



Department for  
Business, Energy  
& Industrial Strategy

**Lord Callanan**  
Minister for Business, Energy and  
Corporate Responsibility

**Department for Business, Energy &  
Industrial Strategy**  
1 Victoria Street  
London  
SW1H 0ET

T +44 (0) 20 7215 5000  
E [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)  
W [www.gov.uk](http://www.gov.uk)

Baroness Jones of Moulsecoomb  
House of Lords  
London  
SW1A 0PW

07 February 2022

Dear Baroness Jones,

Following the second Committee session on the Subsidy Control Bill on 2 February, I am writing as promised regarding your question about how the Government defines fossil fuel subsidies, which you raised in connection with the Government amendments in relation to gross cash equivalent amount.

The UK follows the approach of the International Energy Agency (IEA), which has a long-standing track record in systematically measuring fossil fuel subsidies using a commonly applied methodology. Based on the IEA definition, "*a fossil fuel subsidy is any government measure or programme with the objective or direct consequence of reducing below world market prices, including all costs of transport, refining and distribution, the effective cost for fossil fuels paid by final consumers, or of reducing the costs or increasing the revenues of fossil-fuel producing companies*".

This approach was developed with the European Commission and G20 EU member states to respond to the G20 commitment to phase out such subsidies. Under this definition, the UK does not have any fossil fuel subsidies.

The UK supports fossil fuel subsidy reform efforts at both multilateral and bilateral levels and will continue to support the global effort to phase out inefficient fossil fuel subsidies. We have been a longstanding supporter of multilateral efforts to promote fossil fuel subsidy reform since these were proposed in 2009, including through the G20 and the G7, and as recently as last year as a signatory of the Glasgow Climate Pact.

I hope that this additional information provides the clarity you were seeking. I will be placing a copy of this letter in the Libraries of the House.

Yours sincerely,

**Lord Callanan**  
Minister for Business, Energy & Corporate Responsibility