

# Base cost of energy bills rises by stealth

By Will Kirkman

scheme, in which 28 million households will receive £200 in October.

Mr Osman also warned that using the

standing charge to recover costs rather

than the unit rate was unfair on the low-

income households. For the poorest 10

per cent of households, the standing

charge now amounts to a third of their

total energy spending.

He said: "Ofgem's policy of raising the

standing charge instead of the price per

unit of energy is perverse.

"Capping it [at £60] would not only

protect vulnerable consumers, reduce

emissions and improve energy security,

but also boost competition as consum-

ers would only need to consider unit

rates to find the cheapest option."

Ofgem said the rise was to cover the

costs suppliers have faced bringing new

customers on from failed firms.

A spokesman said its "top priority"

was to protect consumers, including

making sure bill payers pay a fair price.

However, Ruth London, of charity

Fuel Poverty Action, said the decision to

increase charges was a "huge injustice"

that must be "urgently reversed".

She added: "The support offered by

the Government [barely] scratches the

surface of what is needed."

HOUSEHOLDS are facing a stealth rise

on energy bills as well as rising prices,

as a former Ofgem chief says base rates

should be capped at £60 a year.

The regulator Ofgem has raised

"standing charge" caps, a fixed daily

amount that all households pay no mat-

ter how much energy they use, to cover

the cost of firms that have gone bust.

It is not linked to wholesale gas and

electricity prices and covers costs for

infrastructure and the Government's

green and social initiatives.

Gas providers can now charge 27.22p

a day up from 26.12p, after a rise this

month, along with the cost of energy.

The limit for electricity has nearly dou-

bled from 24.88p a day to 45.34p.

It means households who use direct

debit will now pay £265 per year, while

those who pay cash or cheque will be

charged £304. Bill payers with prepay-

ment meters will be charged £320.

However, David Osman, a former

senior economist at Ofgem, said the

charge should be capped at £60 a year.

The substantial increase in unmet-

sary cost has all but wiped out any ben-

efit of the Chancellor's "energy rebate"