

► REPORT OCTOBER 2026

Lowering GB Electricity Bills – Recommendations for Government

The central report of the Electricity Bills Taskforce

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contributions by
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ABOUT E3G

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We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

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DATA PARTNER



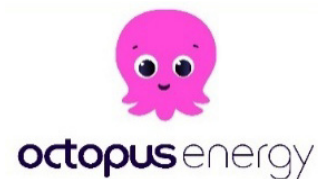
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Signatories to the Essential Actions

The following organisations ask the government to deliver the 8 Essential Actions outlined in this report:¹



¹ Note these signatories agree with and ask the government to deliver the 8 Essential Actions. This is not an endorsement of all “potential solutions” listed.

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Executive summary

The once-again rising gas price is set to further fuel inflation and the cost-of-living crisis, with electricity bills not projected to fall again until the 2030s. However, with the right package of interventions, targeting each component of a bill, government could lower household and business electricity bills by approximately 20% by 2030.

Only two actions can immediately lower bills: removing levies from bills and improving targeted support for households in fuel poverty and trade-exposed businesses.

Successive energy crises, driven by the increase in the price of fossil fuels, have dramatically increased bills for households and businesses in Great Britain. The crisis following Russia's invasion of Ukraine cost the UK £183bn,² and the current crisis resulting from the closure of the Strait of Hormuz is causing further widespread damage to the economy. By mid-2026 these crises had caused a cumulative £4,800 in extra energy costs per household.³

Renewables have helped shield the UK from the worst, lowering the cost of energy by £72bn from 2021 to 2023.⁴ However, GB's continued reliance on fossil fuels means that crises abroad that push up international prices still spell increased financial burden for British households and businesses.

Aside from breaking the dependence on fossil fuels, expanding the British renewables-based energy system can lower bills substantially once the initial investment is outweighed by lower operating costs – likely in the late 2030s. However, due to many headwinds, electricity bills are likely to increase by 2030 and only subsequently fall, if no further action is taken. That's not good enough. It's possible for government to remove this hump in costs and reduce bills now while decarbonising the power system.

In fact, if government delivers our 8 Essential Actions, electricity bills can be lower in 2030, considering inflation, than they were pre-energy crisis.

Bills returning to pre-crisis levels is subject to gas prices falling, which is never certain. However, with a largely renewable electricity system the UK will be much better shielded from high gas prices than it is currently. Moreover, investment in lowering electricity bills

² E3G, November 2025, [Cost of the fossil fuel crisis in the UK](#)

³ End Fuel Poverty Coalition, July 2026, [Energy bills rise 13.5% as households face a difficult summer](#)

⁴ UCL, 2025, [Modelling the long-term financial benefits of UK investment in wind energy generation](#)

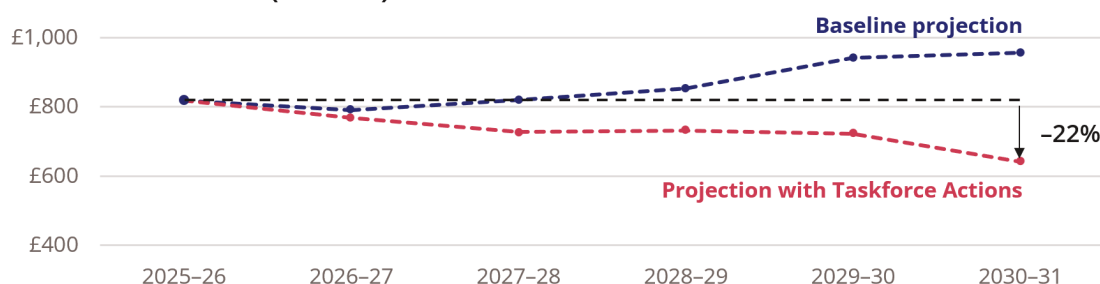
helps to break dependence on fossil fuels elsewhere, as electrification – heat pumps, electric vehicles and electrification of industrial processes – becomes a more affordable, effortless choice. These technologies are essential if GB is to be truly shielded from fossil fuel chaos and to stop worsening climate change.

Therefore, by 2030, GB could have a low-carbon, affordable electricity system, shielded from international price spikes, and an accelerating transition away from using fossil fuels for transport, heating and industry.

Electricity bills can fall by around 20% by 2030 instead of increasing, if the Taskforce Actions are delivered

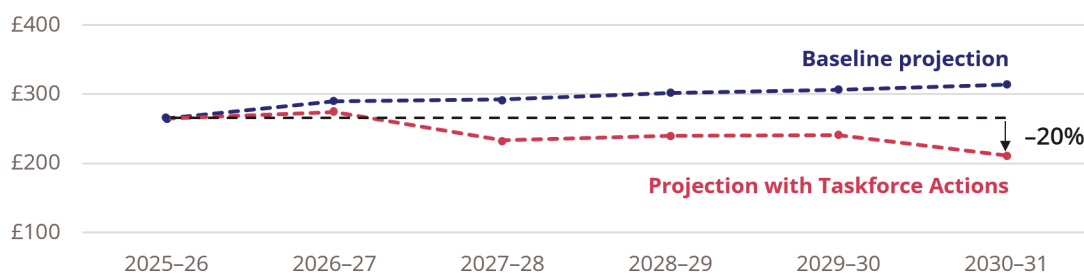
HOUSEHOLDS

Annual household bill (2.7 MWh)



BUSINESSES

Cost of electricity to average business in £ / MWh



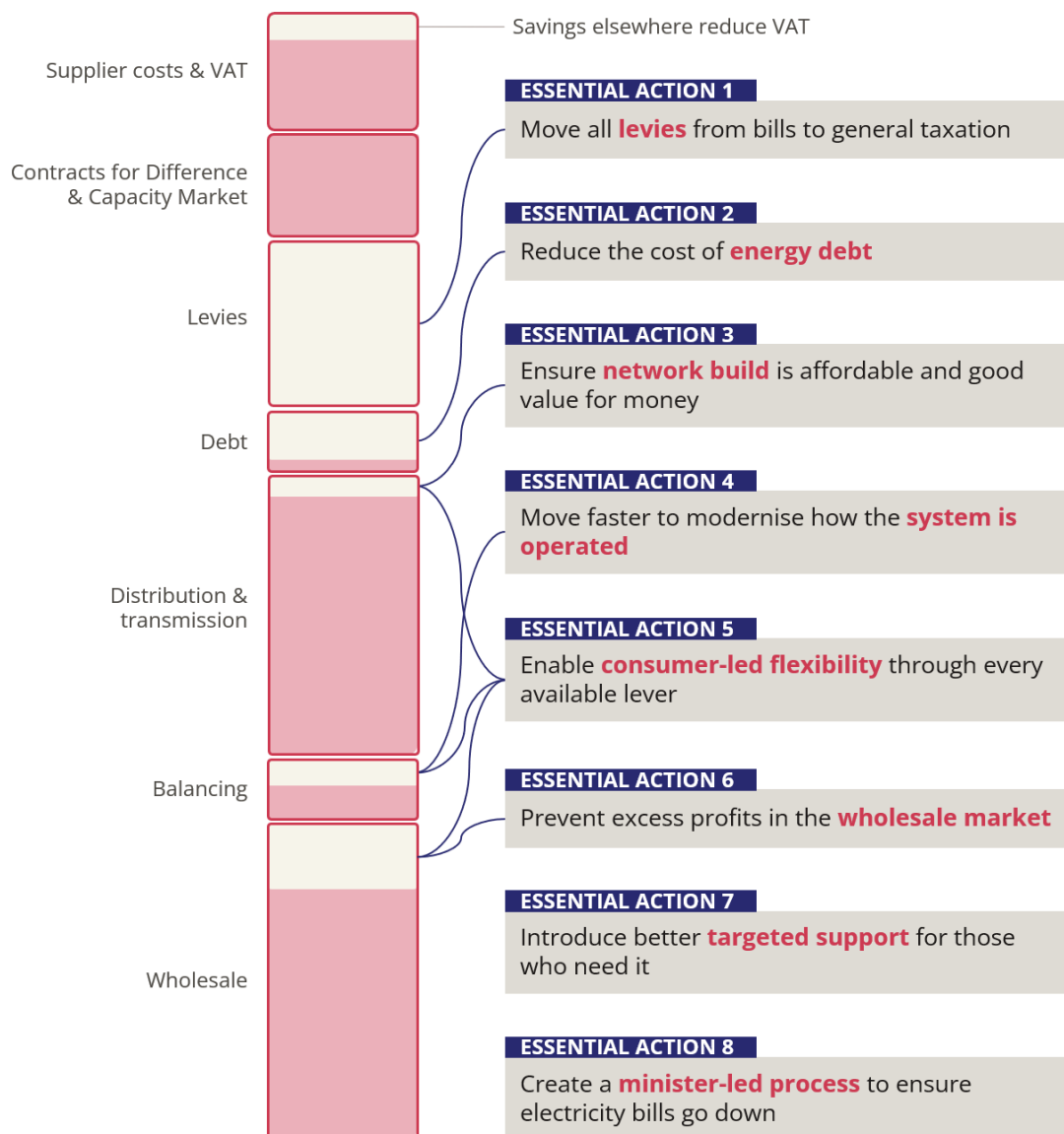
Note: Bill projections include inflation. Therefore, some of the increase in costs to 2030 in the baseline projection is attributable to inflation, rather than rising system costs. See the Annex for full methodology underlying the baseline projections and the estimated savings resulting from the Taskforce Actions.

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8 Essential Actions to achieve electricity bill savings

We've looked at all the components of an electricity bill and worked out what the government can do to lower each one.

Here's how our Essential Actions work together to bring down a projected household electricity bill for 2030.



Powered by Cornwall Insight data and analysis, with further analysis by the Electricity Bills Taskforce. See Annex for more information.

The 8 Essential Actions to lower bills

The Electricity Bills Taskforce⁵ has come together to lower the cost of electricity permanently. We've reviewed each component of the electricity bill and what government can do to lower it. We've concluded there are 8 "Essential Actions" the government must do to lower bills.

By introducing Essential Actions 1–5, government can ensure bills do not increase by 2030, but fall – by roughly 14% for households and 11% for businesses (compared to the prices in 2025/26). If the government then also introduces major reforms to the wholesale market (Essential Action 6), these savings increase to roughly 20% for households and businesses. Further savings could be delivered by paying for a portion of network costs through general taxation.

There are a range of ways government can deliver each of these Essential Actions. We outline the potential options in detail within the report and in summary below. Government will need to put together a package from these proposals to deliver each of the Essential Actions. Here we aim to illustrate that it is possible for the government to make a substantial impact in each area.

Essential Action 1 – **Move all levies** from electricity bills to general taxation

This is the only proposal which can lower bills this year for all. This would lower bills by around £90 per household over the next year and by around 20% for businesses. This is the most expensive of the proposals – it will cost roughly £8–10bn/yr from now to 2030, (with the cost falling each year after) – but it is essential for lowering bills.⁶ The reduced cost to businesses would overall deliver a £130bn boost of additional economic growth from now to 2050.⁷

Essential Action 2 – Develop a strategy to **reduce the cost of energy debt**

The cost of managing an energy debt crisis that is afflicting thousands of vulnerable households is adding roughly £28/household to electricity bills currently.⁸ This is already too much, but at the current growth rate this could become over £50/household by 2030.⁹ Government could cut this cost by paying for targeted wiping of some debt, improving

⁵ A group of over 30 organisations who have come together to combine understanding and develop proposals on how to lower electricity bills. It includes household representatives, business representatives, suppliers, energy experts, think tanks, trade associations and charities.

⁶ Based on Taskforce calculations pulling together evidence from multiple sources: Forecast revenues from: Office for Budget Responsibility, 2026, [Economic and fiscal outlook – March 2026](#), GB government, 2026, [Feed-in Tariffs scheme: Final consultation analytical annex – impact of indexation options](#), and EIUG analysis.

⁷ CBI, Energy UK, 2026, [Cutting Business Energy Costs: A blueprint to boost growth](#)

⁸ Ofgem, 2026, [Energy price cap \(default tariff\) levels \(Annex 9\)](#) Note: This converts the cost to a 2.7MWh household.

⁹ See Annex for details of calculation.

support for struggling households, giving suppliers more tools to manage debt and/or ensuring all supplier debt support practices meet a minimum standard.

Essential Action 3 – Ensure **network build is affordable and good value for money**

GB is investing in expanding the electricity network. It is essential that the resulting costs are affordable for households and represent good value for money. There are lots of ways the government can ensure this.

