



MANDATING ZERO STANDING CHARGE TECHNICAL PAPER END FUEL POVERTY COALITION RESPONSE 7 August 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.

Ofgem's updated proposals to mandate at least one low or zero standing charge tariff per supplier must be implemented with caution. The current designs risk benefiting only two groups: those who severely ration their energy use (in a negative way), and those with access to smart technologies or who are digitally / financially savvy. It would be better to delay implementation to achieve better results than rush into changes mid winter when energy use is highest.

Without safeguards - and as [we have previously warned](#) - the tariffs could incentivise harmful behaviours or worsen existing inequalities linked to smart meter access.

Any use of minimum consumption thresholds should only proceed with caution as they could exclude low-income, low-usage households who could benefit most. Instead, suppliers should be allowed to develop criteria to prevent second-homeowners, holiday rentals and vacant properties from unfairly taking advantage of the tariffs.

At a minimum, prepayment meter customers must be guaranteed access to these tariffs, with special attention given to legacy PPM users at high risk of self-disconnection and standing charge debt.

Prepayment customers face the greatest detriment from high standing charges, which continue to accrue as debt while users are self-disconnected, and must be cleared in full before they can reconnect. This creates a unique and deeply unfair barrier to energy access. In addition, PPM users have historically faced both physical and market barriers to switching suppliers or tariffs, meaning they are among the least likely to benefit from opt-in reforms. We urge Ofgem to bring forward specific and tailored proposals to address this group's needs.

More broadly, standing charges remain fundamentally unfair for low-use consumers and must be reviewed in the context of Ofgem's ongoing Cost Allocation and Recovery Review, which should be prioritised and accelerated.

Any new tariffs must be clearly communicated, carefully monitored, and designed to ensure genuine consumer benefit without creating new affordability or transparency barriers.

The potential exclusion of zero standing charge tariffs from price cap protections risks weakening transparency and trust. If consumers cannot easily compare these tariffs, or if they are exposed to excessive pricing or hidden terms, the entire reform risks delivering more harm than good.

As we have previously argued, we believe energy firms should be obliged to provide the best deal tariff to their customer automatically (unless the customer opts out).

Switching supplier or tariff remains a significant barrier for many, and defaulting could help ensure those who stand to benefit most are not left behind.

Setting a Lower Standing Charge

Q1. Do you have any views on other options to increase customer control over their bills, including innovative payment methods such as Variable Recurring Payments?

We welcome innovation where it is transparent, accessible, and protects vulnerable consumers. However, Ofgem must first address overcharging via fixed Direct Debits, which has created billions in excess consumer credit. The rise of interest in variable DD is a symptom of mistrust in existing systems. Without safeguards, such options could expose households to winter bill spikes and financial stress.

Q2. Do you have any views on how the level of standing charge reduction could be set?

Reductions must deliver real financial relief to low-income, low-usage households. If set purely on the basis of 'pass-through costs', essential supplier expenses may be moved into the unit rate, unintentionally penalising high-need vulnerable households. Ofgem should instead review total cost recovery, using a fair allocation model that protects those with high but essential usage.

Minimum Consumption Threshold

Q3. Do you consider a minimum consumption threshold is required to mitigate significant risk premiums or could competitive pressure in the market provide a natural mitigant to ensure these premiums are in line with efficient cost recovery?

We oppose minimum consumption thresholds. These risk excluding legitimate low-usage households, such as those in fuel poverty, single-occupancy homes, or dealing with illness or temporary absence. Low usage can result from financial hardship, self-disconnection, or seasonal gas demand. These are not grounds for exclusion, but triggers for support. Instead, suppliers should be allowed to develop separate criteria—such as council tax records or void status—to identify and exclude second homes, holiday lets and vacant properties.

Q4. Do you have any views on how it could be set and what might be the challenges in implementing a minimum consumption threshold?

See above

Supplier Eligibility for Mandating

Q5. Do you think that the requirement to offer a low or zero standing charge tariff should only apply to large suppliers, rather than all domestic suppliers? If so, do you have views on how this could be set?

