

# Government outlines plans to help cut energy bills for businesses

- New Government scheme will see energy prices for non-domestic energy customers such as businesses, charities and public sector organisations cut – protecting them from rising energy costs
- Government work with suppliers will reduce wholesale energy costs – and the significant rises in bills that businesses have seen
- This support is in addition to the Energy Price Guarantee for households, with further measures today to strengthen support for families across the United Kingdom, including those in rentals or park homes

New support for households, businesses and public sector organisations facing rising energy bills in Great Britain and Northern Ireland has been unveiled by Business Secretary Jacob Rees-Mogg today (Wednesday 21 September) – supporting growth, preventing unnecessary insolvencies and protecting jobs.

Through a new Government Energy Bill Relief Scheme, the Government will provide a discount on wholesale gas and electricity prices for all non-domestic customers (including all UK businesses, the voluntary sector like charities and the public sector such as schools and hospitals) whose current gas and electricity prices have been significantly inflated in light of global energy prices. This support will be equivalent to the Energy Price Guarantee put in place for households.

It will apply to fixed contracts agreed on or after 1 April 2022, as well as to deemed, variable and flexible tariffs and contracts. It will apply to energy usage from 1 October 2022 to 31 March 2023, running for an initial six-month period for all non-domestic energy users. The savings will be first seen in October bills, which are typically received in November.

As with the Energy Price Guarantee for households, customers do not need to take action or apply to the scheme to access the support. Support (in the form of a p/kWh discount) will automatically be applied to bills.

To administer support, the Government has set a Supported Wholesale Price – expected to be £211 per MWh for electricity and £75 per MWh for gas, less than half the wholesale prices anticipated this winter – which is a discounted price per unit of gas and electricity. This is equivalent to the wholesale element of the Energy Price Guarantee for households. It includes the removal of green levies paid by non-domestic customers who receive support under the scheme.

The level of price reduction for each business will vary depending on their contract type and circumstances:

- Non-domestic customers on existing fixed price contracts will be eligible for support as long as the contract was agreed on or after 1

April 2022. Provided that the wholesale element of the price the customer is paying is above the Government Supported Price, their per unit energy costs will automatically be reduced by the relevant p/kWh for the duration of the Scheme. Customers entering new fixed price contracts after 1 October will receive support on the same basis.

- Those on default, deemed or variable tariffs will receive a per-unit discount on energy costs, up to a maximum of the difference between the Supported Price and the average expected wholesale price over the period of the Scheme. The amount of this Maximum Discount is likely to be around £405/MWh for electricity and £115/MWh for gas, subject to wholesale market developments. Non-domestic customers on default or variable tariffs will therefore pay reduced bills, but these will still change over time and may still be subject to price increases. This is why the Government is working with suppliers to ensure all their customers in England, Scotland and Wales are given the opportunity to switch to a fixed contract/tariff for the duration of the scheme if they wish, underpinned by the Government's Energy Bill Relief Scheme support.
- For businesses on flexible purchase contracts, typically some of the largest energy-using businesses, the level of reduction offered will be calculated by suppliers according to the specifics of that company's contract and will also be subject to the Maximum Discount.

A parallel scheme, based on the same criteria and offering comparable support, but recognising the different market fundamentals, will be established in Northern Ireland.

If you are not connected to either the gas or electricity grid, equivalent support will also be provided for non-domestic consumers who use heating oil or alternative fuels instead of gas. Further detail on this will be announced shortly.

We will publish a review into the operation of the scheme in three months to inform decisions on future support after March 2023. The review will focus in particular on identifying the most vulnerable non-domestic customers and how the Government will continue assisting them with energy costs.

Prime Minister Liz Truss said:

I understand the huge pressure businesses, charities and public sector organisations are facing with their energy bills, which is why we are taking immediate action to support them over the winter and protect jobs and livelihoods.

As we are doing for consumers, our new scheme will keep their energy bills down from October, providing certainty and peace of mind.

At the same time, we are boosting Britain's homegrown energy supply so we fix the root cause of the issues we are facing and ensure greater energy security for us all.

Chancellor Kwasi Kwarteng said:

We have stepped in to stop businesses collapsing, protect jobs, and limit inflation.