The strategy could involve investigating returning the £6–7bn network windfall to consumers, ensuring the next 5 years of distribution network spend is efficient and at a fair financing cost, modernising the voltage on the distribution network and/or boosting transparency around the decision process for new transmission network build.

Government could also look to cover some network costs through general taxation. Given the long lead times for network build, it is essential that the government also takes a longer-term view and takes steps now to ensure good value in the 2030s. Strengthening governance of Ofgem is a low-regret action but this also could involve more fundamental changes to how networks are operated, funded or owned.

Essential Action 4 – Move faster to modernise **how the system is operated**

The system operator currently has to pay renewables to turn off and gas power stations to turn on because of the mismatch between renewables build and network build. There are lots of ways to lower the cost of this mismatch, ahead of network being built. Government is already acting in this space, but the Taskforce finds that government needs to ensure faster delivery of the existing proposals, and to draw up a Plan B in case current proposals cannot be accelerated and delivered on time. This needs to ensure costs are minimised if the riskier proposals cannot be delivered in time for 2030.

Essential Action 5 – Enable **consumer-led flexibility through all available levers**

Consumer-led flexibility enables consumers to make the most of electricity when it is cheap and plentiful. This lowers costs for the participating households and, by making the system more efficient, lowers prices for everyone else as well. Government are doing a lot to enable consumer-led flexibility; however, there are still gaps which could be filled and action which could be expedited. This is essential as consumer-led flexibility is an underlying enabler for savings across the bill, including reducing network and wholesale costs.

Essential Action 6 – Prevent excess profits in the **wholesale market**

High profits in the wholesale market have arisen because under the current market design all assets are paid the same price as the most expensive source of electricity. As gas prices

have spiked and gas power station bid prices have increased, other assets have picked up high windfall profits. The government has a 55% windfall tax in place but there are several available options to lower wholesale prices and profits further though deriving substantial savings requires major changes from today.

Essential Action 7 – Introduce better **targeted support for those who need it**

Government should provide further support for households in fuel poverty and businesses that must compete internationally. Currently millions of households cannot afford their energy bills and need more support. To support them, the government should provide £2bn/yr additional funds to the existing support scheme (in addition to paying for the current £1bn scheme), improve scheme targeting and ensure home upgrades are delivered for those who need them. There is also a strong case for supporting trade-exposed industry. The government does this through the British Industry Supercharger and British Industry Competitiveness Scheme. The British Industry Supercharger scheme should be expanded to include all businesses (though this would also be achieved by removing all levies within Essential Action 1).

Essential Action 8 – Create a **minister-led process to ensure electricity bills go down**

Government should create a strategy to lower bills and then expedite and ensure delivery of all of the actions. There will be roadblocks which could slow or stop the delivery of each of the proposals in this report. It is essential there is a clear minister-led process within DESNZ to make sure those roadblocks are removed, or alternative ways to lower bills are found. If government wishes to ensure delivery, this process should also include the Prime Minister, Chancellor and Secretary of State for Business.

Government needs to act now

With bills set to increase 16% in January¹⁰ and electricity prices set to be around this level in 2030, government needs to act now to lower bills. Of the 8 Essential Actions, only two can lower bills this year: removing levies and increasing targeted support for those who need it. These would cost roughly £10–11bn per year to 2030, then tailing off each year. There is evidence that removing levies would boost the economy by more than the cost.¹¹ It is a judgement call for government as to whether to stagger this spending, or to quickly introduce these measures in order to see the benefits as soon as possible.

We urge the government to go beyond this and deliver all of the Essential Actions. While some actions deliver more savings than others, the real success will lie in government lowering every component of a bill through a comprehensive and concerted programme.

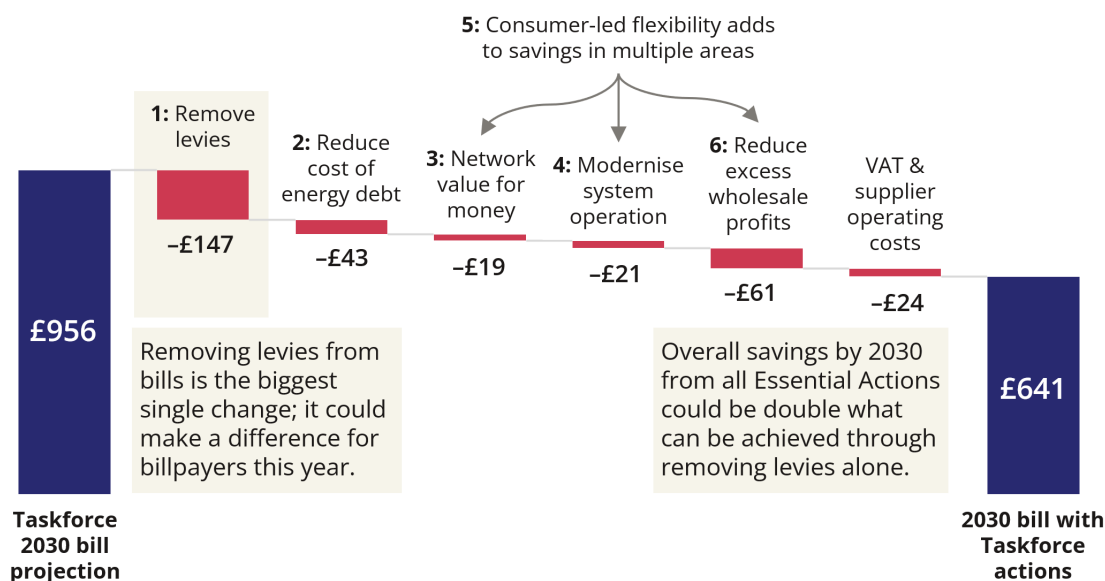
¹⁰ Cornwall Insight, 2026, [16% Price Cap Rise Forecast in January](#)

¹¹ PWC, CBI, EnergyUK, 2026, [Powered up or priced out? The £250bn case for a national energy plan](#)

Many actions to lower bills require several years to have an impact, so it is essential that the government acts now for bills to be lower by 2030.

Lowering bills this substantially would deliver major economic and social benefits. It would lower economy-wide inflation, lowering the cost of government borrowing and having wider positive impacts on the economy. It would make life easier for the 55% of households who are worried about the cost of energy bills.¹² It would give a boost to GB's businesses, lowering overheads and helping them to compete internationally. For example, PWC has estimated that just removing levies would deliver a net benefit of £130bn of economic growth by 2050.¹³ In political terms, taking these actions will demonstrate to the public that the state can act in their best interests. E3G's flagship report *The Home Front* identifies a link between soaring energy costs and increasingly fragile trust in democracy, as more and more people become sceptical that government is able to deliver for them.¹⁴

Real success in lowering bills lies in delivering all Essential Actions



Powered by Cornwall Insight data and analysis, with further analysis by the Electricity Bills Taskforce. See Annex for more information.

Next steps

The Taskforce offers to work with the government to try and deliver these savings. The Taskforce will continue to track the government's actions to deliver these savings and will publish a periodic review of progress.

¹² DESNZ, July 2026, [DESNZ Public Attitudes Tracker: Energy bills and tariffs, Spring 2026, GB](#)

¹³ CBI and EnergyUK, 2026, [Cutting business energy costs: A blueprint to boost growth](#)

¹⁴ E3G, June 2026, [The Home Front: A strategic security review of British homes](#)

Introduction

Successive fossil fuel crises have increased energy bills by 82% since before the energy crisis began (including inflation).¹⁵ The fossil fuel crisis caused by Russia invading Ukraine caused £183bn in costs for the UK economy¹⁶, a substantial hit which is still being felt today. The conflict in Iran has again increased gas prices globally and led to GB gas wholesale prices increasing by an average 68% since the start of the conflict.¹⁷ By mid-2026 this had cost households an extra £4,800 since 2021 and bills are set to increase again by 16% in January.¹⁸

Both of these events have had much wider repercussions for the economy, leading to higher inflation, higher interest rates, sluggish growth and constrained government fiscal headroom. These crises have highlighted structural weaknesses in GB's energy system, which need reforming if the country is to flourish in the coming decades.

Transitioning to a homegrown renewables-based energy system will help to shield GB from further international price shocks.¹⁹ Building this new system is also essential for GB's contribution towards stopping climate change.

The transition to clean energy is already shielding GB from the worst impacts of international price spikes. Over the period 2021–2023, wind energy alone helped consumers avoid a total of £72bn in energy costs.²⁰ Clean energy is also limiting the extent to which the current gas price spike is feeding through into high bills, with electricity wholesale prices only increasing 32% compared to the overall gas price increase of 69% and renewable generators paying back money to consumers and Treasury.²¹

The extra cost of building this decarbonised electricity system, and completing the whole net zero transition, is less than the cost of one fossil fuel price spike.²² Under current plans it will lower energy prices from the 2030s onwards, and lower both household energy bills and driving costs by around £700 per household by 2050.²³ This will be a cheaper and far more secure energy system, shielding the economy and delivering plentiful, affordable energy as never before.

¹⁵ Ofgem, 2026, [Energy price cap \(default tariff\) levels](#)

¹⁶ E3G, ECIU, November 2025, [Cost of the Fossil Fuel Crisis in GB](#)

¹⁷ GB Electricity Bills – Impact of Iran conflict on wholesale prices, <https://www.electricitybills.uk/wholesale>, data as of 27 September 2026

¹⁸ Cornwall Insight, 2026, [16% Price Cap Rise Forecast in January](#)

¹⁹ E3G, 2025, [The UK's Clean Power Mission: Delivering the Prize](#)

²⁰ UCL News, October 2025, [Wind power delivers £104 billion net benefit to GB consumers](#)

²¹ GB Electricity Bills – Impact of Iran conflict on wholesale prices, <https://www.electricitybills.uk/wholesale>, data as of 01 October 2026

²² CCC, March 2026, [Cost of Net Zero by 2050 less than a single fossil fuel price shock](#)

²³ Climate Change Commission, February 2025, [End the fossil fuel age for a secure and prosperous future](#)

However, the current plan that delivers savings from the 2030s can be strengthened to deliver savings far earlier. That’s why since 2025 the Electricity Bills Taskforce – a coalition of over 30 organisations – has been working to develop a strategy for how the government can substantially lower bills by 2030.

We have found it is possible for government to lower electricity prices by roughly 20% for all consumers by 2030, if it delivers these 8 Essential Actions:

- 1 Move all **levies** from electricity bills to general taxation.
- 2 Develop a strategy to reduce the cost of **energy debt**.
- 3 Ensure **network build** is affordable and good value for money.
- 4 Move faster to modernise **how the system is operated**.
- 5 Enable **consumer-led flexibility** through every available lever.
- 6 Prevent excess profits in the **wholesale market**.
- 7 Introduce better **targeted support** for those who need it.
- 8 Create a **minister-led process** to ensure electricity bills go down.

The calculations of bill projections and bill savings are included in the Annex.

There are many ways in which government could deliver these Essential Actions, we detail these in the following sections.

From now on the Taskforce offers to work with the government to try and deliver these savings, and will be reviewing the government’s progress. Periodically we will assess this progress and publish a review of the government’s actions.

8 Essential Actions to lower electricity bills

Essential Action 1: Move all levies from electricity bills to general taxation

Projected consumer savings by 2030

HOUSEHOLDS

£147

off a typical annual electricity bill

BUSINESSES

16%

off average cost of electricity
(compared to baseline projection)

The problem

Over time, successive governments have levied extra costs onto electricity bills to fund industrial strategy and social policies, avoiding proper Treasury oversight but placing very real burdens on energy consumers. Funding these policies through general taxation would be fairer for energy consumers and allow British businesses to be more competitive internationally.

The government started the process of taking levies off bills in November 2025, when they spent £2.4bn on a temporary discount of 75% of the Renewables Obligation from household bills, and removed the Energy Company Obligation. This lowered bills for the average household by £150, lowered inflation by 0.25 percentage points²⁴ and cost £2.4bn per year. Government has brought additional relief for consumers by dropping VAT on household electricity bills from 5% to 0% from October 2026 to March 2027.

The main remaining levies are the Warm Home Discount, Feed-in Tariff, Sizewell C levy, Climate Change Levy²⁵ and the remainder of the Renewables Obligation (25% for households and 100% for businesses). They add over £90 per year to household bills and

²⁴ Office for Budget Responsibility, 2025, [Economic and fiscal outlook – November 2025](#)

²⁵ When the Climate Change Levy (CCL) was first introduced in 2001, much of GB's electricity was produced from high-carbon sources, such as coal. In the intervening 25 years, electricity carbon emissions have been reduced by over 75%. While the CCL played an important role in the transition to this lower-carbon system, it is no longer fit for purpose.

over 20% to business electricity costs.²⁶ These levies fund important programmes so cannot just be wiped, but instead they could be paid for through general taxation.

