



INTRODUCING A ZERO STANDING CHARGE ENERGY PRICE CAP VARIANT CONSULTATION

END FUEL POVERTY COALITION RESPONSE 20 March 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.

As in all consultation responses, we urge policy makers to understand how their decisions can affect the affordability of energy bills, avoid discriminatory pricing, deliver longer-term reforms that bring down the cost of energy and improve the energy efficiency of homes.

With the current consultation our main concern is that households would only need to use half of the “typical domestic consumption values” before a household ends up worse off. Regardless of preferences for what a tariff should look like (e.g. Rising Block, single-rate, etc), they all carry significant risk of consumers over-paying.

In essence, the proposals result in only two groups who will potentially make savings on their bills:

- Those who are extremely self-rationing or self-disconnecting from energy in order to keep usage at very low levels.
There is no ethical circumstance where Ofgem should be forcing even more households to reduce energy use to potentially dangerously low levels.
- Those who can minimise their usage through smart technology.
Given the ongoing problems around Smart Meter rollout this will create yet further discrimination in the energy market.

Therefore any further development of these proposals should only go ahead with extreme caution and only if piloted and evaluated fully to understand potential negative impacts on consumer behaviour.

We are disappointed at the options which Ofgem has brought forward and the lack of ambition in the consultation. We share the concerns of many others in the sector around the proposed reforms, notably that these proposals:

- Do not move costs away from energy bills and simply “rearrange the deckchairs.”
- Do not solve the standing charges issues faced by prepay customers.
- Present a deliberately weak option for a rising block tariff whereas a rising block tariff designed with a generous initial block would massively reduce the risk of energy starvation.
- Have no consideration of more targeted proposals for reform.

- Contain a lack of consideration of automated switching so that customers are automatically given the best tariff for their needs.

Expanded response

Fundamental reform is needed to address energy affordability, particularly for those struggling the most and at greatest risk from living in cold, damp homes. The current pricing system forces households to pay the same fixed charges regardless of their energy consumption, which is fundamentally unfair. Over the past few years, standing charges have surged, placing an increasing burden on vulnerable households. Those with low energy consumption are paying disproportionately towards system costs, making it even harder to afford their basic energy needs.

While transferring system costs from standing charges to the unit rate could lead to a more equitable system, the current proposals fail to deliver meaningful relief to vulnerable or fuel-poor households.

The consultation's framing and limited scope are insufficient in addressing these concerns. Given that system costs (and therefore standing charges) are likely to increase substantially between now and 2030 to fund anticipatory grid reinforcement, fundamental reforms must be introduced as soon as possible to ensure fair distribution of costs. Those who use the grid the most or have the ability to pay should bear a greater share of the costs.

What's worse, under the plans, households would be asked to pay over 50p a unit for electricity when most of our electricity is generated at well below 10p a unit (which is already available at close to this price for more affluent or digitally-savvy households on electric vehicle or agile tariffs).

Our detailed analysis of the Ofgem proposals focus on two key areas:

- Standing charges and prepayment meter customers
- Alternative options for reform

Standing Charges and Prepayment Customers

Ofgem has failed to address the greatest case for change: the significant detriment faced by prepayment users due to persistently high standing charges. This issue presents itself in two primary ways:

- The accrual of standing charges as debt when prepayment customers self-disconnect.
- The disproportionate share of total energy costs that standing charges make up for prepayment users.

When prepayment customers self-disconnect, standing charges continue to accrue as a debt on their meters, which must be cleared before they can access energy again. This is particularly pronounced for gas prepayment users, where gas may not be used for months.

Under the next price cap level, this could amount to nearly £60 in standing charges - an unachievable burden for many low-income households.

Additionally, prepayment customers are lower-than-average energy users. The decision to shift costs to standing charges—particularly through the Targeted Charging Review—has financially disadvantaged this group. Research from National Energy Action (NEA) shows that 67% of prepayment users polled expected to ration their energy between January and April.

Ofgem has continually made decisions that penalise prepayment users, this must end.

While some consumers may benefit from a tariff offering more control over costs, prepayment customers (among the least engaged in the market) are unlikely to proactively switch tariffs. Many lack a direct relationship with their energy supplier, making it even less likely they will opt in to a zero-standing charge tariff.

Ofgem should explore more targeted policy options, particularly for prepayment users who are generally low-income, low-consumption households, meaning concerns about high-need households being affected by new tariff structures are less relevant.

We strongly recommend that Ofgem explores an alternative solution: moving standing charge accrual “to the back of prepayment meters” so that charges only apply on days that a customer uses energy. This will minimize the negative impact of self-disconnection and prevent unfair build up of debt.

This approach was previously discussed with stakeholders, found to be feasible, and identified as having a materially positive impact for prepayment customers with minimal disruption for energy suppliers.

Alternative Approaches for Reform

In addition to implementing the reforms to prepayment meters suggested above, to ensure a fairer distribution of system costs, Ofgem should conduct a fundamental review of standing charges for all customers.

The goal should be to progressively spread system costs based on energy consumption rather than a fixed fee.

Additionally, each component of standing charges - such as network costs, supplier operating costs, and policy costs - should be re-examined, with an emphasis on shifting costs to unit rates or redistributing them more equitably in the energy economy.

Our analysis of the options for this reform are set out in previous correspondence with Ofgem on [20 September 2024 \(pdf\)](#).

The long-term strategy for recovering fixed system and network costs must reflect the rise of smart and flexible tariffs, including time-of-use pricing and half-hourly metering. A comprehensive review of system-wide energy cost recovery, including electricity and gas network costs, is essential.

Some of our members have also already responded individually to the consultation and the wider End Fuel Poverty Coalition membership wish to add their support to the views put forward by Age UK, Centre for Sustainable Energy, Fuel Poverty Action, National Energy Action and others. 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](#), [Advice for Renters](#), [AgeUK](#), [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](#), [EBICO](#), [Energinise 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](#).

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