

Email: EBSS@ofgem.gov.uk

Date: 5 August 2020

## **To all Electricity Distribution licensees who are Distribution Service Providers**

Dear interested parties

### **Decision to withdraw the proposed Electricity Distribution Licence Condition changes in connection with the Energy Bills Support Scheme (EBSS)**

On 29 April 2022, we published our Statutory Consultation<sup>1</sup>, which set out our proposal to modify licences held by Electricity Distribution licensees who are Distribution Service Providers, to support the implementation of the EBSS. This letter sets out the background to the proposed modification, the subsequent Government change to its policy, a summary of the responses to our Statutory Consultation, and our reasoning for our decision to withdraw the proposal

#### **Background**

As set out in the The Secretary of State for Business, Energy and Industrial Strategy (BEIS) EBSS policy consultation document<sup>2</sup>, the Government recognises that many households need support to deal with rising energy bills. The EBSS is part of a wider package of Government measures and aims to help households manage the recent increase in energy costs. The original policy proposal was for the Government to provide domestic electricity customers in Great Britain with a £200 credit to help with energy bills in October 2022. Electricity suppliers would apply the support payment to customers' accounts, with the Government gradually recovering the payment in instalments from April 2023 via network charges and customer bills.

#### **Policy Change**

On 26 May 2022, the Chancellor of the Exchequer<sup>3</sup> announced some changes to the EBSS scheme on the 26 of May of 2022 including:

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<sup>1</sup> [EBSS \(Energy Bill Support Scheme\) Statutory consultation - Networks | Ofgem](#)

<sup>2</sup> [Technical proposals for the Energy Bills Support Scheme - GOV.UK \(www.gov.uk\)](#)

<sup>3</sup> [Cost of Living Support - GOV.UK \(www.gov.uk\)](#)

- an increase in the support payment amount from £200 to £400, to be delivered to domestic consumers from October 2022; and
- no requirement for consumers to repay the support payment as the levy element of the EBSS is no longer in place.

## Stakeholder Responses

1. We received 7 responses to our Statutory Consultation.  
Six out of the seven responses commented on the introduction of the Levy to recover the EBSS payment:
  - 5.1 All of the six respondents agreed on the imposition of a Levy via standing charges to enable the recovery of the payment across 5 years.
  - 6.1 One respondent requested more details on how the scheme will be implemented, including further specifics on Suppliers' and Distributors' obligations and whether further detail on this would be provided in the Ministerial Direction
2. Five out of seven Distributors commented on the implementation of Distribution Connection and Use of System Agreement (DCUSA) changes aligned to the proposed licence conditions and the government direction
  - 7.1 One respondent requested more details on the DCUSA implementation through the Ministerial Direction.

## Decision

After careful consideration of the responses received to the Statutory Consultation and the policy change announced by the Chancellor of the Exchequer, we have decided not to proceed with the proposed modifications and therefore withdraw our proposal to (i) introduce new distribution licence modifications as suggested in the Statutory Consultation (namely a new Standard Condition 38D and modification to Special Licence Condition CRC 2B); and (ii) request information from Distribution Network Operators as part of implementing the EBSS. This is for the following reason: the Chancellor of the Exchequer's announcement resulted in a material change to the underlying policy of the scheme, with no requirement for the support payment to be repaid by consumers and therefore in our view, there is no longer a requirement for the modifications to be introduced

If you would like to discuss any aspects of this letter, please email [EBSS@ofgem.gov.uk](mailto:EBSS@ofgem.gov.uk).

Yours faithfully,

**Maureen Paul**

**Deputy Director, Retail Market Policy**