There are several substantial issues with the current situation:

- ▶ **Levies on bills are unfair, and bad for fuel poverty.** Low-income households spend more on energy levies than on basic food like bread, rice and cereals.²⁷ Energy levies eat up 1.2% of low-income households' income, proportionally more than twice as much as for wealthier households.²⁸
- ▶ **Levies on bills are bad for the economy.** Business leaders list high energy costs as a significant barrier to GB growth, second only to business taxes.²⁹ Removing these costs from businesses would add an estimated £130bn to economic growth by 2050.³⁰ The lower input costs for firms would increase output, leading to increased real incomes for households and thereby higher spending, more free capital for investment, which would attract and retain internationally moveable industries, and boost exports.³¹
- ▶ **Levies on bills are bad for clean energy, keeping the country tied to fossil fuels.** The levies artificially inflate the cost of home-grown low-carbon electricity compared to internationally traded high-carbon gas. This disincentivises citizens from switching energy source, keeping GB vulnerable to the whims of foreign leaders and contributing to climate change.

Potential solutions

Permanently remove all levies from electricity bills and pay for them through general taxation

Government should permanently remove the Renewables Obligation, Feed-in Tariff, Warm Home Discount, nuclear levies and Climate Change Levy (CCL) from electricity bills and fund this spending instead through the exchequer. Moving these costs is about changing who pays to make it fairer, rather than about new spending. Government should introduce levy discounts as soon as possible, while also setting out a roadmap to move levies off electricity bills permanently by 2030.

²⁶ Based on Taskforce calculations pulling together evidence from multiple sources: Forecast revenues from: Office for Budget Responsibility, 2026, [Economic and fiscal outlook – March 2026](#), GB government, 2026, [Feed-in Tariffs scheme: Final consultation analytical annex – impact of indexation options](#), and EIUG analysis. Cost projections for domestic consumers based on further analysis by EIUG and E3G, based on Ofgem data for average household energy consumption (Ofgem, 2024, [Energy consumer archetypes update](#)) and GB government, 2025, [Consultation on Warm Homes Discount cost recovery](#)

²⁷ MCS Foundation, 2026, [Rebalancing electricity levies in GB: Impacts on electricity bills, fuel poverty and the clean heat transition](#)

²⁸ PwC GB, 2026, [Powered up or priced out? The £250bn case for a national energy plan](#)

²⁹ TechUK, 2026, [The state of GB tech in 2026: polling from techUK and Public First](#)

³⁰ CBI, Energy GB, 2026, [Cutting Business Energy Costs: A blueprint to boost growth](#)

³¹ PwC, CBI, Energy UK, 2026, [Powered Up or Priced Out? The £250bn case for a national energy plan](#)

Take control of the levy burden on bills with a new levy control framework

Government could consolidate all energy levies into a single point of control under the Low Carbon Contracts Company who manage many energy policies, with a “pot” fillable by Treasury to reduce the bill impact of the levies. This would mean the Treasury could establish better oversight of levies, limit the introduction of levies in future, and improve reporting and forecasting of the burden levies place on consumers. Ministers would be able to flexibly and transparently balance costs across the whole energy system, rather than entirely on electricity bills, in order to maximise economic growth, to improve the economics of electrification and cut dependency on imported gas. This control could also be used to provide better targeted support to households and businesses in need. The framework should consider bills in the round, acknowledging that extra costs in one area can lower the bill overall.

Essential Action 2: Develop a strategy to reduce the cost of energy debt from bills

Projected consumer savings by 2030

HOUSEHOLDS

£43

off a typical annual electricity bill

The problem

The cost of managing energy debt across both gas and electricity adds £52³² to the average GB household energy bill and is set to increase by an extra £10–£15 per household by the end of 2026. The cost rises to around £149³³ for the 16% of households who pay for the bill when it is issued rather than in advance through direct debit, even though these households are much more likely to be struggling.³⁴

There is currently around £5.5bn of energy debt in GB, and this is set to rise to £7bn by the end of the year.³⁵ While there has always been some energy debt, the amount has skyrocketed since the energy crisis substantially increased bills (Figure 1).³⁶

³² Ofgem, 2026, [Energy price cap \(default tariff\) levels \(Annex 9\)](#) Note: This uses the new standard Ofgem numbers which reduce household usage to 2.5MWh of electricity and 9.5MWh of gas.

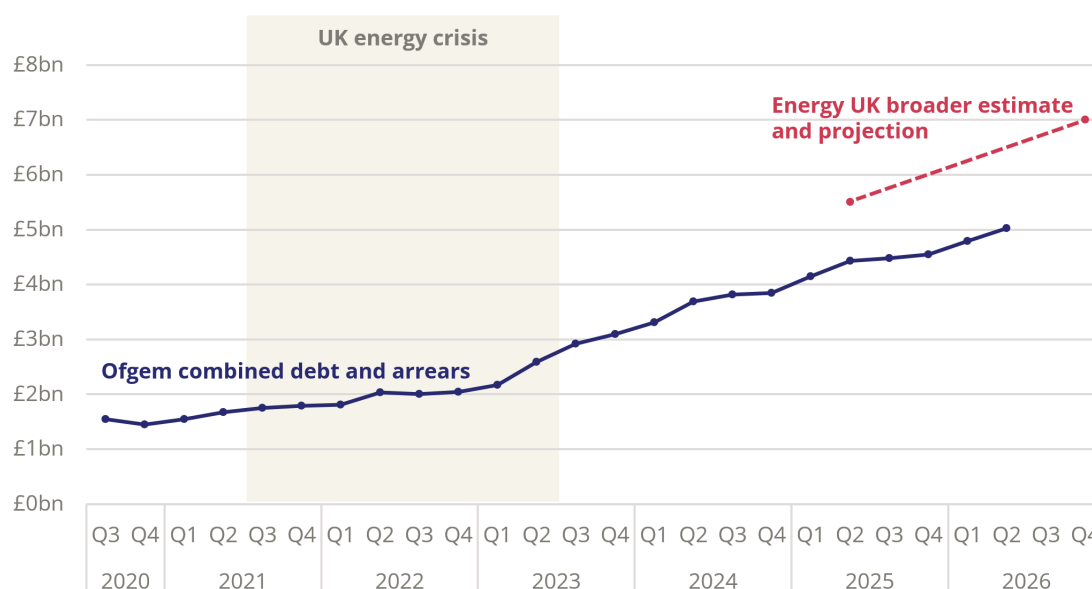
³³ *ibid*

³⁴ Energy UK, 2026, [Energy Debt: Everyone Pays](#)

³⁵ Baringa, 2025, [GB Financial Vulnerability Outlook – Winter 2025/26](#)

³⁶ NEA, 2026, [Clearing the Decks: Tackling Energy Debt to Lower Bills](#)

Total household energy debt and arrears



Source: Ofgem, [Debt and arrears indicators](#) (total financial value of domestic customer debt and arrears existing for more than 91 days; data as of September 2026); Energy UK, 2026, [Energy debt: Everyone pays](#)

Figure 1: Household energy debt and arrears have more than doubled since the 2021–2023 energy crisis, and are projected to rise further.

Three principal problems are causing this energy debt to increase.

First, the largest group of people in energy debt are the 2.3 million people in “extreme vulnerability”, who do not have enough money to pay for their essential outgoings and so their debt increases.³⁷ Major fuel poverty charity NEA has found that, of the people they help in energy debt, 85.4% have a health condition or disability and 31% are cutting back on food to pay their bills.³⁸

Second, energy suppliers do not have the appropriate information to allow them to manage energy debt. They are unable to identify the large amount of debt that arises when tenancies change and occupants move home, limiting their ability to support incoming tenants.³⁹ The problem is compounded because the costs of untraceable historical debt are largely borne by customers on the price cap, a tariff intended to safeguard consumers who may be financially vulnerable. Suppliers also face challenges differentiating between those who are in genuine payment difficulty and those who have a greater capacity to repay their bills, and therefore it is not always straightforward to differentiate approaches based on customer circumstances, especially where customers do not engage and share information. Some suppliers are trying to do this by working with third parties with some data on households, but the approach is limited in scope and is inconsistent across

³⁷ Baringa, 2026, [GB household energy debt and how to solve it](#)

³⁸ NEA, June 2026, [Energy debt is still rising, and so is the harm it causes](#)

³⁹ Ofgem, November 2025,

suppliers. To manage energy debt properly, suppliers need government data on income, benefits and addresses, either directly or in an amended form for their needs.

Third, standards of debt prevention and recovery practices are not consistent across suppliers, as shown by the fact that the level of debt varies substantially. For example, some suppliers use data to identify households falling into debt early and offer flexible payment plans. Yet, around 58% of households behind on their bills were not on a repayment plan in 2025.⁴⁰ As another example, just 5% of people in debt or worried about falling behind were pointed to debt advice services by their suppliers,⁴¹ which is standard practice for some suppliers.

The resulting energy debt crisis puts costs onto all households: £52 for an average household across gas and electricity bills.⁴² Ofgem are looking to write off up to £500m of the debt through the Energy Debt Relief Scheme.⁴³ While this would be helpful, it is not funded, and so the costs will be spread across all households. The scheme also covers just a fraction of existing debt, and there are concerns that the scheme is not well designed so the relief will not reach those who need it most.

Potential solutions

Write off energy debt for vulnerable people to lower debt recovery costs for all households

Government could spend up to £4bn in a one-off intervention to write off the energy debt that has built up since the Russia-Ukraine energy crisis. The scheme must not be used to cover “anonymous” debts where the responsible consumer can’t be identified, nor must it be used to settle cases where consumers have identified billing errors.

This would alleviate the substantial challenge faced by households in debt and it would also pay for itself within 2–3.3 years, quickly saving money for everyone in GB.⁴⁴ This approach is already being used by some suppliers but they are having to cover the costs independently and there is a limited amount of relief that they can provide. For example, in the winter of 2023–2024 E.ON supported customers with £80m through a combination of debt write-offs and up to 50% off a bill for those in need.⁴⁵ The current approach is leading to inconsistent support for those who need it and means that in general other households are covering the cost. Writing off the debt in a more coordinated way – clearly signalled to be a one-off – would reduce the moral hazard.

⁴⁰ Ofgem, 2026, [Consumer Vulnerability Strategy: progress report](#)

⁴¹ End Fuel Poverty Coalition, June 2026, [Energy debt fears plaguing GB households as industry profits rise](#)

⁴² Ofgem, 2026, [Energy price cap \(default tariff\) levels \(Annex 9\)](#) Note: This uses the new standard Ofgem numbers which reduce household usage to 2.5MWh of electricity and 9.5MWh of gas.

⁴³ Ofgem, 2025, [Debt Relief Scheme: statutory consultation](#)

⁴⁴ NEA, 2026, [Clearing the Decks: Tackling energy debt to lower bills](#)

⁴⁵ E.ON, 2025, [Written evidence submitted by E.ON \(IND0016\)](#)

The scheme would need to be coupled with the measures below to ensure that energy debt does not build again. This scheme could replace, expand and/or follow the Energy Debt Relief scheme. The design of the Energy Debt Relief Scheme should be improved to ensure support reaches households who are most in need and is easy to access.