And with our plans to boost home-grown energy supply, we will bring security to the sector, growth to the economy and secure a better deal for consumers.

Business Secretary Jacob Rees-Mogg said:

We have seen an unprecedented rise in energy prices following Putin's illegal war in Ukraine, which has affected consumers up and down the country and businesses of all sizes.

The help we are already putting in place will save families money off their bills, and the Government's plans for businesses, charities and public sector organisations will give them the equivalent level of support.

This, alongside the measures we are taking to boost the amount of domestic energy we produce to improve both energy security and supply, will increase growth, protect jobs and support families with their cost of living this winter.

Kate Nicholls, CEO of UKHospitality said:

This intervention is unprecedented and it is extremely welcome that Government has listened to hospitality businesses facing an uncertain winter. We particularly welcome its inclusiveness – from the smallest companies to the largest – all of which combine to provide a huge number of jobs, which are now much more secure.

The Government has recognised the vulnerability of hospitality as a sector, and we will continue to work with the Government, to ensure that there is no cliff edge when these measures fall away.

## **Support for households in Great Britain and Northern Ireland**

Today's announcement follows the launch of the Energy Price Guarantee for households in Great Britain, under which a typical household will pay on average £2,500 a year on their energy bill for the next two years from 1 October.

The scheme limits the price suppliers can charge customers for units of gas and electricity, taking account of the Exchequer temporarily funding for two

years environmental and social costs, including green levies – worth around £150 – which are currently included in domestic energy bills. The guarantee supersedes the existing price cap and is expected to save the average household £1,000 a year based on current energy prices from October.

It also comes in addition to the announced £400 energy bills discount for all households and together, they will bring costs close to where the energy price cap currently stands.

Today, the Business Secretary also confirmed equivalent support for households in Northern Ireland. The Northern Ireland Energy Price Guarantee will offer households the same level of gas and electricity bill support as the equivalent scheme in Great Britain.

Households in Northern Ireland will also receive a £400 discount on bills through the Northern Ireland Energy Bills Support Scheme (NI EBSS), the same support as is available in Great Britain.

For the Energy Price Guarantee, the scheme will still work through electricity and gas bills. The scheme will provide households in Northern Ireland with equivalent financial support with their electricity and gas bills as for those in Great Britain. Energy suppliers will reduce bills by a unit price reduction of up to 17p/kWh for electricity and 4.2p/kWh for gas, and there is no need to take any action to receive this support. This will take effect from November, but the Government will ensure households receive support so they will see the same benefit overall as those households in Great Britain backdating support for October bills through bills from November.

## **Targeted support**

The Government also announced today further details on the separate Energy Bills Support Scheme (EBSS) to ensure that the £400 discount to households starting from October will also be available to the 1% of households who would not otherwise have received this support.

Additional funding will be made available so that £400 payments will be extended to include people such as park home residents and those tenants whose landlords pay for their energy via a commercial contract. The government is committed to ensuring such households receive the same support for their energy bills. The Government will introduce legislation to make sure landlords pass the EBSS discount on to tenants who pay all-inclusive bills.

The Government will also provide an additional payment of £100 to households across the UK who are not able to receive support for their heating costs through the Energy Price Guarantee. This might be because they live in an area of the UK that is not served by the gas grid and is to compensate for the rising costs of alternative fuels such as heating oil.

## Notes to Editors

- To ensure the scheme can work effectively for government, energy suppliers, businesses and other non-domestic organisations, with the minimum disruption to existing processes, emergency legislation is being introduced to underpin the scheme. This will be subject to the standard parliamentary process for emergency legislation.
- Emergency legislation will be introduced at the earliest opportunity when Parliament is back from recess in October. The precise timeline will depend on parliamentary scheduling and is still to be confirmed.
- Demonstrative examples of businesses / organisations this will help are:

### A pub

- A pub uses 4 MWh of electricity and 16 MWh of gas a month. They signed a fixed contract in August 2022, giving them a current monthly energy bill of about £7,000. At the time they signed their contract, wholesale prices for the next 6 months were expected to be higher than the Government Supported Price of £211/MWh for electricity, and £75/MWh for gas, meaning they can receive support under this scheme.
- The difference between expected wholesale prices when they signed their contract and the Government Supported Price is worth £380/MWh for electricity and £100/MWh for gas, meaning they receive a discount of £3,100 per month, reducing their bill by over 40%.

