary of State for Business, Energy and
Industrial Strategy

Department for Business, Energy &
Industrial Strategy
1 Victoria Street London
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Dermot Nolan
Chief Executive, Ofgem
9 Millbank
London SW1P 3GE

21 June 2017

Dear Dermot

I am sure that you share my concern that the detriment to retail energy customers on poor value standard variable tariffs, which was identified by the Competition & Markets Authority as averaging £1.4bn a year, must be brought to a rapid end.

You will have seen that the Conservative manifesto proposed to *"extend the price protection currently in place for some vulnerable customers to more customers on the poorest value tariffs."*

Other parties proposed, in their manifestos, price protection for consumers disadvantaged by these tariffs.

I consider that the endorsement of this approach by an overwhelming majority of the electorate constitutes good reason to proceed without delay. You will see that the Queen's Speech today says: *"My Government will ensure fairer markets for consumers. This will include bringing forward measures to help tackle unfair practices in the energy market to help reduce energy bills."*

Ofgem has powers available that would allow it to address the problems in the market that we now see.

I am writing to you as the independent regulator in accordance with my powers under Section 47(3) of the Electricity Act and Section 34(4) of the Gas Act to ask you to advise me on what action you intend to take in three respects:

- Safeguarding customers on the poorest value tariffs
- Ensuring that micro businesses are fairly treated
- Considering the future of standard variable tariffs

I understand that you may be required to consult formally on any proposed changes to licence conditions. I would be surprised and disappointed if the major energy companies did not acknowledge the need for such changes and be supportive of them, and for them to be made quickly, so there is common treatment across the industry.

Your response will inform forthcoming Government decisions in this area, and I would be grateful for your early response.

Yours sincerely
Greg

THE RT HON GREG CLARK MP
Secretary of State for Business, Energy & Industrial Strategy

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