The requirement must apply to all domestic suppliers. Exempting smaller firms would distort

the market and risk further confusing consumers, especially those on non-standard payment methods. All households deserve fair access to cost-saving tariffs.

Q6. How might this policy design affect your approach to customer segmentation or tariff design, particularly if you serve either a high proportion of low-consuming customers or vulnerable customers?

Not applicable

Customer Eligibility

Q7. What are your views on targeting eligibility for low or zero standing charge (ZSC) tariffs to PPM customers as a minimum, or should this be mandated for all payment types?

We support universal availability, but PPM customers must be prioritised. They face unique detriment from standing charges (due to meter debt accrual when self-disconnected) and struggle most with switching. ZSC tariffs must be offered to legacy PPM users as a matter of urgency.

However, limiting ZSC tariffs only to PPM customers would reinforce a two-tier system. The long-term solution is to remove the structural disadvantages of prepayment altogether and ensure equal access to affordable tariffs for all.

Q8. What are your views on also targeting eligibility at customers with smart meters?

Eligibility must not be restricted to smart meter users. This would unfairly exclude many vulnerable households living in properties where smart meters cannot be installed. Any eligibility based on metering status must include clear exemptions and a non-smart alternative to avoid deepening exclusion. In fact, non-smart PPM users are among those most at risk of self-disconnection. Price discrimination based on technology must be actively reduced, not embedded further.

Change to the SLCs and Review

Q9. Would you support the introduction of a review to assess the policy?

Yes. A formal review mechanism is essential. It should assess both supplier compliance and consumer outcomes (especially among vulnerable groups). A six-month and twelve-month review timeline post-implementation would allow for early issue resolution.

We also recommend that Ofgem accelerates its Cost Allocation and Recovery Review and integrates its findings into any future implementation decisions. The current separation of timelines risks introducing poorly designed solutions in January 2026, during peak winter pressures, only to revise them months later. If necessary, a short delay to implementation (e.g. April 2026) should be considered to ensure delivery of stronger, fairer reforms.

Compliance Approach

Q10. Would suppliers support regular reporting or disclosure of key tariff characteristics and evidence to demonstrate clear customer communication and active choice to enable market-wide monitoring? Is there any other evidence you could provide to demonstrate this outcome that we have not discussed?

Yes. Transparency and comparability must be at the core of this policy. Standardised disclosure of unit rates, standing charges, and estimated bills across usage levels should be mandatory. Suppliers should also report anonymised data on consumer uptake and impact—particularly among groups at risk of disconnection or fuel poverty. This includes

metrics such as disconnections, failed top-ups, energy rationing, and real-world bill-to-usage ratios.

Q11. What practical challenges do you foresee in demonstrating compliance with the low or zero standing charge tariff requirement, particularly in terms of tariff design or communication to customers?

The primary challenge is consumer understanding. Many vulnerable households already struggle to compare tariffs. Adding new tariff types with varying cost structures will increase confusion unless mitigated through:

- Clear, standardised presentation of all tariff elements
- Updates to comparison tools to model real usage scenarios
- Tailored support for digitally excluded or low-literacy customers

Tariff suitability must also be matched to accurate billing data. Persistent issues with smart meter accuracy and billing systems mean some customers will be over- or undercharged. These problems must be resolved before encouraging switching based on usage-based tariff models.

We continue to recommend that suppliers automatically place customers on the cheapest available tariff for their usage each month (opt-out). This would provide protection without requiring vulnerable customers to forecast their usage or navigate a complex market.

Lastly, Ofgem's suggestion that these models are "untested" is incorrect. Suppliers like Utilita have offered zero standing charge tariffs to prepay users for years. There is a wealth of insight from these models on what works (including lessons on switching rates, debt accrual, customer satisfaction, and retention). Ofgem must make use of this existing evidence base.

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](#), [Age UK](#), [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](#), [Energise 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](#), [the HEET Project](#), 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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