



HOUSE OF COMMONS

LONDON SW1A 0AA

Mr Jonathan Brearley
Chief Executive
OFGEM
10 South Colonnade
Canary Wharf
London
E14 4PU

26 July 2022

Dear Mr Brearley

Re: Standing Charges

I have been grateful for your responses to my various queries associated with rising energy costs. Additionally, I am mindful that a number of bodies including Ofgem are working with Government Ministers about trends in the gas and electricity market and support that can be provided to domestic and business consumers.

An issue raised in various emails and letters with constituents concerns the standing charge. Constituents seeking to manage their usage have noticed the dramatic increase in standing charges, and I am now advised by the House of Commons Library that the East Midlands has seen a dramatic increase in standing charge (pence per day) from 3.9p in Winter 2021/22 to 23.7p in Summer 2022 (a 504% increase) whilst unit costs declined from 4.2p/kwh to 3.5p/kwh over the same period. I note that the North Wales and Mersey saw a 622% increase from Winter 2021/22 to Summer 2022 and a similar decrease in unit costs but other regions including South East England, and Southern Western saw smaller increases in Standing Charge albeit smaller small decreases in Unit Costs.

My figures come from Ofgem, Default tariff cap level: 1 April 2022 to 30 September 2022 (Supplementary model- default tariff cap level v1.10). To inform my work in Westminster, I would be grateful for your comments about the following:

- Why did the East Midlands see the second highest increase in Standing charge (pence per day) between Winter 2021/22 and Summer 2022?
- Why is there such a variation between standing charge increases between Winter 2021/22 and Summer 2022 depending on region?
- What is the relationship between the changes in Standing Charge and Unit Costs? I know that all regions witnessed an increase in standing charge but there is a variation between the decrease and increase in Unit Costs?

I appreciate the complexities of this subject may not be reflected in my questions, but many constituents are troubled by their electricity bill charges and are looking to make savings. I would welcome a written overview that I may share with my constituents.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

Dr Luke Evans
Member of Parliament for Bosworth