

Written Ministerial Statement

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Department for the Economy

UPDATE TO THE HOUSEHOLD ELECTRICITY DISCOUNT SCHEME

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Dr Archibald (The Minister for the Economy): I wish to update the Assembly on the support that will be provided to eligible households this year through the Household Electricity Discount Scheme.

Eligible households will receive electricity bill support worth £63 this year. This combines the first NIRO-related payment with additional assistance equivalent to the temporary reduction in VAT on domestic electricity being provided in Britain. Treasury has approved the additional funding required to deliver this support, ensuring households here benefit from a comparable package of assistance.

Background

The Autumn Budget 2025 included measures to reduce domestic electricity bills in Britain. The north was initially excluded from that measure. Following engagement by my officials, working with the Department of Finance, Treasury agreed to provide equivalent support here by funding 75% of the cost of the Renewable Obligation (RO) within domestic electricity bills over a three-year period. Treasury subsequently approved £85.4 million for the NIRO discount scheme, to be delivered through three broadly equal annual payments, with the first payment being made this autumn and further payments planned for 2027 and 2028.

In July 2026, the British Government announced a temporary reduction in VAT on domestic electricity supplies from 5% to 0% for six months from 1 October 2026. As that measure could not be implemented here from October, my Department worked with Treasury and delivery partners to develop an alternative approach through the planned 75% NIRO discount scheme. Treasury has now approved that approach, providing a further £25.7 million.

Funding for both the NIRO discount scheme and for the VAT reduction is classified as Annually Managed Expenditure (AME), and therefore could only be used for a comparable scheme.

Support for Households

The value of the support for 2026 will be £63. Customers who pay by bill will see a credit of £60 applied to their electricity account. As that credit is applied before VAT, the total financial benefit to the bill payer will be £63.

Prepayment customers will receive an equivalent £63 credit the next time they top up.

The British Government has currently committed to the temporary VAT reduction until March 2027 only. Further annual payments relating to the NIRO discount remain planned for 2027 and 2028, with the value of those payments to be confirmed ahead of delivery.

Delivery Arrangements

Customers will not need to apply. Support will be provided automatically through electricity suppliers.

The support is expected to be paid from 6 October 2026. Combining the NIRO payment with the equivalent VAT support will allow a single one-off payment to be made this winter worth around double the amount originally estimated.

Some people may feel they do not need the discount and if so, they may wish to consider making a donation to a fuel poverty charity to support those most affected by energy costs.

In summary, from 6 October 2026, eligible households will receive a single payment of £63, which will be automatically credited through electricity suppliers. The Household Electricity Discount Scheme will continue in 2027 and 2028, with the value of future discounts confirmed ahead of payment.

This package will provide hard pressed households with some relief as we enter the winter period. It is a practical response to cost-of-living crisis and ensures that households here receive support comparable to that available in Britain.