

# Domestic Gas and Electricity (Tariff Cap) Bill

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MARSHALLED  
LIST OF AMENDMENTS  
TO BE MOVED  
IN GRAND COMMITTEE

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[Amendments marked ★ are new or have been altered]

Amendment  
No.

Clause 1

LORD GRANTCHESTER

- 1 Page 1, line 3, leave out from beginning to “, the” and insert “By 28 October 2018 or five months after this Act is passed (whichever is the sooner),”

LORD BERKELEY

- 2 Page 2, line 15, at end insert –  
“( ) the need to ensure that holders of supply licences communicate with domestic customers in appropriate formats about the different domestic supply contracts which are available, including any tariff cap which may apply.”

LORD GRANTCHESTER

*As an amendment to Amendment 2*

- 3 After “cap” insert “or tariff cap exemption”
- 4 Page 2, line 15, at end insert –  
“( ) the need to ensure that adequate protection exists for vulnerable domestic customers, including ensuring those customers who currently benefit under a cap imposed by the Authority on rates or amounts charged for, or in relation to, the supply of gas or electricity because they appear to the Authority to be vulnerable, retain those benefits.”

**Clause 1 - continued**

LORD MACKAY OF CLASHFERN  
LORD CARLILE OF BERRIEW  
LORD HUNT OF WIRRAL

5 Page 2, line 20, at end insert –

- “(8) Subject to subsections (9) to (12), sections 11C to 11H of the Electricity Act 1989 and sections 23B to 23G of the Gas Act 1986 apply to modifications of the standard supply licence conditions made under this section.
- (9) Any appeal against modifications to the standard supply licence conditions made pursuant to this section –
- (a) may not challenge the decision to impose a price control in principle; but
  - (b) subject to paragraph (a), may relate to –
    - (i) the principles applied in setting the tariff cap conditions in question,
    - (ii) the methods applied or calculations used or data used in setting the tariff cap conditions, or
    - (iii) what the provisions contained in the tariff cap conditions should or should not be (including at what level the tariff cap control should or should not be set).
- (10) The decision of the Authority to modify the standard supply licence conditions to include tariff cap conditions is to have full effect pending the determination by the Competition and Markets Authority (CMA) of any appeal.
- (11) Paragraph 2 of Schedule 5A to the Electricity Act 1989 and paragraph 2 of Schedule 4A to the Gas Act 1986 do not apply to modifications of the standard supply licence conditions made under this section.
- (12) Notwithstanding section 11G(1) of the Electricity Act 1989 and section 23F(1) of the Gas Act 1986, the CMA must determine an appeal against modifications of the standard supply licence conditions made under this section within the period of 4 months beginning with the day on which it accepts the appeal.”

LORD GRANTCHESTER  
*As an amendment to Amendment 5*

6 At end insert –

- “(13) The cost of an appeal initiated by a statutory consumer advocate for energy consumers must be met by the Exchequer.”

**Clause 2**

BARONESS FEATHERSTONE

7★ Page 2, line 26, at end insert –

- “(ba) must make provision specifying the information that holders of supply licences must include in communications to customers regarding the cap, including –
- (i) a requirement that the cap be referred to as the “temporary price cap” and not by any other name;

**Clause 2 - continued**

- (ii) a clear statement that the cap does not necessarily result in the lowest possible energy prices for the customer; and
- (iii) clear and accessible information about switching energy suppliers;”

LORD GRANTCHESTER

8 Page 2, line 32, leave out paragraph (e)

LORD BERKELEY

9 Page 2, line 36, at end insert—

- “( ) must make provision requiring information relating to different domestic supply contracts and tariff cap conditions to be communicated by holders of supply licences to their domestic customers in appropriate formats.”

