



ENERGY BILLS SUPPORT SCHEME EXPLAINER

AUGUST 2022

Find out about the Energy Bills Support Scheme and how you can get support

Source: Department for Business, Energy & Industrial Strategy
www.gov.uk/government/news/energy-bills-support-scheme-explainer

What is the Energy Bills Support Scheme?

Over the past year, global energy prices have soared, with wholesale gas prices alone quadrupling. This has led to an unprecedented rise in household energy bills.

The Energy Bills Support Scheme will deliver a £400 non-repayable discount to eligible households to help with energy bills from October.

This is an £11.7 billion scheme which forms part of the £37 billion cost of living assistance package for consumers over winter 2022 to 2023. The scheme will help around 29 million households across Great Britain.

There is no need to apply for the discount. Energy suppliers will deliver this support to GB households with a domestic electricity connection over 6 months from October 2022.

Who is eligible for the Energy Bills Support Scheme?

All households with a domestic electricity connection in Great Britain are eligible for the £400 discount. There is no need to contact energy suppliers concerning this.

How will I receive the discount?

The £400 discount will be administered by suppliers and paid to consumers over 6 months with payments starting from October 2022, to ensure households receive financial support over the winter months.

Households will see a discount of £66 applied to their energy bills in October and November, rising to £67 each month from December through to March 2023.

The discount will be provided on a monthly basis regardless of whether consumers pay monthly, quarterly or have an associated payment card.

Households will never be asked for their bank details, and those with a domestic electricity connection will not need to apply.

There is no need to contact your supplier as all domestic electricity customers will be automatically eligible. Electricity bill payers should enquire with their supplier if they have not received their first instalment by the end of October.

Breakdown of the delivery process for each payment method:

- **direct debit customers** will receive the discount automatically as a reduction to the monthly direct debit amount collected, or as a refund to the customer's bank account following direct debit collection during each month of delivery.
- **standard credit customers** and **payment card customers** will see the discount automatically applied as a credit to standard credit customers' accounts in the first week of each month of delivery, with the credit appearing as it would if the customer had made a payment.
- **smart prepayment meter customers** will see the discount credited directly to their smart prepayment meters in the first week of each month of delivery.
- **traditional prepayment meter customers** will be provided with redeemable vouchers or Special Action Messages (SAMs) from the first week of each month, issued via SMS text, email or post. Customers will need to take action to redeem these at their usual top-up point.

I'm on a traditional prepayment meter. Will I receive the discount?

Traditional prepayment meter customers will be provided with redeemable vouchers from the first week of each month, issued via SMS text, email or post. Customers will need to take action to redeem these at their usual top-up point.

Traditional prepayment meter customers must ensure their supplier has up-to-date contact details for them so they receive their voucher and understand how to redeem it.

The government will work with suppliers and third parties on targeted communications and messaging for PPM customers to ensure vouchers are used.

I am a direct debit customer. What should I look out for when checking whether the discount has been credited to my account? Will it show up on my account when I log in online?

Direct debit customers will receive the discount automatically as a reduction to the monthly direct debit amount collected, or as a refund to the customer's bank account following direct debit collection during each month of delivery. More supplier guidance on this will be published ahead of October's launch.

I pay for energy in my rent - how do I make sure my landlord passes on the reduction?

Landlords who have a domestic electricity contract with a licensed electricity supplier and then resell the electricity to their tenants based on energy usage must comply with the maximum resale price rules.

The maximum resale price for electricity is currently set as the same price as that paid by the person reselling it. Under these circumstances, we expect landlords to pass on the discount received to each tenant.

Landlords with a domestic electricity connection who charge 'all inclusive' rent, such as the case for many student houses, where a fixed cost for energy costs are included in their rental charges, should also be passing on the discounted payments to tenants.

There are rules which can protect tenants and ensure they receive the benefit of this policy. See Ofgem's guidance on how to ensure customers are being charged no more than they should when they buy the electricity through their landlord, including what to do if they think there has been a mistake.

Is the Energy Bills discount UK-wide?

The Energy Bills discount will apply to consumers in England, Scotland and Wales. The UK government is urgently working to ensure the people of Northern Ireland receive the equivalent of this support as soon as possible.

Will I get the discount if I live in a park home, houseboat or am an energy consumer living off the grid?

Approximately one per cent of UK households are currently ineligible to receive Energy Bills discount as they do not have a domestic electricity meter and a direct relationship with an electricity supplier.

The government has confirmed that further funding will be available to provide equivalent support of £400 for energy bills for the 1% of households who will not be reached through the Energy Bills discount. An announcement with details on how and when these households across Great Britain can access this support will be made this Autumn.

What happens if I switch energy suppliers or my household circumstances change?

Electricity suppliers will apply the discount to bills from October 2022. This will be done by meter points, so it won't matter if you switch supplier.

The Scheme will now provide 6 monthly payments based on 6 qualifying dates than a single date in October. This allows new eligible households to benefit from the relevant portion of the total £400 as there will be multiple qualifying dates.

What if my energy supplier goes bust?

Government will ensure that customers who switch payment methods, or whose energy suppliers fail, will not be penalised. If a supplier is not able to provide the discount to all its eligible customers, the supplier must report to BEIS and Ofgem what steps it is taking to ensure delivery.

What if I change payment method/tariff?

Eligible customers will receive their discount on a monthly basis regardless of their supplier, payment method or tariff.

How will it work for customers in arrears / in debt?

All households with a domestic electricity connection in Great Britain are eligible for the £400 discount. The government expects and encourages suppliers to make it their priority to work actively to move customers with large arrears balances onto repayment plans wherever possible. This is already a licence condition for suppliers.

Why are people with second homes getting more than one payment?

We want to ensure households start to receive this support from October and taking action on second homes could risk the start date for delivering the Scheme as a whole for winter, which would have an impact on many more households including the most vulnerable.

We acknowledge that delivering support at this scale and pace means there may be instances where people receive the discount multiple times if they are paying multiple electricity bills. However, any delay would further disadvantage consumers experiencing high energy bills, particularly those in lower income households who are most in need of the payment. Removing the discount from those with multiple meters could also stop people who are paying on behalf of elderly / disabled individuals from receiving a needed discount.

Why isn't this support targeted to vulnerable households who need it most?

The Energy Bills discount is an essential part of the government-wide **Help for Households** cost of living support package set out on 26 May 2022, providing help for as many households as possible throughout the country. Households most in need will be eligible for further support in addition to the Energy Bills discount. This includes:

- a £650 one-off Cost of Living Payment for around 8 million households on means tested benefits.
- a one-off £300 Pensioner Cost of Living Payment for over 8 million pensioner households to be paid alongside the Winter Fuel Payment.
- a payment of £150 for around 6 million people across the UK who receive certain disability benefits.
- a £500 million increase and extension of the Household Support Fund.

Why can't I donate my £400 to charity instead?

The discount is being provided to households to assist with the cost of energy bills and it is for individual households to decide if they do not wish to retain it. Any charitable donation is an individual's choice from their own assets.