### A school

- A school uses 10 MWh of electricity and 22 MWh of gas a month. They signed a fixed contract in July 2022, giving them a current monthly energy bill of about £10,000. At the time they signed their contract, wholesale prices for the next 6 months were expected to be higher than the Government Supported Price of £211/MWh for electricity, and £75/MWh for gas, meaning they can receive support under this scheme.
- The difference between expected wholesale prices when they signed their contract and the Government Supported Price is worth £240/MWh for electricity and £70/MWh for gas, meaning they receive a discount of £4,000 per month, reducing their original bill by 40%.
- The Government will conduct a review of the Government Energy Bill Relief Scheme, to be published in 3 months' time, to assess:
  - How effective the scheme has been in giving support to vulnerable non-domestic customers;
  - Which groups of non-domestic customers (by sector, size or geography) remain particularly vulnerable to energy price rises, taking into account the latest price position and forward curves, alongside other cost pressures
- The extent to which the scheme could be extended and further targeted,

or alternatively replaced with other targeted support for these most vulnerable users.

- The scheme is intended to have a broad application but there may be very limited exclusions, for example businesses that use gas or electricity to generate or store power they are selling back into the grid, such as power stations, pumped hydro or grid-level battery storage.
- The supported wholesale prices for gas and electricity under the scheme will be confirmed on 30 September.

Martin McTague, National Chair of the Federation of Small Businesses, said:

Small businesses called for decisive action – now the government is delivering. With small firms the least able to avoid closure and 16 million employees relying on them, Ministers have listened to our community and got this big call right. Now it's up to energy retailers to live up to the high bar set today and make sure this help reaches those on the ground.

Jonathan Geldart, Director General of the Institute of Directors, said:

This is an important intervention by the government and provides much needed short-term reassurance for the numerous firms that are facing soaring energy bills. We look forward to working with the government in the coming months to ensure that further relief is targeted at those industries and sectors whose survival is most threatened by current economic conditions.

Ultimately, however, business and government will need to work hand in hand to develop domestic energy sources and reduce consumption and dependency on expensive fossil fuels.

Anthony Impey, CEO of Be the Business, said:

This package of support will give business owners the confidence to take long term investment decisions, which many have been postponing in response to rising prices.

They can now focus their efforts on activities that drive growth and productivity, such as adoption of technology and increasing the skills of their employees and management teams.

James Lowman, Chief Executive, Association of Convenience Stores, said:

We strongly welcome the Government's support package which will provide a lifeline for thousands of local shops, enabling them to keep trading and serving their communities.

We will continue to work closely with the Department for Business, Energy and Industrial Strategy on longer term solutions to the energy crisis facing convenience stores and other businesses, including ways to incentivise investment in energy efficient technology.

The Food and Drink Federation CEO Karen Betts said:

We welcome the scope of the Government's Energy Bill Relief Scheme and the speed with which it's being rolled out. It addresses the largest and most volatile cost pressure facing our industry right now. Although some aspects of the scheme are still to be clarified, it offers relief to food and drink manufacturers across the UK.

Stephen Phipson CEO of Make UK, the manufacturers' organisation said:

Industry will warmly welcome the timely announcement of an energy price cap for an initial 6 months for all business users. Government has delivered a scheme which is simple to understand, giving reassurance to the business sector. However as appear prices will likely remain high for many months to come, industry will need support for a longer period to protect jobs and remain competitive, so the further announcement of a review on future support at the 3 month stage is reassuring.

We hope that this support can be made tangible as quickly as possible and not applied retrospectively at the end of the next quarter.

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## **OSCE session – greening the economy and the role of the energy sector: UK statement**

The energy sector plays a crucial role in greening the economy. Green energy contributes to energy security and independence, unlike imported fossil fuels. Nuclear power, for example, will play an important role in carbon-free energy sectors of the future. The UK's [Energy Security Strategy](#), published earlier this year, pledges to significantly accelerate the UK's production of nuclear power.

Nuclear power is one of the safest forms of energy generation, but the

harnessing of nuclear power requires the utmost diligence and precaution. Yet as we sit here, the largest nuclear power station in Europe risks becoming the next Chernobyl disaster because of the reckless behaviour of the Russian military.