LORD GRANTCHESTER

10 Page 2, line 37, leave out “But tariff conditions may not” and insert “Tariff conditions may”

11★ Page 2, line 38, leave out “or” and insert “and”

**After Clause 2**

BARONESS FEATHERSTONE

12★ Insert the following new Clause—

**“Duty to consider the needs of vulnerable and disabled customers**

- (1) When exercising its duties under section 1, the Authority must have regard to—
  - (a) the need to protect vulnerable and disabled customers;
  - (b) the needs of domestic customers protected by the Authority’s safeguard tariff at the date the cap outlined in section 1 comes into force.
- (2) When exercising their duties under sections 7 and 8, the Authority and the Secretary of State must have regard to—
  - (a) whether effective competition exists for vulnerable and disabled customers; and
  - (b) additional protection in place for vulnerable and disabled customers.”

**Clause 3**

BARONESS FEATHERSTONE

13★ Page 3, line 8, at end insert—

- “( ) Tariff cap conditions do not apply in relation to any supply of electricity by a holder of a supply licence who, in relation to the supply, has complied with—
- (a) Condition 21D.4(a) of the standard electricity supply licence conditions (obligation to ensure that claimed environmental benefits are a result of customers choosing to purchase the tariff), or

**Clause 3 - continued**

(b) an obligation that is a replacement for the obligation imposed by Condition 21D.4(a).”

14★ Page 3, line 9, leave out “may” and insert “must”

15★ Page 3, line 14, at end insert “if the cap would, in the Authority’s view, lead to a rise in price for such customers; and”

## LORD GRANTCHESTER

16 Page 3, line 18, at end insert—

“( ) It is unlawful to exercise the power conferred by subsection (2)(b) if the customer has not provided a notice of their willingness to be exempt from the tariff cap (an “opt-in notice”).”

17 Page 3, line 20, at end insert—

“( ) A consultation under subsection (3) must actively seek the views of—  
 (a) each holder of a supply licence;  
 (b) the Secretary of State;  
 (c) the statutory consumer advocates for energy customers; and  
 (d) representatives of businesses and trade unions in the energy sector.”

18★ Page 3, line 20, at end insert—

“( ) For the purpose of subsection (2)(b), the Authority must have regard to whether the standard variable rates offer additionality.  
 ( ) “Additionality” means the rate offers an additional environmental benefit beyond the provision of renewable energy already paid for through the Renewables Obligation.”

19★ Page 3, line 21, leave out subsection (4) and insert—

“( ) The Authority must consult before taking the steps described in section 4 in relation to proposed modifications which consist of or include provisions to be made in the exercise of the power conferred by subsection (2)(b).  
 ( ) The Authority must make a decision with respect to subsection (2)(b) as soon as is practicable after this Act is passed.”

**After Clause 3**

## BARONESS FEATHERSTONE

20★ Insert the following new Clause—

**“Review of the context surrounding the introduction of the tariff cap conditions**

- (1) The Secretary of State must carry out a review of the context surrounding the introduction of the tariff cap conditions.
- (2) The review must make reference to—

**After Clause 3 - continued**

- (a) the circumstances that necessitated a cap on energy prices being introduced;
  - (b) whether or not the circumstances referenced in paragraph (a) could have been prevented by earlier intervention; and
  - (c) what steps the Government can take to prevent a cap being necessary in the future.
- (3) The Secretary of State must lay a report of the assessment before both Houses of Parliament within one year of the passing of this Act.”

**Clause 4**

LORD GRANTCHESTER

- 21★** Page 3, line 38, at end insert –  
“( ) stating the reason for making any modifications,”

**Clause 5**

BARONESS FEATHERSTONE

- 22★** Page 4, line 24, at end insert –  
“(2A) Within 28 days of the modification being published, each holder of a supply licence must write to its customers notifying them of the modification.  
(2B) The notification under subsection (2A) must meet the conditions outlined in section 2(1)(ba) of this Act.”

LORD GRANTCHESTER

- 23★** Page 4, line 28, at end insert –  
“( ) Within the period of 28 days of the modifications being published by the Authority, holders of domestic supply licences must –  
(a) notify domestic consumers who are likely to be affected,  
(b) state the effect of the modifications, and  
(c) inform domestic consumers that they may be able to save by switching tariff or by switching to a different supply licence holder, if this is the case.”