Ensure energy debt does not continue to grow

- ▶ **Improve and expand targeting of support for those who need it (covered in Essential Action 7 below).**
- ▶ **Introduce compulsory minimum standards for suppliers on customer debt prevention, support and collection practices,** as previously consulted on.⁴⁶ This would ensure all suppliers provide the high-quality service already provided by some suppliers. It would include suppliers creating repayment plans that reflect real household circumstances, early identification of households at risk, clear advice and always directing households to support pathways.
- ▶ **Improve transparency around how well different suppliers are supporting customers in debt.** To boost transparency, Ofgem should publish a quarterly dataset showing the performance of different suppliers on key energy debt KPIs, so it is clear who is underperforming. These should focus on the processes and services suppliers use to manage debt to ensure they are supporting consumers in the correct way. There could also be increased transparency around why it is costing roughly £1.8bn/ yr to manage energy debt.⁴⁷ Ofgem should collect and publish this information more accessibly so it easier to track the progression of the energy debt crisis.
- ▶ **Legislate so that landlords need to alert suppliers when a tenancy changes.** 20–40% of energy debt is linked to changes in tenancies and properties.⁴⁸ Government should legislate within the Energy Independence Bill for landlords to make suppliers aware of changes in tenancy, to prevent the build-up of debt at this time. This should apply for both domestic and non-domestic properties. The government could also make landlords accountable for energy debt costs. This would place the responsibility with the party best able to manage this risk rather than with suppliers and ultimately other energy customers. Policy design would need to address the risk of costs being passed on to tenants through higher rents or deposits.
- ▶ **Give energy suppliers access to data on means tested benefits and incomes.** This would allow suppliers to improve the way they target and run their debt management. It would protect vulnerable and low-income households. Having access to the data would help suppliers to create appropriate repayment plans for those who have the ability to

⁴⁶ Ofgem, [Consultation on improving debt standards in the domestic retail market](#), consultation closed February 2025

⁴⁷ Ofgem, 2026, [Energy debt-related costs data: October 2018 to June 2026](#)

⁴⁸ Ofgem, January 2026, [Call for input: Tackling Energy Debt in the Supplier Home-Moves Process](#)

pay. This is a long-running ask which government has yet to deliver on. (This ask is also covered in Essential Action 7.)

Share the cost of managing debt in a fairer way

It is often the poorest households who pay for their bills upon receipt rather than by direct debit. Currently these households pay on average £70/yr more towards the cost of managing the energy debt crisis⁴⁹ because Ofgem has chosen to levy the costs in this way. They do this because it is 'cost reflective' – the customers on this tariff on average add more to debt so Ofgem make it so that this tariff is more expensive to reflect this. This is unfair and regressive making the tariff often used by the most vulnerable households also the most expensive. This should be changed so that all household types pay the same amount to managing energy debt irrespective of how they pay their bills and what tariff they are on.

Essential Action 3: Ensure network build is affordable and good value for money

Projected consumer savings by 2030

HOUSEHOLDS

£19

off a typical annual electricity bill

BUSINESSES

2%

off average cost of electricity
(compared to baseline projection)

The problem

Network costs are set to increase substantially – transmission costs up 110% and distribution costs up 10% by 2030.⁵⁰ The cost increases are down to a mixture of the need to build more network, the recent increase in infrastructure build costs and interest rates, and previous underinvestment. Building more network where it is needed will be essential to support a domestic low-carbon supply of energy in the future. The investment in the network will help lower costs in other areas, such as the cost of constraints and enabling renewables to lower wholesale costs. Managing the increasing network costs requires ensuring the right network is built, that it is built for a fair price and that any short-term cost increases are paid for in a sensible way.

⁴⁹ Ofgem, 2026, [Energy price cap \(default tariff\) levels \(Annex 9\)](#) Note: This uses the new standard Ofgem numbers which reduce household usage to 2.5MWh of electricity and 9.5MWh of gas.

⁵⁰ Cornwall Insight numbers provided for the Electricity Bills Taskforce

The network companies who build and manage the network are regulated by Ofgem. Some Taskforce members are concerned that it is not always possible for Ofgem to ensure that this network build represents the best value for money for consumers. For example, network companies are projected to make a £6–7bn windfall profit by 2028 due to higher than expected inflation, and each of the last three “price controls” has had an area that has led to profits above those that were expected or necessary.⁵¹

There is a limited window to ensure consumers get the best deal possible on distribution networks, as Ofgem are currently agreeing the next 5-year price control with the distribution networks. While Ofgem has recently agreed the price control with the transmission networks running from 2026 to 2031, there remain opportunities to ensure new transmission infrastructure delivers value for money.

The proposals below mainly focus on solutions that can lower bills by 2030, as that is our focus in this report. There are a wider array of policies in development which will affect the value for money of network build beyond this point.

Potential solutions

Investigate recovering the £6–7bn of windfall profits from the network companies

Citizens Advice have called on energy networks, including gas and electricity, distribution and transmission, to “honour their social contract with consumers and voluntarily channel these profits into debt relief for their customers, or other measures to tackle unaffordable energy for people”.⁵² There is no sign as yet of this happening. Ofgem believe that returning the windfall to consumers would lead to an increase in the cost of financing networks which may ultimately cancel out the savings to bills.⁵³ Several members of the Taskforce believe it would be possible to return this windfall to consumers in a way which lowers bills overall. Considering the size of the windfall, DESNZ or the NAO should investigate this area to find the best deal for consumers.

Ensure the next distribution network price control is good value for money

Ofgem are currently agreeing the allowed spending and rulebook for the distribution networks for the next five years. This is a chance for the government and Ofgem to get a good deal for consumers. Potential ways to improve the price control include:

- **Introduce a profit limiter to prevent potential for excess profits.** As proposed by IPPR, Ofgem could agree with the network companies a maximum profit for each 3 or 6 months within the price control.⁵⁴ At the end of the period any extraordinary profit

⁵¹ NAO, 2020, [Electricity networks](#); Ofgem, 2009, [Regulating Energy Networks for the Future](#)

⁵² Citizens Advice, July 2026, [Energy networks to reap up to £7bn windfall from inflation loophole, warns Citizens Advice](#)

⁵³ Michael Shanks, 2025, [Answer to Question for Department for Energy Security and Net Zero](#)

⁵⁴ IPPR, 2026, [Flex Factor: How government can keep network costs on bills down](#)

would be returned to consumers. The cap could either return all profits above this point or just a proportion to ensure the companies still have an incentive to operate well even if the cap is breached. This would be justifiable as networks are considered a low-risk investment and therefore profits should be proportionate to this and the performance of the company without potential for large windfalls.

- ▶ **Ensure the cost of capital is a good deal for consumers.** Financing is one of the major costs of both new network and network maintenance. Ofgem agrees financing costs with the network companies for each 5-year price control. This is a complex process, and there are concerns that costs are being set too high for the distribution networks. Ofgem should review this and take into account the advice of Citizens Advice. Ofgem could take this a step further, and use the cost of debt for most financing rather than balancing this with the cost of equity in a “Weighted Average Cost of Capital”, which Dieter Helm argues creates an excess return on debt-financed assets.⁵⁵
- ▶ **Give the Statutory Bodies that represent consumers the power to appeal.** Statutory Bodies, such as Citizens Advice and Consumer Scotland, technically have the power to appeal aspects of the network price controls which they think are a bad deal for consumers. In reality, it is financially impossible for them to do so. To enable this, government must give financial backing to Citizens Advice and Consumer Scotland so they can responsibly challenge poor decisions on behalf of consumers.
- ▶ **Ensure independent voices can better challenge the network companies.** Ofgem should ensure business plans and funding plans are easy for external stakeholders to review and compare. There should also be forums which make it easy for consumer groups to understand the business plan proposals and to help influence the final decision. Beyond this, Ofgem must publish more reporting and tracking data on the progress of the price controls once they are underway.
- ▶ **Create a strategy to ensure the approach for preparing distribution networks for electric vehicles and electric heating is good value for money.** The distribution networks need to prepare to manage a large increase in demand. There is not a clear approach for managing this, and for ensuring the resulting increase in network capacity is best value for households. Government could work with Ofgem to create a new strategy, that takes a proactive approach and joins up local, regional and national energy planning. The Regional Energy Strategic Plans have the potential to be a key part of this process, though there needs to be further guidance as to how these plans are to prepare for increases in demand and how they lead into wider planning and build decisions.
- ▶ **Appoint digital ambassadors at each network company.** AI and big data create lots of opportunities to lower the cost of building and operating energy networks (though note the additional energy demand from data centres may substantially increase the

⁵⁵ Helm, D., June 2026, [The regulated asset base – the concept, tradeable RABs, the split cost of capital, and pay-as-you-go versus pay-when-delivered](#)

necessary size of the network). It is unclear if networks are currently harnessing data as much as possible to make their operations more efficient. Ofgem could appoint a “digital ambassador” in every network company tasked with reviewing all areas of the business and recommending where data and AI could lower costs. The digital ambassadors would work closely together to share learnings and best practice. They would be in senior roles with substantial authority.

- ▶ **Reduce the electricity lost while it is transported and improve voltage management.** As electricity flows around the country, around 10% is lost as heat (more at peak times). The network operators can take steps to reduce the losses, which could lower bills by an estimated £3/household/year. This is a challenging area to regulate, but considering the potential savings this should not stand in the way. A sensible first step would be to incentivise the network companies and NESO to quantify the losses on their network, to project how these may change as demand increases, and to take active steps to reduce them.
- ▶ **Boost the use of consumer-led flexibility to reduce the need for network expansion.** Shifting electricity demand to off-peak times lowers peak demand and therefore reduces the necessary size of the distribution network. See Essential Action 6 for the potential ways to boost consumer-led flexibility capacity.

Lower the allowed voltage on the distribution network to make assets run more efficiently

Green Alliance have outlined how reducing the “minimum statutory voltage limit” on the low-voltage electricity network, from –6% to –10%, could lower household bills by over £8 per household by 2030 and £3/MWh for businesses connected to the low-voltage network.⁵⁶ The current voltage limits are 230 V +10% and –6%. If the minimum limit were lowered to –10%, Distribution Network Operators could lower the voltage level at which they run the system (Figure 2).

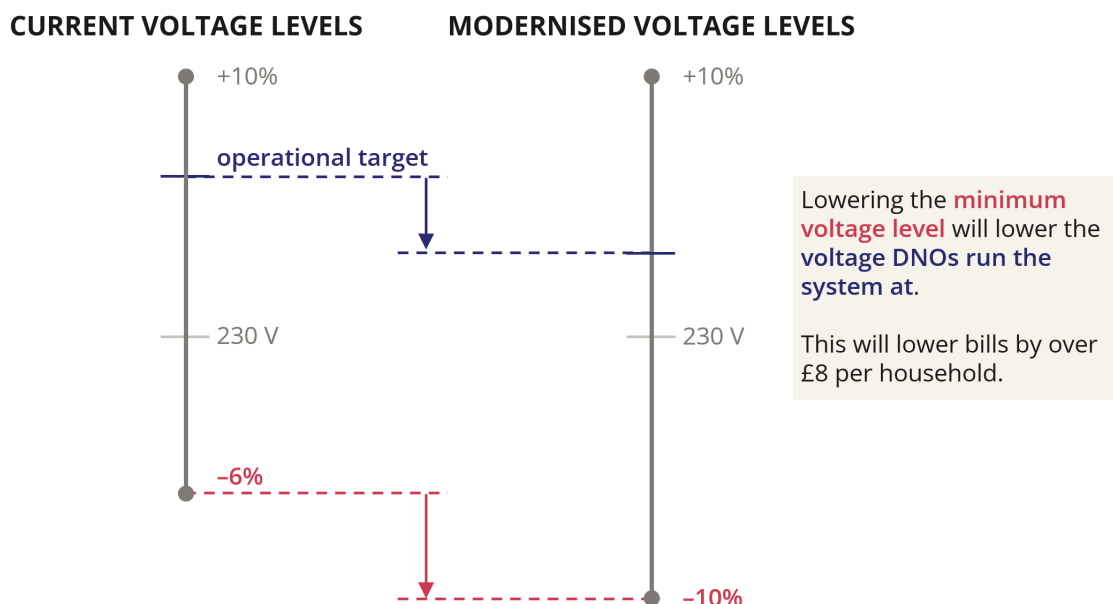
Reducing the voltage makes many assets run more efficiently, lowering the energy use of households and businesses while ensuring they still get the outputs they desire. Therefore, lowering the voltage directly lowers energy use and bills for consumers. It also lowers peak demand, lowering the need for new network build.⁵⁷

Assets have been built in GB to meet this –10% limit ever since 1995, meaning there would be relatively little impact. However, care should be taken to ensure there are safeguards for any consumers with pre-1995 assets, including advance communication about the switch and compensation for any assets which no longer function.

⁵⁶ Green Alliance, 2025, [How to Reduce Household Energy Bills](#)

⁵⁷ *ibid*

The benefit of changing allowed voltage limits



Source: Green Alliance, 2025, [How to reduce energy bills](#)

Figure 2: Lowering the minimum voltage limit on the low-voltage electricity network would allow DNOs to set a lower operational target voltage, which makes many assets run more efficiently, thus lowering bills.

The Energy Networks Association have consulted on this change. Now making this happen requires DESNZ to consult on the changes and for government to take the required powers within legislation.⁵⁸

Ensure new transmission lines are good value for money

- **Improve transparency around the decision process for the potential £60bn of new transmission network spend and the resulting project delivery.** GB is set to build a lot of new transmission lines over the next five years. The network operators will draw up plans for these lines and then present them to Ofgem. It is then up to Ofgem to sign off on these lines if they think the networks are offering to build them at a fair price.

