



**HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ**

Jonathan Brearley, CEO  
Ofgem  
10 South Colonnade  
London  
E14 4PU

9 January 2023

Dear Jonathan,

As you are aware, today I have announced a new “Energy Bills Discount Scheme” for UK businesses, charities, and the public sector from April. This will provide a discount on high energy costs to give businesses certainty while limiting taxpayer exposure to volatile energy markets.

In the course of this review, my officials and I had several helpful conversations with businesses and representative bodies. While these discussions have been positive in the main, some stakeholders have expressed concerns about particular challenges some non-domestic customers are facing in the energy market. These challenges relate to both the pricing and availability of tariffs, including increased standing charges, prohibitive contract renewal terms, and in some cases decisions by individual suppliers to withdraw from supplying particular sectors.

We have a shared interest in sustaining a well-functioning and efficient energy market, with high standards of conduct, fair pricing, and resilient suppliers. I recognise, too, that the non-domestic market requires a different regulatory approach than that for domestic customers. I am grateful for the work that Ofgem continues to take to support consumers, and I remain committed to providing effective support to businesses struggling with energy costs.

I am pleased that Ofgem and BEIS, having been made aware of similar concerns, have already undertaken initial joint work to understand the problems reported by some business customers, including writing to and meeting with energy suppliers, and that Ofgem have taken several immediate steps to support customers this winter. I also understand that Ofgem is launching a deeper review of this market. I am very supportive of this ongoing work to understand both customer and supplier perspectives on the situation.

I want to emphasise how important this work is for many pubs, restaurants and other businesses who feel that they are not getting a fair deal from suppliers. It is therefore important that this work is conducted with the utmost urgency, and I would appreciate an update on progress in time for the Budget. I am eager to understand your assessment of the current functioning of the non-domestic market, particularly in relation to smaller businesses, and your views as to whether further regulatory (or indeed legislative) action is needed to secure a well-functioning market for non-domestic customers.

Best wishes,

A handwritten signature in blue ink that reads "Jeremy Hunt". The signature is written in a cursive, slightly informal style.

**RT HON JEREMY HUNT MP**  
Chancellor of the Exchequer