



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Tim Yeo MP
Chair, Energy and Climate Change Committee
Committee House
House of Commons
7 Millbank
London
SW1P 3JA

27 June 2012

Dear Tim,

DRAFT ENERGY BILL

Thank you for your follow up letter of 22 June enclosing questions on the draft Energy Bill.

I was pleased to note that Wednesday's Committee evidence session with Edward Davey and Charles Hendry touched on a number of the points you raise regarding the levy control framework, the Electricity Market Reform and the upcoming Renewables Obligation banding review.

As I set out in my previous letter, DECC and Treasury have a comprehensive and constructive relationship on energy and climate change issues, and my officials were in contact with DECC to provide briefing and support for the evidence session. I would though repeat the fact that DECC are the lead department on energy, including for this draft Bill, and they are, and will continue to be, best placed to set out the Government's position, with support from other Government departments as appropriate.

Further to that point, I would also note that DECC ministers will follow up in writing, providing you with additional supplementary information on the Government's position on the Bill and wider issues. I trust this will be helpful to you and the Committee in setting out the Government view on the issues you raise, which are, as I stressed before, a vital part of this Government's strategy to provide a stable and cost-effective energy sector for the UK and for British consumers, while achieving our carbon goals.

I am copying this to Edward Davey and Charles Hendry.

Yours ever,

Chloe

CHLOË SMITH