£60bn of spend will be agreed through various processes of “reopeners” within the electricity transmission price control. There is little transparency over these processes currently. This must be increased to ensure the network companies offer a good deal for consumers, even though these processes have to manage a lot of commercially sensitive information. The driving principle for the new transparency processes should be delivering as much transparency as possible as quickly as possible. Then the systems should be finessed over time by testing different improvements. For example, it may be

⁵⁸ Ricardo and Energy Networks Association, 2026, [Engineering for the future - Consultation for the proposal of modernising the Statutory Voltage Limits](#)

possible to share all information with the Statutory Bodies that represent consumers if they sign Non-Disclosure Agreements (NDAs).

Once projects are approved there also needs to be increased transparency over delivery and the impact of these projects on constraint costs.

- ▶ **Ensure new transmission lines are still good value for money.** New network build is essential in GB; however, network build costs have increased a lot since many of the proposed new lines were initially costed. As proposed by EDF, Ofgem and NESO could reassess and publish the cost-benefit analyses for these new lines under current prices.⁵⁹ However, this must navigate the need to not slow down the build of new key transmission lines. Given the new lines are essential for lowering constraints costs (see Essential Action 4), any delays could increase bills overall.
- ▶ **Work at a faster pace to introduce competition into the design and construction of new transmission lines.** Ofgem's introduction of competition into the construction of some new transmission lines has taken over 12 years to deliver and could still look to go further. In particular, Ofgem could introduce early-stage competition to see if different solutions can provide the same outcome for a lower price.

Change how networks are funded to lower costs and increase public control

- ▶ **Take a greater public stake in the network companies.** This could lower the cost of capital, increase the incentive to operate for the good of consumers and mean British people would share in any profits.

The government could explore different options for taking a public stake in some or all of the energy networks, the most interventionist being nationalisation. Full nationalisation would have the largest potential to lower the cost of capital but it would have a high upfront cost and require a new regulatory regime to build and operate the networks. As a middle ground, the government could ask the new GB Grid and/or the National Wealth Fund to invest in the network companies, providing additional funding to do so in a meaningful way.

- ▶ **Fund new networks from general taxation.** This is more progressive than recovering costs through energy bills as discussed in Essential Action 1. Therefore, government could choose to pay for some of the cost of modernising the electricity network. This would only need to be a temporary fix during the hump in electricity costs that will occur as Great Britain looks to modernise and expand the system.
- ▶ **Delay paying for new network build until a time when the benefits are felt.** The government and Ofgem have the ability to borrow money to cover part of the network costs in a specific year or years, which would necessitate recovering these costs from consumers in a future year or years. This is known as “securitisation”. This would delay paying for these costs until bills start to fall, or could help flatten any spikes in bills by

⁵⁹ EDF, August 2026, [Transmission costs: the need for greater transparency and strategic review](#)

spreading costs over a longer period. The cost to the consumer would ultimately be higher as the cost of borrowing would also need to be recovered; however, it could give consumers some immediate breathing space.

There are other measures which could lower network costs beyond 2030, but are unlikely to have much impact before. For example:

- ▶ **Boost the scrutiny of Ofgem and their incentives to perform well.** Ofgem currently has no KPIs set by an external organisation and there is little review of its decisions and their impact. DESNZ, Citizens Advice, the ESNZ committee and the CMA all play different roles, but none has the right combination of consistency, expertise and resource to properly hold Ofgem accountable.
- ▶ **Consider replacing the RIIO process with a new way of managing networks.** The last review into how Great Britain's energy networks are managed began in 2008.⁶⁰ Since then many challenges with the RIIO process have materialised. While Ofgem works to address challenges which arise within the preceding price control, government could look at more foundational questions about how to better regulate and manage the networks.
- ▶ **Plan network build far in advance and ensure locational signals are sent for new assets to locate in optimal locations and for flexibility to work optimally.** The government is aiming to move to a system with more proactive network planning and stronger, more predictable locational signals. It is essential the new system is delivered promptly and works comprehensively to minimise system costs. The government recently ruled out changing the wholesale market price system to send locational signals. They are now looking to send locational investment signals for assets through a range of measures. These will then coordinate with the long-term estimate of future network needs, The Strategic Spatial Energy Plan, and the resulting long-term network plan, the Centralised Strategic Network Plan. These different elements need to each be able to deliver their role in the system, be delivered on time, and work in lockstep. If this cannot be done, the government should refresh the overall approach.

⁶⁰ Ofgem, 2009, [Regulating energy networks for the future: RPI-X@20 principles, process and issues](#)

Essential Action 4: Move faster to modernise how the system is operated

Projected consumer savings by 2030

HOUSEHOLDS

£21

off a typical annual electricity bill

BUSINESSES

3%

off average cost of electricity
(compared to baseline projection)

The problem

The cost of operating the electricity system is set to increase if government does not deliver planned changes. The primary cause – and therefore the focus of the Taskforce – is rising “constraint management” costs. These are the costs of managing the lack of network capacity in key areas. When there is not enough network capacity to let the lowest cost electricity flow to where it is needed, the System Operator pays some of the assets above the pinch-point to switch off and turns on others nearer to the demand. Constraint costs vary based on gas price, network capacity availability, renewables capacity, and the availability and cost of other ways to manage constraints.

Constraint costs are set to increase primarily because network and capacity build are out of sync. In 2030, several large offshore wind farms are due to come online before the network is built to transport the electricity they produce around the country. This would cause a temporary peak in constraint costs in 2030 until the required network lines are built.

Constraint management costs were £2bn in 2024/25,⁶¹ or about £17 per household. LCP estimates that this will more than double by 2030 without government action.⁶²

Importantly, LCP and DESNZ have shown that government can stop this increase and even reduce constraints costs, if it rapidly introduces the right reforms.⁶³ Government are investigating and aim to deliver a package of reforms, however there are concerns over whether these will be delivered in time for the projected spike in constraint costs in 2030.

⁶¹ NESO, June 2025, [2025 Annual Balancing Costs Report](#)

⁶² Cost projections vary across scenarios; the LCP modelling of the FES25 Holistic Transition can be seen as a central scenario. The LCP central scenario projects that constraint costs will rise less, to £4bn/yr by 2030 (double current costs), while the central NESO and DESNZ modelling scenario projects a rise to £7.5bn/yr by 2030 without the planned interventions.

⁶³ UK government, 2026, [Reformed National Pricing \(RNP\): delivery plan – Chapter 3: Constraints management action plan](#)

Potential solutions

Clear the path for three key transmission lines to be built one year early

Three key transmission lines – the Norwich to Tilbury lines and Sea Link – were set to deliver by 2031. If they can be built by 2030, this would be the single biggest intervention that can lower constraint costs by 2030, potentially saving approximately £2.5bn in that year.⁶⁴ Government are looking to do this, but there is little transparency around the plan and how likely it is to be successful.

Have a Plan B for how to lower constraint costs if these transmission lines look unlikely to be built by 2030

It is unclear if government has considered all potential measures to lower constraint costs, particularly if the above transmission lines are unlikely to deliver on time. Government should explore all options and publish a Plan B. For example, this might involve negotiating with renewables developers to delay large new projects that would use these lines by one year or taking steps to increase the carrying potential of the existing lines just for 2030, such as shifting routine maintenance and upgrades to the year before and year after.

Increase the use of the current network through modern technologies

Usually network operators do not use the full capacity of the network so that there is available capacity if there is a fault somewhere, or a sudden surge in power, to ensure nothing is damaged. Coupled with maintenance, this means that in summer only 65% of the network capacity is currently used.⁶⁵

There are modern tools which use data and/or batteries to increase the usage of the networks at times when it is safe to do so. These include dynamic line rating, boundary flow smoothing and greater use of intertrips. Government are looking to introduce and increase the use of these measures. However, stakeholders have raised concerns that this has been discussed for a long time but not yet become business as usual. Government could take additional steps to ensure these are introduced across the board by 2030.

Increase the use of the current network by optimising maintenance planning and increasing incentives for network companies to deliver upgrades on time

This proposal combined with the one above could lower bills by £1bn by 2030.⁶⁶ Networks are taken offline for maintenance regularly, which can cause very little constraint costs at times of low wind generation and/or if the surrounding lines are online. However, taking lines offline at a poor time or failing to deliver projects on time can cause high costs.

⁶⁴ LCP Delta, 2026, [From Bottlenecks to Balance: Impact of reformed national pricing \(RNP\) measures on GB grid constraint costs](#)

⁶⁵ Ibid.

⁶⁶ Ibid.

Optimising when lines are taken offline is a challenge for NESO, which is set to get worse as the country embarks on a cross-country major network upgrade. The number of network upgrade requests to NESO is set to increase by an order of magnitude. Modernising the systems which run this process so that it can optimise when the system is taken down for maintenance could save millions. Increasing incentives for network companies to deliver upgrades on time could also save money.

Boost small asset participation in constraint management services

This proposal could lower bills by roughly £0.5bn/yr.⁶⁷ There are 1000s of small assets across GB which could be paid to use more electricity in places where there is excess cheap power, or to use less where there is not enough. It is hard for these assets to be used by NESO because the systems were built for traditional large assets. NESO and DESNZ are doing a lot to improve this situation but there is still more to be done. This is discussed more under Essential Action 6.

Improve interconnector redispatch

This proposal could lower bills by £0.8bn/yr⁶⁸ by enabling the system operator to change interconnector flows to help manage constraints. This would allow the system operator to either import more electricity in areas where there is not enough or reduce imports in areas where there is too much. LCP note that it is unlikely this could be fully delivered but that even partial improvements could significantly lower costs.

Take the most expensive renewables offline first

Currently, when GB has more renewable electricity than it needs, it turns off the cheapest-to-run renewable generators first and the most expensive-to-run last. This means GB pays more for its electricity. This is a result of the structure of the market and how it interacts with Contracts for Difference where assets with higher strike prices want more money to be turned off. It may be possible to reverse this system, potentially through an obligation on NESO to turn off the most expensive option from an overall system cost perspective. Introducing this change may be a challenge as it would reduce the projected revenues for many renewables generators.

Review the smart meter rollout to see if it can be done at lower cost

The smart meter rollout is adding over £20/household to an electricity bill, costing roughly £0.8bn/yr. The scheme began in 2011 and has repeatedly underdelivered both against install targets and the quality of the product received by households. 70% of GB households now have a smart meter.⁶⁹ This brings the question of whether, 15 years in, the

⁶⁷ LCP Delta, 2026, [From Bottlenecks to Balance: Impact of reformed national pricing \(RNP\) measures on GB grid constraint costs](#)

⁶⁸ Ibid.

⁶⁹ UK government official statistics, November 2025, [Smart meter statistics in Great Britain: Quarterly report to end September 2025](#)

rollout can now be delivered at a lower cost. Government could review the cost of the smart meter rollout and the overall approach, with the aim of substantially reducing the costs by 2030.

Essential Action 5: Enable consumer-led flexibility through all available levers

Projected consumer savings by 2030

HOUSEHOLDS

£33

off a typical annual electricity bill

BUSINESSES

4%

off average cost of electricity
(compared to baseline projection)

Consumer-led flexibility lowers multiple components of an electricity bill: network costs, system operation costs and wholesale costs. The savings of delivering consumer-led flexibility are included in the respective Essential Actions.

The problem

Consumer-led flexibility gives GB an exciting new opportunity to substantially lower bills. However, the country is not harnessing this potential due to outdated markets, systems and policies.

Consumer-led flexibility enables consumers to pay less for their electricity by using it when electricity is cheap and plentiful. The cumulative effect of consumers' usage patterns changing lowers system costs by maximising use of domestic renewables and network capacity, which lowers the effective unit cost of electricity for these assets, and reduces the need to build further assets. This can reduce the cost of the electricity system structurally by £33 per household and £12/MWh for businesses, with considerably larger savings for those who actively participate.⁷⁰

Government is doing a lot to support the development of consumer-led flexibility. In the 2025 Clean Flexibility Roadmap and 2026 update government outlined over 40 actions it would deliver to accelerate development of the market.

While this process is having many successes, other reforms are progressing slowly. There are still some gaps in policy, and it is unclear if the overall package will be enough to deliver

⁷⁰ Cornwall Insight, 2023, [The Power of Flex: Rewarding smarter energy usage](#)

the full potential savings by 2030. Therefore, as the Taskforce we have explored what additional actions could ensure these savings are delivered by 2030.