Since the start of Russia's invasion, nuclear facilities in Ukraine have been struck by military ordnance on at least four occasions and at least five Ukrainian nuclear facilities have experienced significant disruptions to their normal operations. As the IAEA's Director General said in June, of the seven pillars of nuclear safety and security, almost all have been violated by Russia's actions.

Another area of energy sectors' future is critical minerals. We need lithium, cobalt and graphite to make batteries for electric cars; silicon and tin for our electronics; and rare earth elements for wind turbines. The UK's first ever [Critical Minerals Strategy](#) commits us to collaborating with international partners; and enhancing international markets to make them more responsive, transparent and responsible.

Finally, we call on Russia to stop its weaponisation of energy, which is having a destabilising effect on energy sectors and impacting homes across the OSCE region. We must continue to explore further measures to prevent Russia from profiting from its war of aggression. As we phase out Russian energy from our domestic markets, we will seek to develop solutions that reduce Russian revenues from hydrocarbons; support stability in global energy markets; and minimise negative economic impacts.

Our targeting Russia must be complemented by support to Ukraine.

Ensuring Ukraine has access to available energy will not only make sure the economy continues to function, but will also keep people warm and allow hospitals to provide emergency healthcare when it's needed. Also, the provision of vital equipment can enhance the detection of illicit movement of materials within Ukraine and across its borders, helping the country recover from Russian control of the Chernobyl site.

The UK has announced a £5 million support fund designated to providing safety and security equipment to Ukraine's civil nuclear sector, restoring safety and security at Chernobyl and Ukraine's other nuclear sites following Russian attacks. We are also helping Ukraine reconnect power across the country and repair energy infrastructure.

As well as fuelling a green transition, energy systems play an indispensable role in ensuring national security and economic resilience. These systems are threatened by Russia's invasion of Ukraine, with consequences that can be felt across the OSCE region. We encourage all States to continue to reduce their dependence on the Russian energy that fuels this conflict; to condemn the wildly irresponsible actions of Russia that threaten the safety of Europe; and to stand by Ukraine and its energy sector as it helps the country recover from Russia's brutal invasion.

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## Role of Economic and Environmental Forum at OSCE: UK statement

The UK welcomes the opportunity to reflect on the operation of the economic and environmental forum and dimension. This dimension offers particular opportunities for dialogue and cooperation that may not be open to our colleagues working on other issues, as demonstrated by our success in recent years in achieving consensus on these topics.

Environmental confidence-building measures, such as trans-national water cooperation or forestry protection, can better protect both sides from environmental disasters, whether natural or man-made; whilst greater economic connectivity can deepen ties across States, building resilience to conflict. And of course the existential threat of climate change makes the second dimension more relevant than ever.

In 1992, in this city, OSCE Ministers agreed to strengthen the organisation's focus on the transition to, and development of, free-market economies, as an essential contribution to the building of democracy. While environmental issues were subsequently added to the OSCE's mandate, the forum's original objective of promoting better relations through regional connectivity and cooperation remains as important as ever – a fact made more obvious as one participating State now chooses economic isolation and weaponisation over collaboration and partnership.

As with the adding of environmental issues, what is important is the Forum's – and the wider dimension's – ability to respond to new challenges. For example, as climate change presents itself increasingly as a threat to regional security, so should the OCEEA shift focus to this topic. We welcome their doing so. Similarly, as the economies of the OSCE region – and especially Ukraine – are threatened, so should the OCEEA respond to this new challenge. And we welcome their proposed programme of work.

We are asked in this session to consider emerging themes. With Russia's refusal to engage with the international community we have witnessed the end of the economic cooperation necessary for economic recovery and growth. The OSCE remains a useful platform for economic cooperation, but as long as Russia rejects international norms and behaviours, isolates itself from the international community, and violates the forum's economic principles, the OSCE will not be able to reach its potential. We continue to call for Russia to live up to the commitments it has freely signed up to.

The UK believes in co-operation on these issues in a wider Europe. We have a positive experience of economic cooperation with states across the OSCE. For example, our development programme in Central Asia supports efforts on anti-corruption, innovation, the growth of small businesses, diversifying the private sector, and economic policy delivery. This work includes drawing on

best practices from comparable contexts and building local capacity – exactly the sort of work the OSCE does best.

