

Energy and Climate Change Committee

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From the Chair

Rt Hon David Cameron MP
10 Downing Street
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13 November 2013

Dear Prime Minister,

The Government's vision - moving to a secure, low-carbon energy system in a cost effective way is dependent on investor confidence. Given the high level of public concern about these pressing issues it is right that they are considered at the highest level. In "rolling back green charges" however, we would urge you to be careful not to undermine the very problems the Government is trying to solve.¹

Maintaining investor confidence

If the Government is to unlock the £110 billion of investment needed for new electricity generation and transmission infrastructure by 2020 industry confidence is vital. The feed in tariff with Contract for Difference (FiT CfD) designed to support investment in low-carbon generation is the cornerstone of the Energy Bill currently making its way through Parliament. Backtracking on these legally-binding contracts will damage policy credibility, seriously undermine investor confidence and could increase the cost of capital for new energy investments – thus pushing up energy bills. Can you confirm that you will not undermine these contracts?

Reducing the burden of levies

Improving the energy efficiency of Britain's housing stock is crucial to insulate us from rising energy prices and support those on low-incomes struggling to heat their homes. However, the increasing use of levies on bills to fund energy efficiency policies like the Energy Company Obligation (ECO) is problematic since it is likely to hit hardest those least able to pay. We have previously noted that public funding is less regressive than levies in this respect.² Will you consider moving these sources of funding to general taxation?

We look forward to hearing from you at your earliest convenience.

Yours sincerely,



Sir Robert Smith MP

¹ HC Deb, 23 October 2013, col 293

² Energy and Climate Change Committee, Fifth Report of Session 2013–14, *Energy Prices, Profits and Poverty*, HC 108, para 136