Consumer-led flexibility is an overall enabler for lowering bills; the savings we project from consumer-led flexibility come from lowering lots of different components of an electricity bill. Therefore, some of these proposals overlap with those under other Essential Actions.

Potential solutions

Ensure fixed costs send signals to encourage flexibility. Introduce this through Ofgem’s Cost Allocation and Recovery Review

Consumer-led flexibility can help lower many fixed costs such as network costs, and can maximise the use of the overall system. However, only the wholesale portion of a bill rewards consumers for shifting when they use electricity. This needs to change if consumer-led flexibility is to deliver its full potential benefits in GB. Otherwise, consumers are still paying high network and policy costs when they use plentiful electricity, which reduces the incentive to shift times of use.

Create a coherent strategy for how to make the most of flexibility to lower distribution and transmission network costs

Shifting demand can reduce the amount of new network needed in some places, and in others will delay when upgrades are needed. Distribution network operators can pay consumers to shift when they use electricity as a way of lowering network costs. There is a lot of action in this space, with distribution network operators procuring flexibility on their networks and Elexon looking to build consistency and scale-up across the initiatives. However, there is no aim for the evolution of these markets by 2030, which makes it difficult to assess progress. Also, there are no rules for how distribution- and transmission-level flexibility interact. There is some work on this, but considering past work in this space did not lead to any conclusions, government should place clear deadlines on decisions being made.

Consolidate and enhance existing markets to ease access for consumer-led flexibility

There are many barriers which make it difficult for consumer-led flexibility to provide services to NESO to help operate the system. To overcome this NESO should consolidate and enhance existing markets open to consumer flexibility, where consumers can be paid to increase or decrease their demand in advance of curtailing wind in the north and firing up gas in the south. Suppliers and aggregators could then make it simple for households to lower their bills.

For example, NESO could create regional, clean flex markets. Batteries and consumer-led flexibility would post information on how much flexibility they could provide at each point

in the network from 2 to 24 hours ahead. NESO would use these markets to purchase the cheapest possible mix of flexibility.

Change ESG assessments for businesses to recognise the carbon benefits of flexibility

Currently when calculating their carbon emissions companies use the average carbon intensity of GB electricity or they buy “renewable energy” certificates. Systems should instead consider the carbon intensity of electricity when the companies use it so that companies would be rewarded for shifting their use to lower-carbon times.

Government is exploring reforming the certificates that organisations use to state their electricity use classes as renewable. This is a positive step; however, it will likely take a long time to deliver. In the interim, government should look to ensure consumer-led flexibility is rewarded in ESG assessments in other ways so companies are given kudos for engaging. For example, companies could have a light-touch “smart assessment”, similar to that in EPCs.

Expedite the delivery of the roadmap proposals

Ensure the existing proposals in the Clean Flexibility Roadmap are delivered rapidly, with the team given the correct resource and skills to deliver this effectively.

Introduce price comparison websites

Currently tariffs which reward customers for consumer-led-flexibility are not shown on price comparison websites. As this is the main way cost-savvy customers search for ways to save money on energy bills, it is essential these tariffs are visible and easy to compare with other prices. This also will boost competition between all the companies offering these tariffs and help consumers understand which tariff is best for them. Government should work with price comparison websites to establish the main barriers to the development of these much-needed services and identify the key actions that would quickly lead to them becoming widely available to many more consumers.

Review how to make a smooth customer journey

Certain assets are best suited for consumer-led flexibility, such as electric vehicles, heat pumps and storage heaters. Government should review the customer journey for these assets to ensure that all households and businesses who buy them are made aware of the savings they could make through consumer-led flexibility and the switch is made easy for them.

Require companies to assess how much money they could save through consumer-led flexibility within existing energy audits

Many companies are required to do an energy audit every 4 years as part of the Energy Savings Opportunity Scheme (ESOS). The audit must include an assessment of how they

could lower their energy use, but they currently do not have to assess how they could lower their bills by using consumer-led flexibility. Government could include within this scheme a requirement for companies to look at how they could shift their usage and how much money and carbon this could save them and GB.

Ensure as many households as possible can access consumer-led flexibility and vulnerable households are protected from any negative outcomes

Consumer-led flexibility will require new offerings to consumers. It is important these are developed so that they are accessible for all. If poorly designed, these new offerings may also come with risks for vulnerable consumers. Government should closely monitor outcomes for those groups who either cannot engage or who are less likely to, and ensure they are protected from negative consequences. Government should also work with the market to ensure there is access for as broad a range of consumers as possible.

Essential Action 6: Prevent excess profits in the wholesale market

Projected consumer savings by 2030

HOUSEHOLDS

£61

off a typical annual electricity bill

BUSINESSES

7%

off average cost of electricity
(compared to baseline projection)

The problem

Electricity wholesale costs have been high ever since Russia invaded Ukraine and gas prices increased substantially. The increase has been magnified by a wholesale market where electricity prices are determined by marginal pricing. This means that every asset receives the price of the most expensive asset on the system – in this case gas power stations. Marginal pricing is used to try and ensure that only the cheapest assets operate and that there is a profit incentive for companies to build cheaper electricity generators.

This has caused high profits for GB electricity assets, as the price for the power they provide has increased while their input costs may not have. For example, renewable generators under the old Renewables Obligation scheme saw their revenues double in 2022, increasing by £7.7bn, and nuclear assets saw revenues increase by two-thirds in 2022.⁷¹ Also, UCL found that GB gas power station profits were on average just under 20%

⁷¹ UCL, 2023, [The Bartlett Institute for Sustainable Resources](#)

during the crisis, sitting £4bn above a reasonable return over 2021–2022, as the price was set by expensive gas power stations on the continent that had to pay more for gas.⁷² The marginal pricing system has therefore added billions to bills over the last five years.

This issue was somewhat resolved by the “Electricity Generators Levy” windfall tax. Since 2023, Great Britain has had a windfall tax on legacy renewables and nuclear electricity sold above roughly the pre-crisis level. The tax originally returned 45% of any value above this to government⁷³; this has since increased to 55%.⁷⁴ The levy raised £1.4 billion in 2023–24 and £0.7 billion in 2024–25.⁷⁵ This still leaves a lot of high profits for assets but has returned a percentage of this to the Treasury. This money is not specifically spent on helping consumers with their energy bills.

A longer-term solution is the Contracts for Difference scheme. These are long-term contracts where, before the asset is built, government agrees the price of electricity the asset will be paid for 20 years. In 2021, gas set the price of electricity 97% of the time, even though it only generated 37%.⁷⁶ Thanks to building renewables and putting them on long-term contracts, by 2025 this had dropped to 84% of the time (including gas in Great Britain or foreign fossil fuels setting the price via interconnectors). By 2030 this is set to fall to 49% and by 2035 to 30%.⁷⁷ While a substantial drop, this does mean that gas and electricity prices are still set to be linked for some time.

Continuing with this approach would reduce how much gas sets the price, but some experts are concerned about how effectively the wholesale market will function as the use of these long-term contracts increases without a plan to evolve the market. Building new assets on Contracts for Difference also does not change the fact that some assets are not on long-term contracts, so will have the potential to receive high profits until they close.

Below we focus on measures to lower wholesale prices by 2030, though many have important implications far beyond this. As many of the options impact the same parts of the wholesale market, they are mutually exclusive. We therefore compare these options in Table 1 (page 36).

Potential solutions

Introduce a “single buyer model” or “Consumer First Power Market”

This proposes moving all GB assets onto long-term contracts, agreed competitively before they are built. It would remove the wholesale market, and assets being paid the cost of the most expensive generator. Instead, assets would be operated through signals from the

⁷² E3G, September 2026, [Britain’s gas power stations doubled profits during energy crisis – time for a new energy market vision](#)

⁷³ HMRC, 2023, [Electricity Generator Levy Policy Paper](#)

⁷⁴ HM Revenue & Customs, May 2026, [Electricity Generator Levy: rate increase from 1 July 2026](#)

⁷⁵ HM Revenue & Customs, September 2025, [Corporation Tax statistics commentary 2025](#)

⁷⁶ Carbon Brief, 13 March 2026, [Q&A: Why does gas set the price of electricity – and is there an alternative?](#)

⁷⁷ LCP Delta, June 2026, [The GB Power Market Outlook 2026](#)

system operator (known as central dispatch, which government stated it was not minded to take forward in 2024).⁷⁸ This is a well-established approach globally, used by 89 countries. This proposal could save £69/household by 2030 in a low gas price scenario.⁷⁹ There are mixed opinions on whether this proposal could be fully introduced by 2030. The first steps would be moving legacy renewables, nuclear assets and/or gas power stations onto long-term contracts, agreeing that they will continue to bid into the wholesale for now, to ensure it continues to function.

Gas Regulated Asset Base

This proposes taking gas power stations out of the market and placing them on a regulated rate of return. It is estimated it could lower household bills by £48/household and £3.3bn for businesses.⁸⁰ It is similar to the single buyer model, though focuses just on gas power stations, and takes them out of the wholesale market immediately. It is unclear whether the stated savings would be higher or lower. There is potential that taking gas power stations out of the market could lead to high ‘scarcity prices’ when there is not enough supply in the remaining market. This would counteract some of the stated savings. However, the higher incentives this provides for low-carbon flexibility may ultimately counteract this to lead to a higher benefit than that stated.

Deliver the government’s Wholesale CfD proposal

Government has announced they will offer legacy renewables the chance to move to long-term contracts. Rather than forcing assets onto contracts at a fair price, government will determine the price through an auction. There are concerns over whether government will receive a fair price for consumers and whether a large enough capacity can be awarded contracts for it to make a material difference to consumers’ bills. This proposal focuses more on spreading costs over a long time period and limiting the impact of major price spikes, rather than on reducing wholesale costs overall.

Increase the windfall tax on assets benefiting from the gas price spike

The current windfall tax could be further increased as 55% still leaves a lot of additional profit for these assets and they have now had these high profits for a sustained period. However, subject to the Iran war, it was projected that the wholesale price would soon dip below and stay below the price which triggers the windfall tax.⁸¹

⁷⁸ DESNZ, 2024, [Review of Electricity Market Arrangements – Autumn Update](#)

⁷⁹ Brown, D. June 2026, [Fixing the Price: How a single buyer model could slash GB electricity prices and build consent for the clean power mission](#). Note: saving for a household using 2.7MWh.

⁸⁰ Greenpeace and Stonehaven, 2025, <https://www.greenpeace.org.uk/resources/power-shift-report/> Note: The £5.6billion saving has been prorated to a house of size 2.7MWh.

⁸¹ The Electricity Generator Levy is triggered at £75/MWh adjusted for inflation since 2023 which places it at roughly £80/MWh. The wholesale price data summary at <https://www.electricitybills.uk/wholesale> shows that price estimates were on a downward trend prior to the outbreak of the Iran war, reaching an average of £81/MWh, and therefore would likely have dipped below the threshold had the war not broken out.

Because of the overlap between the above proposals, to aid the reader, Table 1 shows how each proposal would affect the revenues and profits of the three major asset types which either receive high profits and/or set the price – gas power stations, renewables and nuclear sites.

It is worth noting that most of these proposals boil down to reducing the profits of existing assets. There is a balance that needs to be struck here to ensure the country can still secure new investments in the energy system. Therefore, all profit reductions should be based on returning profits to estimates of what was considered a reasonable return when the assets were built. As shown, there is a wide array of ways to approach this. Most new assets are already being built on long-term contracts, to limit the potential variability in future profit and electricity price. The exceptions are flexible assets such as gas power stations, consumer-led flexibility and some storage.

It also may be possible to lower the price of renewables moving forward.

Table 1: Impacts of solutions suggested in this section on the bid prices for gas power stations, legacy renewables and nuclear, by lowering either their profits or their risk.

	Lowers gas power station profits and risk, lowering the marginal cost	Lowers legacy renewables profits and risk	Lowers nuclear profits and risk	Estimated savings
Single buyer model and Consumer First Power Market	Substantial reduction	Substantial reduction	Substantial reduction	£69/household in 2030. ⁸²
Gas Regulated Asset Base	Substantial reduction to gas power station bid price...	... leading to moderate reduction to renewables profits ...	...and moderate reduction to nuclear profits.	£48/household by 2028. ⁸³
Wholesale CfD	<i>No impact</i>	Small reduction	Small reduction	No available estimate, likely low.
Windfall tax boost	<i>No impact</i>	Small reduction	Small reduction	No available estimate.