We also promote regional cooperation and connectivity in Central Asia through the CASA-1000 energy transmission project, which connecting hydropower stations in Kyrgyzstan and Tajikistan. We see the benefits of deeper economic connectivity across the region, and welcome the OCEEA's role in enhancing trade, transport and digital facilitation. Connectivity and cooperation amongst peaceful states are central to resilience – we cannot rely on those who may threaten us. We welcome the OCEEA's work on the protection of critical energy infrastructure and advancing energy security in Central Asia.

We also recognise the important role the OSCE can play in water diplomacy and water management. The work done since 2004 on the Dniester river basin has yielded strong results. As climate change exacerbates water scarcity, transboundary co-operation will only become more important.

To conclude, there is no division in the OSCE between sub regions when it comes to our ability to cooperate on economic and environmental issues. And it is in all states' self-interest to do so. However, so long as one state continues to shun the offers of cooperation and pursue a violent, unilateral campaign against a fellow OSCE participating State, it will drag the whole region down in the process. In considering the future orientation of the second dimension, we must look afresh at how we mobilise our economic and environmental tools to increase our collective resilience against such barbarity.

Thank you.

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## **OSCE Economic and Environmental Forum, 2022: UK statement**

The theme of this year's Forum is sustainable economic recovery – a theme set last year when we were still reeling from the devastation caused by the COVID-19 pandemic. Back then, our most pressing issue was to find a way to limit and reverse the economic damage being done, whilst also accelerating the transition towards a more inclusive, sustainable, and resilient form of economic development and growth.

Times have changed.

Even as COVID-19 continues to claim lives and livelihoods, and climate change threatens to undo hard won development gains, we are faced with a new threat. But this time it comes from the deliberate actions of one participating State.

Russia's unprovoked invasion of Ukraine has become the region's most pressing security issue. But until Russia is stopped, our collective economies will continue to suffer, with Ukraine suffering most of all.

The economic dialogue that is necessary for economic cooperation and recovery is a function of political dialogue. But Russia has shown, through its complete disregard for international norms that it has no interest in political dialogue.

Faced with appalling barbarism and war crimes, the international community rallied together to condemn the war and impose the largest and most severe economic sanctions Russia has ever faced.

From the UK's side we have sanctioned Putin's corrupt cronies; frozen Russian state assets; cut off access to the UK's financial services; hindered those behind Putin's disinformation agencies, including RT and Sputnik; stopped Russian aircraft from flying or landing in the UK; and banned their vessels from our ports. We join others in our collective resolve to keep targeting Russia's economy until Ukraine prevails.

It is clear that President Putin did not anticipate this reaction. So accustomed is he to acting with total impunity within his own borders that he wrongly expected the world to turn a blind eye as his army crossed another's. We now see him lashing out through crude attempts to weaponise Russia's energy exports and use energy as a tool of geopolitical coercion. The dire consequences of this are felt across the globe, including by many States represented here.

In order to better protect our societies from Russia's aggression we must collectively increase our economic and energy resilience. This includes reducing reliance on Russian hydrocarbons; committing to energy and resource diversification; and expediting global clean energy transition towards net zero by 2050. The OCEEA's work on energy network protection and sustainable energy production is central to these efforts.

Resilience also requires deepening regional connectivity amongst peaceful neighbours; increasing cooperation over scarce resources such as water; and mitigating the worst effects of climate change together. We welcome the OCEEA's support in fostering greater bilateral and regional co-operation in these areas.

Russia's war indeed affects us all. But we should not lose sight of who it affects most. When Ukraine has prevailed, and successfully defended itself against this aggressor, its economic recovery can be completed.

The United Kingdom will push for immediate investment to drive sustainable and inclusive economic growth. We need to need able to support those returning to Ukraine; we need to give people hope about the future; and we need to give them the means to be able to support themselves.

Ukraine has shown itself to be a bastion of freedom and democracy. It is now the duty of those countries who believe in OSCE principles to do whatever it

takes to support its sustainable economic recovery. Ukraine's recovery from Russia's war of aggression will be a symbol of the power of democracy over autocracy, of freedom over oppression. It will show Putin that his attempts to destroy Ukraine have only produced a stronger, more prosperous and more united nation.

