



**OIL & GAS PRICE MECHANISM CONSULTATION
END FUEL POVERTY COALITION RESPONSE
28 May 2025**

The End Fuel Poverty Coalition is a [broad coalition of more than 100 anti-poverty, health, housing and environmental campaigners, charities, local authorities, trade unions and consumer organisations](#). It is also supported by academics, social enterprises and those working on the front line of fighting fuel poverty.

This consultation plays a vital role in reforming Britain's broken energy system. In 2025, we urge all policy makers to understand how their decisions can affect the affordability of energy bill, avoiding discriminatory pricing, delivering longer-term reforms that bring down the cost of energy and improving the energy efficiency of homes.

The OGPM presents an important opportunity to tax fossil fuel windfalls more effectively. However, its success must be judged not only on fiscal terms, but on whether it delivers a fairer, greener energy system that protects people from fuel poverty. We urge HM Treasury to design this mechanism with social justice and climate goals at its core.

We welcome the Government's consultation on the introduction of a permanent Oil and Gas Price Mechanism (OGPM) to replace the Energy Profits Levy (EPL). We believe a well-designed OGPM has the potential to deliver a fairer tax regime that ensures excessive fossil fuel profits are taxed appropriately and that the revenue is used to address social and environmental challenges.

We would support the proposed Revenue-Based Mechanism (RBM) as a more effective and fairer option than the Profit-Based Mechanism (PBM), but only on the condition that it delivers improvements to the current scheme for people and the planet.

To achieve this, the Treasury must design the scheme based on the following principles:

1. Support for the Revenue-Based Mechanism (RBM)

We potentially support the adoption of the RBM over the PBM because:

- It captures gross income from sales above a defined threshold, preventing the tax base from being eroded by cost deductions or accounting manoeuvres.
- It reduces incentives for expensive and environmentally harmful UK hydrocarbon projects.
- It applies more broadly across projects and is fairer and simpler to administer.

2. Use OGPM Revenues for Support to Vulnerable Households

The proposed Oil and Gas Price Mechanism (OGPM) presents a crucial opportunity to link fossil fuel windfalls to urgent support for those most affected by high energy costs. The End

Fuel Poverty Coalition strongly recommends that HM Treasury commit to reserving OGPM revenues for support to end fuel poverty among low-income and vulnerable households. This approach would:

- Align policy with the OGPM's stated purpose: to address market distortions caused by short-term price shocks.
- Avoid long-term fiscal commitments that might deter Treasury support from policy.
- Deliver rapid, visible impact — reducing hardship, improving health outcomes, and protecting against the worst effects of fuel poverty.

Although it might be favourable to focus on short-term measures, protecting households from future energy shocks also relies on long-term energy efficiency measures for people's homes. A proportion of OGPM revenue should be used for these longer-term priorities.

3. Set a Low and Fair Threshold

We recommend a low price threshold for triggering the OGPM. This will:

- Increase the likelihood that the mechanism captures genuine windfalls.
- Ensure that the policy would have performed at least as well as the EPL during recent price shocks.
- Deliver predictable and robust revenues for reinvestment.

4. Technical simplicity

The OGPM should apply on a per-transaction basis rather than as an annual average. We recommend that thresholds for OGPM be set in pounds sterling rather than US dollars. And we support an inflation index linked to economy-wide inflation rather than RPI or CPI as this reduces risk of price thresholds drifting too high over time.

The OGPM should also be administered separately from existing tax regimes to aid transparency and require quarterly payments.

5. Broader Reforms Still Needed

While a robust OGPM is welcome, it must be accompanied by wider reforms to ensure long-term affordability and energy security:

- Decouple electricity prices from volatile gas markets.
- Accelerate investment in renewables and grid infrastructure.
- Reform energy tariffs to ensure they are fair, particularly for low-income households.
- Investigate wider energy industry excessive profits, such as in market trading, energy transmission and distribution sectors and extend the principle of the OGPM / Windfall Tax to these groups.

We would be grateful if you could continue to keep the Coalition informed about developments in this consultation.

About the End Fuel Poverty Coalition

The End Fuel Poverty Coalition is a [broad coalition of more than 100 anti-poverty, health, housing and environmental campaigners, charities, local authorities, trade unions and consumer organisations](#). It is also supported by academics, social enterprises and those working on the front line of fighting fuel poverty.

We believe that everybody has the right to a warm, dry home that they can afford to heat and power.

Members of the Coalition include: [Action with Communities in Rural England](#), [ACE Research](#), [Age UK](#), [All Birmingham's Children](#), [Austerity Action Group](#), [Association of Green Councillors](#), [Association of Local Energy Officers](#), [Association for Decentralised Energy](#), [Asthma + Lung UK](#), [Basingstoke & Deane Borough Council](#), [Beat the Cold](#), Bruton Town Council, [Camden Federation of Private Tenants](#), [Carers Trust](#), [Child Poverty Action Group](#), Church Poverty Action, [Chartered Institute of Environmental Health](#), [Chartered Institute of Housing](#), [Community Action Northumberland](#), [Centre for Sustainable Energy](#), [Climate Action Network West Midlands](#), [Debt Justice](#), [Disability Poverty Campaign Group](#), [Disability Rights UK](#), [E3G](#), [Energise Sussex Coast](#), Energy Advice Line, Energy Cities, [Epilepsy Action](#), [Exeter Community Energy](#), Fair Energy Campaign, [Fair By Design](#), [Foster Support](#), [Friends of the Earth](#), [Fuel Poverty Action](#), Fuel Poverty Research Network, [Generation Rent](#), [Good Law Project](#), [Greenpeace](#), [Groundwork](#), Hackney Foodbank, [Heat Trust](#), Home Start Oxford, [Independent Age](#), [Independent Food Aid Network](#), [Inner City Life](#), [Joseph Rowntree Foundation](#), [Lambeth Pensioners Action Group](#), [London Borough of Camden](#), London Borough of Lewisham, [Marie Curie](#), [Mencap](#), [Mayor of London](#), [MECC Trust](#), Moorland Climate Action, [National Pensioners Convention](#), National Union of Students / [Students Organising for Sustainability](#), NCB, [National Energy Action](#), [New Economics Foundation](#), National Federation of Women's Institutes, [Northern Health Services Alliance](#), [Oxford City Council](#), [Positive Money Tower Hamlets](#), [Plymouth Community Energy](#), Redcar & Cleveland Council, [Repowering London](#), Retrofit Bruton, Right To Energy Coalition, [Rossendale Valley Energy](#), [Ryecroft Community Hub](#), [Save the Children](#), [Sense](#), [Severn Wye](#), [Scope](#), [Shaping Our Lives](#), [Social Workers Union](#), [South Dartmoor Community Energy](#), [South East London Community Energy](#), [Southwark Group of Tenants Organisations](#), [South West London Law Centres](#), [Stop The Squeeze](#), [Tamar Energy Community](#), [Thinking Works](#), Uplift, [UNISON](#), Warm & Well North Yorkshire, [Warm & Well in Merton](#), [Winter Warmth Network](#), [Young Lives vs Cancer](#), [361 Energy](#).

The Coalition is also part of the [End Child Poverty Coalition](#) and the [Renters Reform Coalition](#). We work closely with [Energy Action Scotland](#), [NEA Wales](#) and the [Fuel Poverty NI coalition](#). The coordination for the [End Fuel Poverty Coalition](#) is provided by social enterprise [Campaign Collective](#).

Contact: info@endfuelpoverty.org.uk