

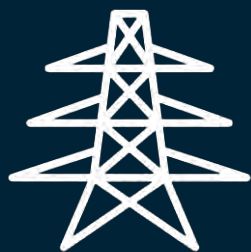


Session 2: Sharing the cost of the energy transition

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Our energy system is evolving

1



Our energy system is evolving to support decarbonisation, electrification and resilience

2



Energy costs are paid for by consumers through energy bills. These bills need to cover the costs of all the energy, infrastructure and the delivery of energy to consumers.

3



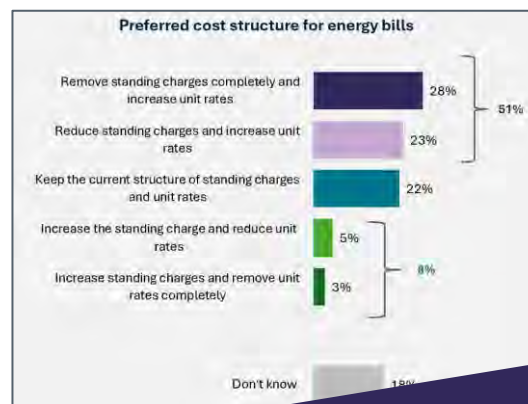
As our reliance on gas decreases, variable costs may fall. At the same time, fixed costs may rise due to infrastructure investment.

Cost allocation and recovery review launched to examine whether there are **fairer** and **more efficient ways** on **how we allocate and can recover energy system costs** while supporting net zero and economic growth

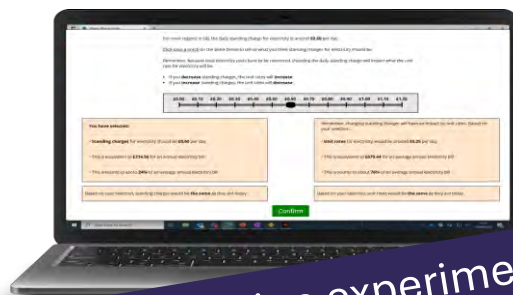
Consumer evidence is key



Call for input



Survey



Online experiment



Randomised controlled trials



Deliberative research

There is significant variation in opinions on how to change the system



51% would prefer to reduce or remove standing charges



In the online experiment, information helped reduce perceptions of 'unfairness' but consumers still want SC reduced



Lower energy users who saw the impact on their bills did allocate less towards standing charges



Deliberation revealed a desire for a simpler, more predictable energy system that protects consumers

"I think it should be proportional, so you pay a percentage of... in terms of social costs, if I earn £100,000, my burden is the percentage of that I pay, not the amount [...] It's a social good, it helps everyone in the long-run."

VS

"Everyone should pay the same thing. That's my personal opinion, it's simple... fixed cost, should be same."