

Sustainability Committee

SC(3)-06-08 (p1): 13 March 2008

Consideration of correspondence on the energy pricing structure in Wales

Purpose

1. This paper invites the Sustainability Committee to consider correspondence received from the Energy Retail Association, the Energy Networks Association, Centrica plc, and energywatch Wales, in relation to the energy pricing structure in Wales.

Background

2. During informal discussions on 28 February 2008, the Committee agreed to examine the energy pricing structure in Wales, in light of ongoing increases in fuel costs and evidence from energywatch Wales that electricity prices in Wales are on average 10 per cent higher than those in England (Evidence to the Committee, 25 October 2007).

3. In view of the urgency of the matter, the Committee agreed to hold an evidence session on 13 March to take oral evidence from various organisations involved in the energy pricing structure in Wales.

4. On 28 February, the Chair wrote to the Energy Retail Association, Centrica plc, and energywatch Wales, to invite them to attend the evidence session on 13 March. The invitation letter (at Annex A) and responses are appended to this paper.

5. In their response (at Annex B), the Energy Retail Association stated:

"Our activity is not related to matters affecting competition between our members, and the ERA is not a forum for discussions as to energy prices or other commercially sensitive matters. The Energy Networks Association rightly takes the lead on this issue".

6. The Chair subsequently invited the Energy Networks Association to attend the evidence session. Their response is attached at Annex C.

7. The response from Centrica plc is attached at Annex D.

8. energywatch was invited to attend the evidence session to provide an update on research that it had commissioned on energy pricing in Wales, which was due to be published by mid-March 2008. In her response (at Annex E), the Wales Director of energywatch indicated that she would be happy to attend the evidence session, but that the research was unlikely to be published by that date. On this basis, the Chair took the decision that there would be little value in taking evidence from energywatch on this matter until publication of the research findings.

Recommendation

9. Members of the Sustainability Committee are invited to consider the responses attached and to agree whether they would wish to take any further action on the issue of the energy pricing structure in Wales.

Committee Service
March 2008