**Clause 6**

LORD GRANTCHESTER

- 24★** Page 4, line 32, at end insert –  
“( ) Such a review must, among other things, have regard to –  
(a) wholesale energy costs, and  
(b) the likely consequences for energy prices if the United Kingdom leaves the EU's internal energy market.”

### Clause 7

LORD GRANTCHESTER

25 Page 4, line 38, at end insert –

“( ) The Secretary of State must within six months of the passing of this Act publish a statement outlining the criteria that are to be used by the Authority in the review to assess whether conditions are in place for effective competition for domestic supply contracts.”

26 Page 4, line 39, leave out from “must” to end of line 40 and insert “have regard to the extent to which –

- (a) progress has been made in installing smart meters for use by domestic customers;
- (b) incentives for holders of energy supply licences to improve their efficiency have been created;
- (c) holders of energy supply licences are able to compete effectively for domestic supply contracts;
- (d) incentives for domestic customers to switch to different supply contracts are in place;
- (e) the barriers which prevent customers from switching supply contracts quickly and easily are addressed;
- (f) holders of supply licences who operate efficiently are able to finance activities authorised by the licence;
- (g) holders of supply licences have eliminated practices that are to the detriment of customers in their tariff structures;
- (h) District Network Operator costs and dividends are proportionate to expectations and the impact of that on domestic supply contracts; and
- (i) vulnerable and disabled customers are adequately protected.”

BARONESS FEATHERSTONE

27★ Page 4, line 40, at end insert “and the level of protection in place for disabled domestic customers.”

LORD GRANTCHESTER

28★ Page 4, line 40, at end insert “; and

- (b) the activities of energy switching and price comparison web services.”

BARONESS NEVILLE-ROLFE

29 Page 5, line 3, leave out paragraphs (b) and (c)

30 Page 5, line 9, leave out paragraph (a)

BARONESS FEATHERSTONE

31★ Page 5, line 16, at end insert –

“( ) The statement must have regard to the level of protection in place for disabled domestic customers.”

**Clause 8**

LORD GRANTCHESTER

32 Page 5, line 20, leave out from “effect” to end of line 36 and insert “upon the completion of the smart meters programme unless the statement published by the Secretary of State under section 7 at the time of the completion of the smart meters programme is to the effect that the conditions are not yet in place for effective competition for domestic supply contracts, in which case the tariff cap conditions have effect for another year.

- ( ) Tariff cap conditions can be extended repeatedly under the provisions in subsection (1) until the end of 2023 when they cease to have effect.”

33★ Page 5, line 20, leave out from “effect” to end of line 36 and insert “on a date specified by the Secretary of State in regulations made by statutory instrument.

- ( ) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.”

BARONESS NEVILLE-ROLFE

34 Page 5, line 20, leave out from “2020” to end of line 36

LORD GRANTCHESTER

35 Page 5, line 20, leave out from “2020” to end of line 36 and insert –

- “( ) The Secretary of State may by regulations extend the tariff cap conditions beyond 2020.
- ( ) A statutory instrument containing regulations under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.”

**After Clause 8**

LORD GRANTCHESTER

36 Insert the following new Clause –

**“Ongoing relative tariff differential**

- (1) The Secretary of State must, during the term of the tariff cap conditions being in place, develop, ready for implementation, a relative tariff differential.
- (2) A relative tariff differential is a requirement on supply licence holders that the difference between the cheapest advertised rate and the most expensive standard variable or default rate shall be no more than a specified proportion of the cheapest advertised rate.
- (3) The Authority will be responsible for setting the proportion referred to in subsection (2).
- (4) The relative tariff differential shall take effect on the termination of the tariff cap conditions.”

**Clause 9**

LORD GRANTCHESTER

**37** Page 5, line 42, leave out “or expedient”



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*7 June 2018*

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