⁸² Note - potentially beyond 2030 now due to delivery constraints.

⁸³ Greenpeace, 2025, [PowerShift](#)

Use government investment to lower the financing costs of renewable generators

In 2024, financing costs were 45% of the cost of an offshore wind project. Importantly, this means a 4 percentage point increase in borrowing costs raises the cost of an offshore wind project by 31%.⁸⁴ Government could lower financing costs by investing in or underwriting renewables projects via GB Energy or the National Wealth Fund. Common Wealth estimated that if government did this for 10GW of renewables, this would lower bills by £2.6bn by 2030, roughly £24/household and £9/MWh for businesses.⁸⁵ By the time this was set up, the savings would now likely be less by 2030, but this is still a significant saving which would compound further each year the approach was used.

Essential Action 7: Introduce better targeted support for those who need it

Potential additional consumers supported

HOUSEHOLDS

3 million

extra households supported, up from 6 million, and support increased by £250 / household

BUSINESSES

130,000

manufacturing businesses rebated, up from 10,000

The problem

There are sensible reasons for governments to support both households in fuel poverty and trade-exposed businesses with their energy bills. It is generally better policy to support electricity bills rather than gas bills because:

- Support reaches all households including those who don't use gas (and these households have by far the higher rate of fuel poverty⁸⁶).
- GB industrial electricity prices are 63% higher than the IEA average⁸⁷ because of the extra levies (though some GB industry is given relief as a result) whereas GB gas prices are at the IEA average.⁸⁸
- It helps GB use low-carbon electricity, helping to reduce its contribution to climate change.

⁸⁴ ResolutionFoundation, 2024, [Electric Dreams](#)

⁸⁵ Common Wealth, June 2026, Fixing the Price: [How a single buyer model could slash UK electricity prices and build consent for the Clean Power Mission](#)

⁸⁶ GB Government, 2026, [Annual Fuel Poverty Statistics in England, 2026 \(2025 data\)](#)

⁸⁷ PWC, CBI and EUK, 2026, [Powered up or priced out? The £250bn case for a national energy plan](#)

⁸⁸ DESNZ, 2026, Statistical data set, [International non-domestic energy prices](#)

Currently millions of households cannot afford their energy bills and need more support. 13.5 million⁸⁹ GB households are in fuel poverty, using the definition that they spend more than 10% of their income on energy.⁹⁰ That's over 40% of households.

Government supports households in fuel poverty with the Warm Home Discount, and the Winter Fuel Payment.⁹¹ The Warm Home Discount reaches a lot of the homes that need it but it misses an estimated 2.5 million fuel-poor households outside of the means tested benefits system,⁹² such as those with disabilities, long-term health conditions, pensioners not receiving pension credit and very expensive to heat homes. The scheme is not tiered to reflect the depth of need, which limits its impact. Government has been looking to use income and other household data to improve the targeting of the Warm Home Discount and to potentially tier the support. This process has taken over 4 years so far and continues to move far too slowly.

The government also provides a Cold Weather Payment, but this is poorly designed and only helps households after a prolonged period of cold weather.

The more effective way to lift households out of fuel poverty is to make their homes cost less to keep warm (or cool). GB has some of the oldest housing stock in Western Europe so much of it needs updating. The Warm Homes Plan is the government's plan, backed by £15bn of investment, to improve the energy efficiency of GB homes. It includes £5bn to provide fully funded upgrades for low-income households, of which, £2bn has been allocated and £3bn remains unallocated.

There is also a strong case for supporting trade-exposed industry. GB industrial electricity prices have been on average 27% higher than the G7 average over the past 5 years.⁹³ The picture is better for the 550 energy-intensive industrial companies who are provided relief by the government as they have been highlighted as trade-exposed.⁹⁴ These companies are provided compensation and bill exemptions through the 2024 British Industry Supercharger (BIS), substantially lowering the prices they pay. The relief may have been enough to bridge the gap to the G7 average over the last 5 years. However, that gap increased substantially in 2024 when GB prices were 63% higher than the G7 average. Further support may be required while this is resolved.

In April 2027, relief will be expanded to cover more businesses with the introduction of the British Industrial Competitiveness Scheme (BICS). This will not offer as much relief as the BIS, but it will lower prices by 20–25% for 10,000 manufacturing businesses backdated to April 2026. Exempting these businesses from certain levies aims to ensure they stay in GB, providing jobs and contributing to the economy.

⁸⁹ End Fuel Poverty Coalition, 2026, [Price cap would be price freeze without impact of Iran war](#)

⁹⁰ Guardian, 2026, [Energy price cap rise 'will push millions in Great Britain into fuel poverty'](#)

⁹¹ Citizens Advice, 2024, [Shock proof - Breaking the cycle of winter energy crises](#)

⁹² Public First, 2025, [Closing the Fuel Poverty Gap: A Plan for Targeted Energy Support](#), p.5

⁹³ PwC GB, 2026, [Powered up or priced out? The £250bn case for a national energy plan](#)

⁹⁴ Government technically assess this based on a slightly different metric known as "trade-intensity".

These relief schemes for certain industries are a very positive step forwards, but the long lead time and backdated support from the BIS have reduced its efficacy. There are also concerns around the approach for determining which businesses will get the support, with some just missing out and therefore receiving no relief.

Potential solutions

Provide £2bn/yr additional funds to support those in fuel poverty and improve scheme targeting, moving towards a social tariff

To substantially reduce fuel poverty and particularly protect households facing the deepest shortfalls, government should increase the value of the Warm Home Discount, expand it to vulnerable households who are not on means tested benefits and tier the value of the discount depending on need. For this winter when a 16% increase in bills is expected⁹⁵, this could include expanding the scheme from 6 million to 9 million households and increasing the average support from £150 to £400/household. This would make the total cost £3bn/yr, though this will fall once bills fall. Note, this increase should be fully funded, or it will be spread across the bills of all households, reducing the benefit felt by eligible households. Expanded and tiered support should form a step towards automatic, enduring and comprehensive affordability support. Government can reform and expand eligibility of the Cold Weather Payment so it is paid out in advance of temperatures dropping to a low level.

Improve take-up of existing poverty prevention schemes

Research focused on lifting pensioners out of poverty found that full take-up of existing schemes would lift 280,000 people out of poverty and save the NHS and social services £790m/yr. Government could create an all-entitlements take-up strategy to improve this situation; this should represent a huge step up in activity currently underway and aim to boost take up of Pension Credit (and therefore Winter Fuel Payment).⁹⁶

Improve government data sharing so that the money goes to the households who need it most

Fuel poverty occurs when households have low incomes, inefficient homes and/or high energy needs. This means finding those who need support requires a number of different data sets such as income, house efficiency and medical needs. Suppliers have some of these data sets and currently government has the others. Government should accelerate sharing datasets such as income and address on the electoral roll with suppliers so they can better target the Warm Home Discount. This should include making the most of the current DSIT and DESNZ data pilot schemes as well as including any necessary changes in the Energy Independence Bill.⁹⁷

⁹⁵ Cornwall Insight, 2026, [16% Price Cap Rise Forecast in January](#)

⁹⁶ Independent Age, 2026, [New research: total take up of state support would reduce pensioner poverty by 15% and save the NHS and social care services over half-a-billion pounds](#)

⁹⁷ PRASEG, July 2026, [No One Left In The Cold- PRASEG Energy Bill Support Inquiry](#)

Enable community professionals to refer households for energy bill support

Alongside any work on data sharing, a referral route should be developed to ensure that social workers, health professionals, debt advisers and front-line energy saving charities can refer people into the Warm Home Discount and Cold Weather Payments.

Ensure home upgrades are delivered for those who need them

By upgrading the homes of the most vulnerable, the government can lower bills and reduce the need to support vulnerable households in perpetuity.

At the 2026 Autumn Budget, the government should allocate the remaining £3bn of promised funding for low-income households to a new scheme which combines the existing and highly successful Warm Homes: Local Grant and Social Housing Fund. This scheme needs more funds and could be rapidly scaled. More than £3bn will be needed to deliver home upgrades for all low-income households who need them. Funding should be spent in the three years from 2027 to 2030.

Government should also ensure that households who are on the edge of fuel poverty can afford to upgrade their homes. Households who are not eligible for fully funded support often cannot afford the upfront cost of a solar, battery or heat pump installation, even though the investment would lower bills over their lifetime. To help reduce the upfront costs of energy upgrades, government should use its £5bn of “Financial Transactions” funding in the Warm Homes Plan, deployed through the green loan which DESNZ is developing. To ensure this is an attractive deal for consumers, the loan should have a 0% interest rate, have a long repayment period, and be offered alongside a grant. It will also be important that households have access to trusted information and impartial, tailored advice to increase demand for and confidence to take out these financial products and install the right measures in their homes.

Expand the BICS criteria to include all manufacturing industry

BICS is set to reach less than 10% of 130,000 manufacturers (though this number is very uncertain currently). This should be expanded to cover all manufacturing industry with the cost paid for through general taxation rather than spread across other customers. Delivering Essential Action 1 (removing all levies from electricity bills), would effectively remove the need for this, as it would provide this exemption for all businesses. This approach would bring us closer in line with the approaches of France and Germany.⁹⁸ If proceeding with the BICS, the government should deliver the scheme more quickly and undertake the proposed scheme updates as quickly as possible.

⁹⁸ Pratley, M, 15 June 2026, [Listen to manufacturers and unions: high electricity prices are killing industry](#), The Guardian

Essential Action 8: Create a minister-led process to ensure electricity bills go down

The problem

To deliver the proposals we have laid out will take a coordinated concerted effort from government. Responsibility for bills is spread across many different areas within government and there is no clear process for tracking changes in bills or proposals to lower bills. This needs to change.

There are also likely other ways to lower bills that we have not been able to review in full. For example, increasing electricity demand so that the network is better utilised is key to lowering bills. This could lower electricity bills by more than £10/household in 2030.⁹⁹ Relatedly, it will be important to ensure data centres are built in a way which does not add to bills for others and, if possible, lowers bills by making better use of the current system. Also, it may be possible to lower sea-bed costs for offshore wind by reviewing Crown Estate policy and to recoup more of this current high revenue for consumers. The government also could move gas standing charges to unit rates to lower bills for people who use little gas, which could accelerate the uptake of low-carbon electric heating.¹⁰⁰ Finally, there is evidence that many businesses, particularly SMEs, are being mis-sold energy and locked into contracts at very high prices. Government should look to investigate all of these areas.

Potential solutions

DESNZ to create an action plan to lower electricity prices by 2030

Government should publish a clear delivery plan including bill projections and clear actions which will make electricity bills affordable for all, including both lowering prices for all and improving targeted support for those who need it. This plan should also outline how the government will deliver a gas : electricity price ratio which enables households and businesses to electrify.

Create a minister-level board to track and expedite the progress of each action on lowering bills

There will be roadblocks which could slow or stop the delivery of each of the proposals in this report. It is essential that a minister within DESNZ is responsible for making sure those roadblocks are removed, or alternative ways to lower bills are found. If government wishes to ensure delivery, the board should include the Prime Minister, Chancellor and Secretary of State for Business.

⁹⁹ E3G, 2025, [THE UK'S CLEAN POWER MISSION: DELIVERING THE PRIZE](#)

¹⁰⁰ This would need to be paired with targeted support for vulnerable customers who have high gas usage.

The collective impact of the Essential Actions

The Taskforce concludes that it is possible for government to significantly lower both household and business electricity prices by 2030. This would be a step change in expectations for the future with bills falling by 10%–20% instead of rising by 15%.¹⁰¹ Delivering Essential Actions 1–5 could lower bills by roughly 14% for households and 11% for businesses (compared to the prices in 2025/26). If the government also introduces major reforms to the wholesale market (Essential Action 6), these savings increase to roughly 20% for households and businesses. Taking inflation into account, this would return bills to pre-crisis levels, potentially making household costs lower than previously.

The overall stated savings are all subject to future gas prices, though it should be noted that under a renewables-based system, and with market reform, gas prices would have less impact on electricity prices than today. Further savings could be delivered by paying for a portion of network costs through general taxation.

Delivering the 8 Essential Actions would be a major boost to the economy. It would lower inflation through directly lowering household bills and by lowering the price at which businesses can sell products. Lower inflation would lead through to lower borrowing costs for government and more money in people's pockets for spending in other areas. PWC have estimated that lowering electricity prices by 27% would boost the economy by £250bn over the next 10 years, the equivalent of 8% of GDP.¹⁰² The 8 Essential Actions would collectively lower bills by roughly 30% (when removing inflation from the projections), which is roughly in line with the 27% used by PWC though delivered 4 years later than they assumed. While we do not wish to extrapolate too far, this suggests that the 8 Essential Actions would deliver hundreds of billions of pounds of economic benefit.

