

Rebels demand Theresa May honours promised cap on energy bills

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Theresa May has been hit by a major protest by Conservative MPs after dropping a pledge to cap energy bills, *The Telegraph* can disclose.

More than 50 Tory MPs, including 20 former ministers, have signed a letter to the Prime Minister insisting that she honour a promise to protect 17 million families against "abusive price increases".

The backbenchers are joined by a number of Labour and Scottish National Party figures, including several members of the SNP frontbench.

Sources said one plan under consideration by some of the signatories was to force an amendment into this autumn's budget legislation, introducing a cap.

British Gas announced a 12.5 per cent raise in its electricity prices earlier this month.

The intervention comes after [British Gas announced a 12.5 per cent rise](#) in its electricity prices earlier this month, meaning that all of the Big Six energy firms have increased bills this year.

In May the Prime Minister said she was "making a promise" that the Conservatives would protect "around 17 million families on standard variable tariffs" by introducing a cap on household bills.

The Conservative manifesto promised to extend an existing cap for the four million homes with pre-payment meters to "more customers".

But following the election ministers passed responsibility for implementing the plan to Ofgem, the energy regulator. In July the regulator published watered-down proposals which would protect just two million households.

The letter to Mrs May, orchestrated by John Penrose, a former constitution minister, states that the cap should protect "all of the 17 million families currently on expensive Standard Variable Tariff deals, not just the two million vulnerable ones".

The letter to Mrs May, orchestrated by John Penrose, a former constitution minister, states that the cap should protect "all of the 17 million families currently on expensive Standard Variable Tariff deals". Credit: JULIAN SIMMONDS

"As you can see from our signatures below, the idea has substantial cross-party support," the MPs wrote.

"It was promised in the three leading party manifestos and a temporary, relative price cap has support from most of the 'challenger' energy firms – the insurgents who are challenging the dominance of the 'Big Six' incumbents, and providing choice and stronger competition, which benefits consumers.

"We hope you will work with us and Ofgem to stop this Big-6 stitch-up, and pledge to help the millions of households who Ofgem seem set to ignore."

Among the signatories are the former ministers Iain Duncan Smith, Andrew Mitchell and Caroline Spelman.

The letter calls on Mrs May to introduce a relative price cap, which has found favour with some Tory MPs ideologically opposed to interventions in free markets.

Unlike an absolute cap, which would set an overall maximum price, a relative cap would set a maximum mark-up

between each energy firm's best deal and the standard variable tariff paid by most customers.

As a result, if customers failed to switch tariffs at the end of their existing deals, their bills could only increase by a limited amount.

On Saturday Alan Whitehead, Labour's shadow energy secretary, also confirmed that he supported the calls for Mrs May to stick to the pledge.

The Government should bring forward guidance or legislation to enable Ofgem "to put a cap into place", he added.

It comes after Dermot Nolan, Ofgem's chief executive claimed that the regulator would be unable to introduce a cap without facing legal challenges by energy companies.

Mr Penrose said: "The price cap was a popular manifesto pledge and this letter shows that there is increasing cross-party support in Parliament for it.

"If Ofgem refuses to grow a spine on this, it will be for Parliament to surgically insert one."

A total of 53 Conservative MPs have so far signed the letter, which is expected to be delivered to Downing Street when the Commons returns next month.

Patricia Gibson, the SNP's frontbench spokesman on consumer affairs is among 25 SNP signatories, while Caroline Flint, a former shadow energy secretary, is one of a dozen from Labour.