

# With great power comes great responsibility – what can be done for customers and suppliers in these challenging times?

	Option	Description	Maximum impact on Summer 2022 cap (£/yr)	Speed of implementation	Applicable to business (Y/N)?	Potential duration of support	
Financial support options	Direct financial support to customers, e.g. as with Warm Homes Discount (WHD), to mitigate direct wholesale energy cost increases	Payments could be made through customer bills, either as a one-off, quarterly (standard credit) or monthly (direct debit)	TBC - mitigation of wholesale costs would require c. £500 per annum, rising to c. £800 for the Winter 22-23 cap	1-3 months (fiscal instrument)	Yes – a version could be applied similar to CBILS or other support. May be tied to wider energy efficiency and Net Zero policies	12 months minimum	..... → Increasing impact on customer bills ..... .....
	Indirect financial support to customers, i.e. government-backed loan to network companies and/or energy suppliers to mitigate direct wholesale energy cost increases	Ring-fenced loans to reduce energy costs to an agreed target level and/or agreed annual escalator	TBC - mitigation of wholesale costs would require c. £500 per annum, rising to c. £800 for the Winter 22-23 cap	1-3 months (fiscal instrument)	Yes – a version could be applied similar to CBILS or other support. May be tied to wider energy efficiency and Net Zero policies	12 months minimum, assume repayment over a period of 3-5 years	
Network charge options	Defer payment of gas and electricity network costs	Utilise five-year nature of RIIO price control to defer payment of network costs for 2022-23. Network company revenues to be covered through government-backed loan	c. £330 per annum	3-6 months (Code and Licence Modification)	Yes	12 months minimum	
Low Carbon Levy options	Low Carbon Levies Option I: Suspend Low Carbon Levies (Renewables Obligation, Feed-in Tariff etc.)	Payment of costs associated with existing levies could be deferred to 2023-24 and beyond. Revenues shortfall to be covered through government-backed loan	c. £160 per annum	1-3 months (Code and Licence Modification)	Yes – this already exists in a different form with Energy Intensive Industry (EII) exemptions	12-24 months	
	Low Carbon Levies Option II: Move Low Carbon Levies into general taxation	Costs associated with Low Carbon Levies could be moved to general taxation. Already under consideration as part of Net Zero strategy	c. £160 per annum	6-12 months (Code and Licence Modification and fiscal policy)	Yes	May be enduring with revenues targeted to support low carbon investment and Net Zero policies	
VAT options	VAT Option I: Reduce or suspend VAT on energy bills	Existing 5% rate for domestic customers and 20% rate for businesses may be suspended	c. £90 per annum	1-3 months (fiscal instrument)	Yes – may also be extended to Climate Change Levy (CCL)	12 months	
	VAT Option II: VAT windfall adjustment	The cost (£) of VAT assumed in the Winter 2021-22 default tariff cap is retained	c. £30 per annum	1-3 months (fiscal instrument)	Yes	12 months	
Supplier failure options	SOLR Option I: Extend or defer period of recovery associated with LRSP claims under Supplier of Last Resort	Already under consideration by Ofgem, this could see LRSP claims recovered over multiple years. Additional support may be needed to network companies to address revenue shortfall	Up to c. £90 per annum	3-6 months (Code and Licence Modification)	No – SOLR costs payable by domestic customers only	12-36 months	
	SOLR Option II: Widen the cost recovery base for LRSP claims to include non-domestic customers	Apply total LRSP claims to business (partially or completely) on a volumetric or standing charge basis	Up to c. £90 per annum	3-6 months (Code and Licence Modification)	N/A as would extend cost liability to businesses	12-36 months	