

# Response ID ANON-8YUW-CZXE-Q

Submitted to Ofgem Review  
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## Introduction

What is your name?

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What is your organisation?

Organisation:  
End Fuel Poverty Coalition

## Overview

### Legal Mandate

We are seeking views on what Ofgem's mandate should be.

response on :

Ofgem should actively regulate the energy industry to ensure a fairer, more equitable and environmentally-friendly energy supply for all consumers while also ensuring policies are enacted to reduce fuel poverty and protect vulnerable households.

### Duties

We are seeking views on whether Ofgem's duties should be streamlined, and if they should, views on which goals might be prioritised.

Box for response to q1 :

We agree Ofgem should have its duties prioritised to make decision making easier. In priority order, these should be:

1. Protection of vulnerable energy consumers
2. Reducing the cost of energy for customers
3. Ensuring the energy system reaches net zero
4. Delivering a stable energy market
5. Enabling innovation in the energy industry

### Transparency and accountability

We are seeking views on Ofgem making more detailed information available about energy company performance and behaviour, and how this might assist other licensees and consumers.

response to q on detailed information :

Ofgem data should be available more freely and openly to academics and campaigners in order to help improve analysis of the energy industry. It should be more responsive to requests for information from charities, academics and parliamentarians.

We are inviting views on Ofgem's annual report and the KPIs it reports against, and how to strengthen Parliamentary scrutiny of Ofgem's performance.

response to q3b:

Statutory hearings should take place with Westminster, Scottish and Welsh parliamentary representatives. The Ofgem board should include more representatives who understand the pressures households are under.

### Skills and Capability

We are seeking views on the capabilities Ofgem needs to be an effective regulator in a more digital, fast-moving sector.

Response to skills q :

No comment

## Ofgem's Regulatory Remit

Does Ofgem have the right regulatory remit? Have you observed harms caused by uncertainty over Ofgem's remit, or by gaps in what is currently regulated in the energy sector?

response to ofgems regulatory remit q:

We urge the Government to reconsider its approach to its relationship with Ofgem.

The current market model - where prices are tied to costs, efficiency is driven by consumer competition, and oversight is handled by an independent regulator - has proven to be ineffective.

Ensuring energy remains affordable is essential for continued investment and the achievement of net-zero goals.

Ofgem is also - relatively - toothless as the PPM scandal demonstrated. A regulator needs to have powers to take substantive action against organisations that do not comply with the rules.

It also needs to ensure fairness is embedded in its decision making. For example, when suppliers made losses due to the energy crisis, consumer bills went up to compensate them for it. However, when network firms were found to have profited to the tune of GBP4bn after exploiting a loophole in the rules, Ofgem refused to take action to recover these profits.

We are seeking views on Ofgem's role in an energy system that is now, in part, driven by strategic planning following the creation of NESO, in particular, how should regulatory strategy be aligned with strategic energy plans.

response to ofgems role in the energy system q:

Not only do Ofgem and NESO need to work together, but it will also become vital for these groups to work with Government and GB Energy.

We need to also see a new model driven forward where Ofgem's default position on raising money for improvements in infrastructure is to place a levy on household bills. Ofgem, NESO, GB Energy and Government should instead work together to fund improvements via other investment models.

## Delivering Investment and Innovation in the Transition

We are seeking views on the role Ofgem should play to support growth and the government's industrial strategy.

response to seeking views on the role Ofgem should play to support growth and the government's industrial strategy, so that investment and innovation reduces energy prices.:

No comment

What can Ofgem do to increase investment and innovation in the sector?

Please reply here:

No comment

Please reply here.:

No comment

What might Ofgem do to support an environment of falling energy prices?

Please reply here.:

Insulating homes, reducing standing charges and removing VAT from energy bills would have significantly reduced household's costs, according to analysis by the End Fuel Poverty Coalition. This requires action by Ofgem and the Government.

A comprehensive plan is needed to bring down standing charges (by removing costs from them and onto general taxation), provide more support for vulnerable households this winter and create more energy efficient homes (by strengthening minimum energy efficiency standards in the private rental sector fully funding a multi-year Warm Homes Plan). There are other quick wins, like removing the inflation linked rises to Headroom and EBIT allowances in the price cap.

A majority (57%) of the public also back a social tariff, designed to offer cheaper energy to vulnerable households. Ofgem should be empowered to make this happen.

A social tariff is a discounted energy bill for people in greatest need, such as those people that have low incomes and are elderly, have young children or

rely on energy for medical needs. It could be paid for by the £427bn in profits that have been generated by the whole energy industry since the start of the energy bills crisis.

