

14.2.17

GREATER LONDON AUTHORITY

Mayor's Office

City Hall
The Queen's Walk
London SE1 2AA
Switchboard: 020 7983 4000
Minicom: 020 7983 4458
Web: www.london.gov.uk

Rt Hon Ed Davey MP
Secretary of State
Department of Energy and Climate Change
3 Whitehall Place
London SW1A 2AW

Date: **20 NOV 2012**

Dear Ed

Allegations of Energy Price-Rigging

I am writing to express my concern at the claims of price manipulation in the energy markets. I fully support the investigation into the matter and trust it will be thorough. It is essential that regulators get to the bottom of these claims to ensure people are getting a fair deal from their energy supplier.

Wholesale energy prices could account for as much as 50 per cent of household energy bills. With the addition of a rise in the annual inflation rate to 2.7 per cent and the costs of delivering energy company obligations, which are passed to the consumer, the continuing rise of energy prices is threatening to push a number of Londoners into fuel poverty.

I am determined to tackle fuel poverty and ensure London receives its fair share of investment for domestic energy efficiency to reduce fuel bills and make London homes warmer. My RE:NEW programme has delivered energy efficiency measures to over 67,000 homes in London as well as providing benefits checks to maximise income. I have campaigned tirelessly for a London Living Wage that reflects the costs of living in the capital.

I will be responding shortly to your Department's consultation on the definition of fuel poverty. I welcome the fact that the proposed definition finally takes account of housing costs. London has the highest housing costs in the country and it has always been my position that they should be reflected in the calculation.

It is also my position that associated energy investment obligations should have a regional dimension. As you are aware, historically, London has not received a degree of investment from energy suppliers that reflects the opportunity and needs of the region. Only 5 per cent of all measures delivered under CERT were received in London, compared to the region's 12 per cent share of the population. You will be aware that London has a significant market opportunity for the Green Deal and ECO, with by far the highest number of solid walled properties of any region. Across the three ECO categories, London holds 27 per cent of the qualifying housing types or areas.

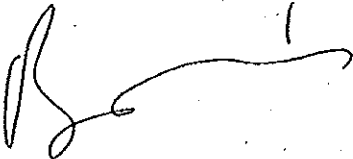
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Therefore, ensuring that the Green Deal and ECO are delivered in London will be vital to the success of the entire scheme. I understand there have been constructive discussions between our officials, and I would encourage your Department to allocate sufficient annual resources over the next three years to support London in maximising uptake of Green Deal and ECO.

Furthermore, my ambitions to deliver 25 per cent decentralised energy in the capital by 2025 have the potential to provide affordable energy to London's buildings and support an accessible, affordable and resilient energy system. I recently launched an initiative to improve co-operation with key players in the electricity market to ensure cost-effective, sustainable and strategic planning of network requirements. With this aim, I broadly welcome the draft Energy Bill. However, it is essential that Government and Ofgem make the necessary regulatory reforms to ensure that smaller suppliers can access the energy retail market.

Your Department's support to help London deliver cost-effective and efficient energy is critical to our success. I also wish you speedy progress on the inquiry into the energy price-rigging allegations. Together, I look forward to ensuring households pay a fair price for energy.

Yours ever,

A handwritten signature in black ink, appearing to be 'Boris Johnson', written in a cursive style.

Boris Johnson
Mayor of London