Thank you.

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## Prime Minister to tell UN General Assembly: I will lead a new Britain for a new era

- In UN address the PM will call on democracies to harness the power of cooperation seen since Putin's invasion of Ukraine to constrain authoritarianism.
- PM will argue the free world must prioritise economic growth and security – including ending dependency on authoritarians – to win the new era of strategic competition.
- UN speech will also stress the need to properly invest in our physical security and will recommit to spending 3% of UK GDP on defence by 2030.

Prime Minister Liz Truss will use a speech in New York today (Wednesday) to warn fellow democratic leaders against any complacency when it comes to defending our values and preserving a world order that rewards freedom.

At the first ever session of the UN General Assembly held in the shadow of a large-scale war of aggression in Europe, the Prime Minister will highlight the threat from authoritarian states working to undermine security and stability around the world.

She will outline her vision for this new, more competitive era, which will require likeminded democracies to fight to defend our ideals. This fight begins with ensuring the UK and its partners have the strong economic foundations they need to constrain authoritarianism.

The Prime Minister will outline her plans to build a British economy which attracts growth by rewarding innovation, championing investment and enterprise, and welcoming the best talent around the world.

She will also set out the steps the Government is taking to ensure the British economy is free from malign interference. This includes increasing our energy independence and safeguarding the security of our supply chains.

In her speech, the Prime Minister is expected to say:

The commitment to hope and progress must begin at home – in the lives of every citizen that we serve...

...We want people to keep more of the money they earn, because we believe that freedom trumps instruction...

...We are reforming our economy to get Britain moving forward once again. The free world needs this economic strength and resilience to push back against authoritarian aggression and win this new era of strategic competition...

...We will no longer be strategically dependent on those who seek to weaponise the global economy.

As the UK boosts the dynamism and resilience of our own economy, the Prime Minister will also make the case for democracies working together to protect one another's economic security.

The strength of democratic economies, rooted as they are in the aspirations of their people, is a clear counterpoint to autocratic states, which sow the seeds of their own demise by stifling aspiration and creativity.

The Prime Minister will make the case for harnessing that strength and denying authoritarian states the opportunity to manipulate the global economy.

She will tell the UN General Assembly that the G7 and other likeminded partners must act as an economic NATO, collectively defending our prosperity and coming to the aid of any partner targeted by an aggressive regime.

This economic security goes hand in hand with physical security. The Prime Minister will therefore reiterate her commitment to protecting the UK and our allies, including by increasing defence spending to 3% of UK GDP on defence by 2030.

The Prime Minister is expected to say:

Just as we are building a plan for growth at home, we are also developing a new blueprint for our engagement with the world.

We will build resilience and collective security – because they are vital for freedom and democracy. We will be a reliable, trustworthy and dynamic partner.

To ensure the UK's diplomatic, military and security architecture is keeping pace with evolving threat posed by hostile nations, the Prime Minister has commissioned an update to the Integrated Review.

The UK's Integrated Review of security, defence, development and foreign policy was published in March 2021 – before Putin's full-scale invasion of

Ukraine created the greatest security challenge ever experienced by NATO.

Professor John Bew, the Prime Minister's special adviser for foreign affairs and defence, will lead a Downing Street process to update the review.

The refreshed strategy will ensure we are investing in the strategic capabilities and alliances we need to stand firm against coercion from authoritarian powers like Russia and China. The update is expected to be published by the end of this year.

By properly investing in defence, the Prime Minister will ensure that the UK maintains our position as the leading security actor in Europe, so that we are ready to stand up for peace, prosperity and freedom across the world – just as we have done in Ukraine.

The Prime Minister will highlight these efforts in her speech. She will pay tribute to the bravery and determination of the Ukrainian people, and commit to continue standing up for human rights and democracy around the world.

The Prime Minister is expected to say:

This is a decisive moment in British history, in the history of this organisation, and in the history of freedom.

The story of 2022 could have been that of an authoritarian state rolling its tanks over the border of a peaceful neighbour and subjugating its people.

Instead, it is the story of freedom fighting back... But this must not be a one off...

...Britain's commitment to this is total.

Together with our friends and allies around the world, we will continue to champion freedom, sovereign and democracy.

And we will define this new era as one of hope and progress.