

Energy bills help could continue as suppliers told to prepare for two scenarios

Energy suppliers have been asked to prepare for government support to households to be maintained at the current level in April, ahead of a final decision expected to be announced in the budget.

Sky News understands the government has asked suppliers to prepare for two scenarios; the current effective [cap of £2,500](#) for typical annual household use to continue, and for the scheduled reduction in support, taking bills to £3,000, due in April.

There is a widespread expectation in industry and Whitehall that existing support will be maintained when [Chancellor Jeremy Hunt](#) delivers the budget on 15 March.

Energy companies have been asking for guidance, however, before a regulatory deadline to inform customers of impending price changes, which falls this weekend.

The government's request appears intended to allow companies to prepare for a change of policy in good time.

The energy industry is anxious to avoid telling customers bills are going to rise, in line with published government policy, despite clear indications they will be maintained at current levels.

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[Why are bills still rising if the cap is falling?](#)

Mr Hunt has been under pressure to maintain existing support since a fall in wholesale gas prices [drastically reduced the cost](#) of providing financial help to households.

Under the energy price guarantee (EPG) the government effectively caps the price that households can pay and reimburses energy companies for the difference between that and the cost of buying power on wholesale markets.

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The energy regulator has reduced the cap on the amount suppliers can charge customers, but bills are still expected to increase

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Earlier this week energy minister Grant Shapps said he was sympathetic to calls for the EPG to be maintained and that he was “working hard” with the chancellor on the issue.

If the Ofgem price cap system were still in place, reflecting the real cost of energy, annual bills would have been £4,279 from January. Even on Ofgem’s latest calculation, published on Monday, the typical annual cost would rise to £3,280 next month.

Campaigners say the anticipated extension of current support will prevent millions more households falling into fuel poverty, defined as spending more than 10% of disposable income on energy.

A planned withdrawal of £400 of support for every household is expected to go ahead, meaning one element of the cost to the Treasury of propping up the nation’s energy bills, irrespective of income bracket, will fall.