Delivering this package in full will require Treasury funds. The main costs would be removing levies from bills (£8bn–£10bn/yr tailing off from 2030)¹⁰³, further supporting households and businesses who need it (£2bn/yr), and wiping a portion of energy debt (a one-off payment of up to £4bn). This upfront cost from government is likely to pay dividends. Removing levies for businesses would boost the economy by £130bn more than it would cost the government over the next 24 years.¹⁰⁴ Writing off a portion of debt would pay for itself within 2–3.3 years. Supporting households who need it would help reduce

¹⁰¹ Powered by Cornwall Insight data and analysis, with further analysis by the Electricity Bills Taskforce. See Annex for more information.

¹⁰² PWC, CBI, EnergyUK, 2026, [Powered up or priced out? The £250bn case for a national energy plan](#)

¹⁰³ Based on Taskforce calculations pulling together evidence from multiple sources: Forecast revenues from: Office for Budget Responsibility, 2026, [Economic and fiscal outlook – March 2026](#), UK government, 2026, [Feed-in Tariffs scheme: Final consultation analytical annex – impact of indexation options](#), and EIUG analysis.

¹⁰⁴ CBI, Energy UK, 2026, [Cutting Business Energy Costs: A blueprint to boost growth](#)

poverty in the UK. To spread the costs, government could sequence some of these interventions, however this would also delay the savings. Bills are projected to increase by 16% in January¹⁰⁵ and the only two measures that can instantly lower bills for all households are removing levies, and offering targeted support to all households. Considering this, the government may not be able to delay.

As well as delivering economic growth, this new stable, affordable, sovereign system will increase peace of mind for the country, laying the foundation for a happier and more prosperous GB. It will reduce the number of people worrying that they can't afford their bills, help GB reduce its contribution to climate change by making low-carbon electricity affordable and reverse its growing reliance on international fossil fuels by making homegrown electricity affordable for all.

We urge government to deliver all Essential Actions. While some areas deliver more savings than others, the real success will lie in lowering every component of a bill through a comprehensive and concerted programme.

¹⁰⁵ Cornwall Insight, 2026, [16% Price Cap Rise Forecast in January](#)

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Annex: Bill projections and estimating proposal bill impacts

These calculations are powered by [Cornwall Insight](#) data and analysis, with further analysis by the Electricity Bills Taskforce.

Baseline 2030 bill projection

Baseline bill projections to 2030 in this report are based on the central Cornwall Insight projections, with addition of costs if measures to lower constraint management costs are not delivered by 2030 and if debt continues to grow. These amendments are because Taskforce members have concerns that these measures are not currently likely to be resolved by 2030.

LCP analysis projects constraint costs will be £4.3bn by 2030 in a central scenario.¹⁰⁶ We added this to the baseline cost for the other costs of managing the system. This is split across households and non-domestic consumers.

We estimated the additional costs of managing energy debt for households by extrapolating from the amount it is projected to add to bills in 2026: £10–£15/household across gas and electricity.¹⁰⁷ We take the central point of this range and assume that without intervention debt costs continue to grow at this rate to 2030. We assume half of the debt costs are added to electricity. This gives us the extra debt cost of £12.50/2 added over 4 years. This would add an extra roughly £25 to household electricity bills by 2030.¹⁰⁸ We then scale this to reflect inflation.

The baseline bill projections arrived at through the above method are shown in Table 2.

¹⁰⁶ LCP Delta, 2026, [From Bottlenecks to Balance: Impact of reformed national pricing \(RNP\) measures on GB grid constraint costs](#)

¹⁰⁷ Energy UK, 2026, [Energy Debt: Everyone Pays](#)

¹⁰⁸ $4 \times (10+15)/(2 \times 2) = £25$

Table 2: Baseline bill projections used in this report. Numbers from 2026–27 onwards are projections; the numbers for preceding years (shown in grey) are actual bill levels calculated by Cornwall Insight to make them consistent with the projections, shown for context.

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
Household (2.7 MWh)	566	555	621	1142	700	763	818	791	820	855	943	959
Average business (£ / MWh)	150	164	252	390	267	224	265	290	292	302	306	314

These numbers are all nominal meaning they increase partly due to the assumed inflation being reflected within the numbers. The tables below show that in real terms electricity prices are set to stay much more constant for businesses and households. Note that the increase in household bills under the real scenario is largely due to 75% of the Renewables Obligation currently not being on bills and this returning in 2029.

	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
Business real	275	290	284	288	284	286
Business nominal	265	290	292	302	306	314

	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
Household real	848	791	798	812	875	871
Household nominal	818	791	820	855	943	959

Definitions

Household bills are determined based on annual electricity usage of 2.7 MWh, as Ofgem used this figure until recently for an average house within the price cap. Average electricity use is in fact 3.6 MWh. We use 2.7 MWh as it more closely reflects the mean usage of a household without electric heating or an electric vehicle; however, this does mean that these numbers in some ways underestimate total savings.

Our “average business” merges together the average £/MWh for a range of business archetypes with different usage amounts and patterns (provided by Cornwall Insight).

Estimated savings from Taskforce Essential Actions

The Taskforce does not detail exactly how each Essential Action should be delivered, but outlines several ways this could be achieved. As different approaches would deliver different savings this makes it challenging to choose a specific saving.

We have estimated the maximum impact we think the government could have by delivering each essential action. In some places this is the impact of a combination of actions and in others where the actions are mutually exclusive, we pick the largest intervention listed.

Below we detail how we have estimated the impact of the different Essential Actions and the specific proposals which sit beneath them. This often pulls from other studies and analysis. We aim to be conservative in our assumptions to compensate for potential overlaps between studies and note this where it is possible below. This analysis aims to illustrate the potential size of the prize if government were to create a concerted programme to lower electricity bills.

Essential Action 1 – Move all levies from electricity bills to general taxation

Calculated using the Cornwall Insight estimates of levies to 2030.

Levies included: Renewables Obligation; Feed-in Tariff; Warm Home Discount; Hydro Levy (AAHEDC); Nuclear RAB; Climate Change Levy (CCL); and EII Support Levy.

Essential Action 2 – Develop a strategy to reduce the cost of energy debt

We first assume that reducing the growth in energy debt would remove any estimated increase in the cost of managing energy debt i.e. we remove the extra £25/household which we assumed will be added in 2030 if this crisis is not resolved.

We then assume that the included measures reduce the cost of managing energy debt to what it was pre-crisis by writing off some debt and stopping it from building again. The cost of managing debt pre-crisis was 67% lower compared to today. The cost of managing debt in 2019, adjusted for inflation, was £607 million. This is 33% of the cost of managing debt today (0.607/1.8 using 1.8 as an estimate of debt costs across 2026, based on the last two quarters).¹⁰⁹

¹⁰⁹ Ofgem, 2026, [Energy debt-related costs data: October 2018 to June 2026](#)

Essential Action 3 – Ensure network build is affordable and good value for money

There are many proposals within this section that it is difficult to quantify the impact of. Therefore, we consider the potential savings from those which we can cost and compare this to an overall reduction in costs of 5%.

- ▶ **Lowering minimum voltage limit on low-voltage network:** estimated household bill savings of £8/household.¹¹⁰ Divided by 2.7MWh gives £3/MWh saving.
- ▶ **Returning £6.3–£7bn network windfall profit to consumers over a 5-year period:** £4/MWh saving.
- ▶ **Reducing cost of capital by network financing by 0.1%:** roughly £3/household or £1/MWh saving. It is very difficult to know how much lower the financing costs could be for networks. Here we use 0.1% as it is less than 2% of the cost of capital for the networks.
- ▶ **If losses are reduced within the next distribution network price control** this could potentially lower bills by an estimated £3/household or £1/MWh.¹¹¹ This is difficult to estimate but we take this as a rough approximation.
- ▶ **Consumer-led flexibility can also reduce network costs.** It is unclear how much these savings are already baked into the network cost projections but we assume that better use of consumer-led flexibility should be able to further lower network costs.

Collectively these lower costs by £9/MWh. For comparison, a 5% reduction in network costs would lower bills by £4.7/MWh. It is worth noting that some of these proposals would lower other bill components – not just network costs – and this is included within the total.

As some of these estimates are uncertain, we take a conservative approach and use an estimate that the proposals could lower network costs by £7/MWh.

Essential Action 4 – Move faster to modernise how the system is operated

LCP estimates constraint costs will be £4.3bn in 2030 and this can be reduced to £2.2bn with the right interventions.¹¹² The NESO Balancing Report shows that other balancing costs are roughly £1bn/yr (read off graph one which shows other balancing costs are roughly 2.75 to 1.75). Assuming these are the same in 2030 (the system is set to become harder to run but gas prices are falling which should counteract this), total balancing costs in 2030 will be £5.3bn if there are no interventions and £3.2bn with interventions.

¹¹⁰ Green Alliance, 2025, [How to Reduce Household Energy Bills](#)

¹¹¹ Based on evidence put forward by Taskforce members.

¹¹² LCP Delta, 2026, [From Bottlenecks to Balance: Impact of reformed national pricing \(RNP\) measures on GB grid constraint costs](#)

Dividing these costs across 290 TWh of use leads to costs of £18.30/MWh in 2030 or with interventions £11/MWh.

We then add the savings from the proposal of lowering the cost of the smart meter rollout. These savings are just for households. The smart meter rollout is costing over £20/household. We propose the government aim to reduce this by 40%, or a saving of £3.30/MWh.

Essential Action 5 – Enable consumer-led flexibility through every available lever

The challenge with properly estimating the savings from consumer-led flexibility is that some capacity is already assumed to be deployed in the Cornwall Insights central analysis. To be conservative we therefore do not add further savings other than those in the system operation section as this is based on LCP analysis. We do consider it in the networks section that consumer-led flexibility could further lower costs, but we do not quantify this. A full bills analysis may be able to attribute additional savings if consumer-led flexibility is fully deployed.

Essential Action 6 – Prevent excess profits in the wholesale market

The most impactful proposal is to move to the single buyer model. Common Wealth estimate this could save £10bn in 2026 in a low gas price scenario.¹¹³ We use this low gas price scenario as it aligns with the wider assumptions made in the Taskforce bill projections. The £10bn saving includes savings from the assumed additional consumer-led flexibility and from using government financing to lower the cost of 10GW of renewable capacity by 2030. We remove the savings from both of these areas to be conservative, taking the saving to £6bn in 2030. We then divide this by the overall capacity and adjust this for inflation.

The savings equate to £20.70/MWh not adjusted for inflation.¹¹⁴ Note the estimated savings would be higher if the gas price projection is higher, however the wholesale bill component would then also be larger.

Further savings

Reducing the cost of a bill also reduces the amount of VAT, as it scales with the bill. We take this into account.

¹¹³ Common Wealth, June 2026, Fixing the Price: [How a single buyer model could slash UK electricity prices and build consent for the Clean Power Mission](#)

¹¹⁴ £6bn/290TWh.

Bill projections with Taskforce recommendations delivered

Below are the resulting bill projections, in nominal terms.

	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
Household (2.7MWh)	763	818	768	728	732	724	641
Average business	224	265	274	233	240	241	211

ABOUT E3G

E3G's mission: A safe climate for all

A safe climate for all underpins a future where humans and the natural environment can survive and thrive, where the most vulnerable are protected from climate impacts and economic systems prioritise people and the planet.

To achieve our mission, we build the policy solutions and political conditions for systemic action on climate. We:

- ▶ Work to win the politics and geopolitics of climate.
- ▶ Build the political conditions and policy solutions to drive the phase-out of coal, oil and gas from the global economy.
- ▶ Promote reforms to financial systems to secure the investment needed for mitigation and adaptation.

We are strategic thinkers

We combine deep strategic understanding with policy expertise. We analyse the political economy of climate and develop scenarios of how the future may evolve and what can be done to manage risks and exploit opportunities for action.

We are architects of climate action

We bring diverse stakeholders together to align action and foster dialogue. Through our collaborative approach we build connections and bridges, open windows of opportunity and create coalitions for change.

We are trusted brokers

We work closely with those driving climate politics forward, supporting them to tackle challenges behind the scenes. Governments rely on our knowledge of how to get things done in climate policymaking.



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