What might Ofgem do differently to support higher growth in the energy sector and wider economy?

response to What might Ofgem do differently to support higher growth in the energy sector and wider economy?:

No comment

Are Ofgem's regulatory processes sufficiently fast, effective and user friendly?

response to Are Ofgem's regulatory processes sufficiently fast, effective and user friendly?:

No

## Low Carbon Technologies

We are seeking views on Ofgem's remit in enforcing consumer law in respect of low carbon technologies, such as heat pumps and solar panels, and what the appropriate boundaries might be.

response to ofgems remit in respect to low carbon technology q:

No substantive comment, but lessons must be learned from failures in insulation schemes, so more regulation of energy efficiency and new technologies may be advisable.

## Better outcomes for consumers and more accountability

The 'better outcomes for consumers and more accountability' section therefore seeks views around increasing accountability and consumer standards in the sector.

your views on increasing accountability and consumer standards in the sector.:

We agree that Ofgem must promote a consumer-first culture across the whole energy system, including infrastructure players, so that all business models should consider driving better consumer outcomes and reducing cost burdens on households.

## Improving executive accountability and consumer standards

We are seeking views on how Ofgem can ensure consumer standards are better represented – for example with reference to other business models within the sector, such as through potentially adopting a 'consumer duty' and 'Senior Management Regime'.

response to how ofegm can ensure customer service standards Q:

We support the direction of travel of this approach.

## Enhanced investigatory & enforcement powers to protect consumers

We are seeking views on Ofgem having enhanced investigatory powers.

response to aligning ofgems remit and powers q:

We would support this.

We are seeking views on Ofgem being granted enhanced enforcement powers similar to the CMA.

response to ofgem being granted powers similar to the CMA:

We would support this.

## Approach to Penalties and Compliance Orders

We are seeking views on whether the scope and scale of Ofgem's current penalties are set at the right level

response to making changes to the penalties and orders framework q:

We would support the increase of penalties to offenders and the speeding up of the investigative process.

## Increasing the costs of bad practice

We are seeking views on the current system of a maximum fine of 10% and whether it should change.

response to changing the maximum fine limit of 10% q:

We would support increasing fines so they are commensurate with the scale of the offence taking place, rather than based on a fixed link to income.

### Quicker response to emerging issues

We are seeking views around whether this process should change to make it easier for Ofgem to create new rules to respond to emerging challenges.

response to creating new rules to respond quicker to emerging challenges Q :

We agree that this is necessary.

We are seeking views on how Ofgem might better respond, or be better equipped to respond, to emerging issues, especially for which there is not already a clear precedent.

response to better equipping Ofgem to respond to emergent issues q :

Could Ofgem develop of a procedure that involves consumer groups and the relevant industry bodies to work collaboratively on solutions to emerging challenges and then run more instant feedback consultations for final sign off.

### Supplier Failure

We are seeking views on how Ofgem might be better equipped to protect consumer interests in cases of (predicted or actual) supplier insolvency and/or financial distress.

response to how ofgem can be better equipped to deal with supplier insolvency Q:

We feel there is a significant issue around collapsed suppliers' creditors and shareholders being given returns for the failure of a firm during the administration process.

Meanwhile, the consumers who have footed the bill for the cost of failure are given nothing. It is unbelievable that the current scheme allows payouts to shareholders, while consumers are left out of pocket.

Ofgem should be able to ensure consumers (via network firms / Ofgem) are listed as secured creditors or at the top of the list when it comes to distribution of funds during the administration process. Given the profits that energy network firms are making, we do not agree that the cost of credit would be a barrier to this process.

Rather than the current process where the costs of SoLR are spread among customers and then a "true up" process takes place, we would suggest that the Government (or Ofgem acting on its behalf) provides the funds the new supplier requires to administer the transfer and then once a final bill is presented by the new supplier and any money from the administration process is taken into account, it is only at this point that the SoLR cost is calculated and added to bills.

### Automatic compensation

Is the current compensation framework in the energy market fit for purpose to protect consumers and ensure they receive a consistent minimum level of service?

response to the suitability of the current compensation q:

No and we agree that this needs to be improved.

Are consumers aware of their rights under the existing compensation framework and are eligible consumers receiving timely, appropriate redress when they do experience poor levels of service?

response to the awareness of the existing compensation framework :

No and we agree that this needs to be improved. The work of the Energy Ombudsman - and its lack of powers - also need to be addressed. The Ombudsman's silence during the energy crisis has been regrettable.

Are there ways in which the current compensation framework could be improved to better serve consumers? For example, are there specific issues or service areas not currently covered by the existing compensation framework where there is evidence of consumer detriment?

response to improving the current compensation framework Q:

Are there examples of compensation frameworks in other sectors that are worth consideration in the context of the energy market?

response to any other examples of compensation frameworks in other sectors q:

How should Ofgem drive energy suppliers to go beyond minimum levels of service and deliver high standards of customer service?

response to driving up standards of customer service q:

## Energy Ombudsman

We are seeking views on whether there are changes that could be made to the model under which Ofgem appoints the Energy Ombudsman, to strengthen the Energy Ombudsman's ability to resolve consumer disputes.

response to changes to the model for appointing the Energy Ombudsman :

We agree that the EO's role needs to be improved and it given real powers to enforce decisions.