

Sent by email to [RetailStakeholderTeam@ofgem.gov.uk](mailto:RetailStakeholderTeam@ofgem.gov.uk)

25 May 2023

Dear Ofgem

**Framework for consumer standards - Thermal Storage UK  
response**

We recognise that Ofgem is aiming to update the consumer standards framework. We are concerned that the proposals insufficiently consider the importance of energy suppliers providing good advice to people. This includes advice in relation to existing heating systems, the energy efficiency of the building and the changes brought about by low carbon technologies (LCTs) such as heat pumps and smart thermal stores.

While it is important that people, including vulnerable people, can easily speak with their energy supplier, it is vital that the advice provided by the supplier actually helps them. Ofgem's proposed framework and rule changes do not appear to consider the quality of the advice provided. We are concerned that Ofgem is relying on a combination of speed of answer and customers' self-reported satisfaction with the advice. Such a regulatory approach may not promote the provision of high-quality advice.

We recommend that any tailored advice provided to people by energy suppliers supports a reduction in heating costs and the decarbonisation of heating wherever possible. Depending on the property and the person, this may include advice and support in reducing damp, improving the fabric of the building, improving the efficiency of the existing heating system, making the property heat pump-ready and installing low carbon electric heating. High-quality advice and support could significantly reduce energy bills, help the person to manage their energy bills and reduce the risk of future debt.

However, we note that it is not necessarily in the short-term financial interests of energy suppliers to improve the efficiency of a heating system. For instance, improving the efficiency of a gas boiler reduces the volume of gas consumed. We encourage Ofgem to consider how their regulatory framework can better align the interests between energy suppliers and people. We repeat that relying on a combination of speed of answer and customers' self-reported satisfaction with the advice may not mean high-quality advice is provided.

To overcome this problem, we recommend that Ofgem increases its oversight of how electricity and gas is used in buildings, including for heating. As the UK electrifies heating, the quality of the installations of heating systems and energy efficiency will have a significant impact on electricity consumption, energy bills and demands on the distribution system. Energy suppliers are expected to have a central role in achieving this.

This is not a trivial challenge. For context, 28 million domestic properties require a combination of energy efficiency and changes in heating systems to achieve net zero by 2050. This involves upgrading more than 300 homes every working hour on every working day for the next 27 years. High quality customer service through this transformation is key.

Getting this right is so important that we recommend that Ofgem is given a statutory duty to achieve net zero. Even in the absence of this new duty, Ofgem's framework for customer standards should still give consideration to the impact of LCTs.

We answer some of the questions in the consultation below. This response is not confidential and may be published by Ofgem.

Best wishes

Tom Lowe

Founding Director  
**Thermal Storage UK**

## **More about Thermal Storage UK**

Thermal Storage UK represents companies who have developed modern thermal storage products. We promote the use of smart thermal storage in buildings in the United Kingdom and other countries to achieve net zero. Our mission is to take the carbon out of heating buildings.

You can find out more about Thermal Storage UK at [www.thermalstorage.org.uk](http://www.thermalstorage.org.uk)

## Questions

### Questions relating to our approach to addressing priority customer service issues – Chapter 3

- 1. Do you agree with our assessment on what good looks like for the issues consumers are facing relating to the priority issues of contact ease and identification and support/advice for consumers struggling with their bills. Are there any issues missing?**

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- 2. Do you have any views on potential options to address priority issues and do you agree with the extra requirements we are proposing?**

No comment.

- 3. Do you have any evidence that suggests that we should be considering additional and/or different rules beyond what we have proposed?**

We encourage Ofgem to consider how self-disconnection of electricity meters will impact on the efficient operation of heat pump systems. Aside from the direct impact on the customer, self-disconnection is likely to reduce the efficiency of the heat pump and increase its running costs. This interaction is particularly important for Ofgem's consumer standards framework as heat pumps are increasingly installed in social housing and through government schemes such as LAD and ECO.

We also recommend that Ofgem steps up its oversight and work with energy suppliers on the shift away from the Radio Teleswitch Service (RTS). The RTS is likely to disappear in less than 2 years, which means energy suppliers working with people to upgrade their meters, change their tariffs and ensure their heating system is still fit for purpose. Proactive efforts by Ofgem and energy suppliers now will reduce the risk of poor outcomes later.

**4. Do you agree with our proposed approach of introducing reputational incentives in our priority areas?**

No comment.

**Questions relating to Assessment and Monitoring of Options - Chapter 4**

**5. Do you agree with what we have set out in the assessment chapter? Please provide supporting evidence with your views. For evidence regarding additional costs, please provide quantitative data.**

No comment.

**6. Using the list of prospective data items we present in the monitoring chapter as a guide, what other additional data items could we aim to collect and from what data sources? Do you consider there are any challenges you may face when**

**collecting/providing these? If so, please provide any supporting evidence you have.**

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## **Consumers Standards Framework – Chapter 5**

### **7. Do you have any comments on the factors that should be considered in determining whether to use principle-based or rule-based approach to setting standards?**

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- 8. Do you agree with our early view of reputational based incentive options for winter 2023 and the potential incentive options for development over the longer-term? Please provide explanations to support your responses.**

No comment