Miliband speech Tuesday: Implications for Power Market and Inflation

20 April 2026, Tim Davis and Felicia Grosse

Alongside a busy economic data week for the UK, there will be focus on Energy Secretary Ed Miliband's speech tomorrow (Tuesday 21 April) which is widely reported to set out a package of new policies that will help to reshape UK power markets and reduce consumer bills. (For the economic data, see our early thoughts in the Global Week Ahead before our full preview is published)

Recall that government policy so far has been to focus on providing consumers' help with heating oil prices and to note that any wider bill consumer support for electricity and gas bills will be more targeted rather than universal (like it was following the beginning of the Ukraine war).

Miliband is expected to announce further details of the government's plan to accelerate the delinking of wider electricity power prices away from gas prices. There is still not much clarity on how this will happen, but it is expected that existing renewable generators and nuclear plants will be encouraged to switch to fixed-price PPAs. There is also some talk of renegotiating existing long-term contracts at lower prices. At present electricity power pricing is based upon the cost of marginal production - which the majority of the time is based upon the gas price. The more energy that can be purchased and then sold on via fixed-price contracts will therefore reduce the average price of electricity - and hence feed through to consumers' bills. Some previous reports have suggested this could save between GBP39-203 per household per year. Equity markets moved notably last week on the delinking news.

It's not clear the timescale that this would be implemented over and the Guardian reported (after markets closed on Friday) that in the interim Chancellor Reeves is considering raising the windfall tax on low-carbon electricity generators (currently 45% on electricity sold above GBP75/MWh). The funds raised from this could be used to either universally lower bills from July or October's price caps - or be used for targeted support for lower income households.

The speech may also cover tie-backs - mentioned by Chancellor Reeves last week - which could allow more extraction of North Sea oil next to existing fields.

The Guardian reports that Ed Miliband is set to reaffirm its commitment to net zero on Tuesday, despite intensifying political opposition from Reform UK and Conservatives, arguing net zero harms economic growth. The UK government remains legally bound to a 2050 net zero target, underpinned by the Sixth Carbon Budget (−78% vs 1990 by 2035) and the Clean Power 2030 objective.

Note that without these measures Cornwall Insight is forecasting the July consumer energy price cap to increase to GBP1,837 based on data to Thursday 16 April. This is lower than its previous estimates but still almost 12% higher than the April price cap (and for refence still around 4.5% higher than the January price cap).

Next week will see the Bank of England publish its updated inflation forecasts within its MPR. It is unclear whether any of Milliband's policies due to be announced tomorrow will be included in the forecasts (we think they are likely to probably be a little too late to include, but could be mentioned in the Minutes if they are significant).

As we also noted back in our Budget Review (see page 5), most of the policies that reduced consumers' bills announced in the Autumn Budget were only temporary for 3 years (and hence will end in March 2029). The Bank of England's 3-year forecasts to Q2-29 to be published next week will therefore have to see an increase in energy prices at the end of the forecast horizon (as they take official government policy as a given).