

# Consultation Response

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## Ofgem: Standing charges – call for input

The Energy and Utilities Alliance (EUA) provides a leading industry voice helping shape the future policy direction within the sector. Using its wealth of expertise and over 100 years of experience, it acts to further the best interests of its members and the wider community in working towards a sustainable, energy secure and efficient future. EUA has six organisational divisions - Utility Networks, the Heating and Hotwater Industry Council (HHIC), the Industrial & Commercial Energy Association (ICOM), the Manufacturers of Equipment for Heat Networks Association, the Hot Water Association (HWA), the Manufacturers' Association of Radiators and Convectors (MARC).

The Energy and Utilities Alliance (EUA) is a company limited by guarantee and registered in England. Company number: 10461234, VAT number: 254 3805 07, registered address: Camden House, 201 Warwick Road, Kenilworth, Warwickshire, CV8 1TH.

EUA fully supports a wholesale review into existing energy standing charges. These standing charges currently penalise those consumers that are the most vulnerable, fuel poor and least well-off in society, by forcing them to pay even when no energy is consumed. Estimates suggest that this adds some £300 to the average annual energy bill.

Given the recent energy crisis, which saw energy bills balloon from previous levels seen, we do not believe the current system is fit for purpose and has shed a focus on the inequalities that the existing energy standing charges have on consumers. Consumers are essentially forced to pay £300 per year extra on top of their energy bill just for having the facility to use gas and electricity. This is grossly unfair and reduces any financial incentive of reducing or cutting energy use which ought to keep bills down and cut demand, which would contribute to the country's overall energy security, now and in the future.

If the energy sector is keen on changing consumer habits to cut energy usage than the energy standing charges, as they are, have the completely opposite effect as they are automatically penalised with little or no regard for how much energy is used in one single day.

More seriously, prepayment meter users can and will find themselves in energy debt during the summer months and acts as an added financial constraint on already tight household budgets. The issues around prepayment meters made major headlines last year and the energy standing charges system could add to this as part of a wider discussion on how the energy market drives inequalities between those who are financially better off, and those who are not.

We would therefore urge Ofgem to listen to industry and consumers, the vast majority of whom back reform according to polling, and review the energy standing charges by either removing them entirely, reducing them or by coming up with a fair alternative process.