



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

23 September 2022

(Sent 31 October 2022 due to administrative error)

Dame Meg Hillier
Chair of the Committee of Public Accounts
House of Commons
Palace of Westminster
SW1A 0AA

Dear Meg,

Energy Markets Financing Scheme

I am writing to you to provide further information on the government's Energy Markets Financing Scheme after my statement to the House today.

On 8 September the Prime Minister announced that HM Treasury, working with the Bank of England, would launch a scheme to help address the extraordinary liquidity requirements that firms in UK energy markets are facing due to large variation margin calls. This scheme is designed to provide resilience to those markets, and the economy, and could reduce the eventual cost for businesses and consumers.

In my statement today I announced that HM Treasury will deliver the scheme with the Bank of England through the provision of a 100% guarantee delivered via commercial banks.

HMT will also convene an advisory committee as part of standing up a robust assessment process.

Firms will have to agree to a wider set of conditions before accessing the scheme. The scheme is intended as a last resort lending facility and will be priced accordingly.

As I set out in my statement, the Treasury will continue to work at pace with the Bank of England, Ofgem, BEIS, the FCA and private lenders to ensure that the scheme is open to applications from 17 October 2022.

The issuance of a 100% guarantee via commercial banks will constitute a contingent liability on the public finances. I would like to assure you that at the point at which the scheme is finalised, Parliament will be notified of the details of the contingent liability. If

you would like further information on the development of the scheme, and the nature of the liabilities that may be incurred them my senior officials are happy to meet with you and provide an oral briefing.

I am copying this letter to the Chair of the Treasury Committee and the Comptroller and Auditor General.

Kind regards,

A handwritten signature in black ink, appearing to read 'Kwasi Kwarteng', is centered on the page. The signature is fluid and cursive.

RT HON KWASI KWARTENG MP
Chancellor of the Exchequer