

Submitted to Standing charges: domestic retail options
Submitted on 2024-08-25 10:50:44

Case for change

1 Do you have any views on our case for change?

Please use this text box to tell us about any views you have on our case for change.:

We continue to object to this proposal to move standard charge costs onto the rate because it will have a negative impact on decarbonising domestic property and transport. Adopters of heat pumps and EVs are large consumers of electricity and small consumers or have no consumption of gas. The short term benefit of encouraging those through behavioural change to lower their electricity consumption will have a marginal impact on consumption compared with the 75%+ carbon emission reduction of someone switching to a heat pump or an EV. There is already a problem with the 'Spark Gap' in the UK: <https://www.lowcarbonhub.org/p/spark-gap/> which is acting as a strong economic disincentive for homeowners to switch to low carbon heating and transport systems. These proposals will only make the 'Spark Gap' worse. We also object to the alternative proposals for a tiered block tariff for the same reasons, it penalises higher electricity users who have switched their heating and transport away from fossil fuels. We note from your analysis "Finally, allocating all costs to the electricity unit rate would benefit owners of solar panels but would increase the costs of running heat pumps and electric vehicles (EVs). This approach risks being detrimental to broader net zero ambitions. We have seen this challenge faced by other jurisdictions. For example, California did not include fixed charges on bills but has recently decided to introduce them due to concerns around ability to recover system costs and reduced incentives for the uptake of low carbon technologies" that other jurisdictions have realised the point we have been trying to make but OFGEM seems to be heading in the opposite direction contrary to the UK's climate commitments.

If you are trying to address fuel poverty then other grant and subsidy mechanisms along with a program of home insulation needs to be found.

This proposal will have a negative impact on the UK's Net Zero aims, and requires an impact assessment under the Climate Change Act because of its negative potential in increasing carbon emissions and as we stated in the previous consultation this proposal needs coordination with DESNZ. We feel it particularly important that the UK addresses the 'Spark Gap' - our relatively high price of electricity compared with gas.

Considerations for moving operating costs from standing charges to unit rates

2 What are your views on the range (£20 to £100) of operating costs we are considering shifting from standing charges to unit rates? Should it be higher? Within this range, is there a value you would favour and why?

Please use this text box to tell us your views.:

None, the 'Policy Levy's' currently on electricity should be shifted to gas to reduce the Spark Gap.

3 What are your views on the trade-offs and impacts we have identified for consumers and suppliers? Should any of these take more or less significance in our assessment, and are there any important impacts we have not considered?

Please use this text box to tell us your views on the trade-offs and impacts we have identified for consumers and suppliers:

4 What are the changes required, if any, to the price cap to facilitate a reduction in the level of the operating costs charged through the standing charge?

Please use this text box to tell us what changes are required, if any.:

We continue to object to this whole approach from a Net Zero perspective.

Increasing consumer choice through tariff diversification

5 Could mandating suppliers to have at least one low or no standing charge tariff available to customers help promote competition in this area of the market?

Yes

Please use this text box to give us more details about your answer.:

Ebico used to offer a not standing charge tariff, however OFGEM/government policy ruled this illegal and it was withdrawn about 10 years ago.

6 How could we create flexibility in how costs are recovered between the unit rate and standing charge without reducing the protection provided by the cap?

Please use this text box to suggest ways we could create flexibility in cost recovery without reducing protection provided by the cap.:

7 In exploring alternative approaches to price cap compliance, what, if any, safeguards would be needed to protect vulnerable consumers?

Please use this text box to give us your views on the safeguards needed to protect vulnerable customers.:

8 What are the key considerations we should take into account in developing options for smoothing spend for prepayment meter customers?

Please use this text box to suggest key considerations we should take into account in developing options for smoothing spend for prepayment meter customers.:

Network and policy cost allocation

9 Do you have any views on our considerations for the allocation of network and policy costs?

Please use this text box to give us your views.:

As per our responses to questions 1 and 2, the 'Spark Gap' <https://www.lowcarbonhub.org/p/spark-gap/> needs to be addressed to encourage the takeup of low carbon technologies. One fiscally neutral option is to move the "Policy Levy's" from electricity to gas. It seems illogical that the 'Warm House Discount' levy is applied to electricity and not gas given most homes are heated by gas.

Tell us any other views about this options paper

10 If you have any other views related to the topics in this options paper, please tell us about them.

Please use this text box to tell us about any other views that have not been covered.:

It has singularly failed to address the impact of these changes on Net Zero and is failing to learn from other jurisdictions who are heading to some extent in the opposite direction to address Climate Change. We believe it should require an impact assessment to be completed under the Climate Change Act before going further.

Conclusion and next steps

About you

11 What is your name?

Name:
Philip Haile

12 What is your email address?

Email:
philip.haile@transitionbath.org

13 Are you responding as an individual or an organisation?

Organisation

14 If you're responding on behalf of an organisation, please tell us the name of the organisation.

Organisation:
Transition Bath

15 If responding on behalf of an organisation, please tell us what type of organisation you represent. If you are responding as an individual you can leave this blank.

Charity

If you answered 'other', please use this text box to tell us which organisation you represent. :

Transition Bath is a charity which seeks to support environmental sustainability and decarbonisation to address Climate Change.

16 Tell us which sector you work in.

Other (please specify)

If you answered 'other', please use this text box to tell us which sector you work in. :

energy decarbonisation and environmental sustainability

17 Do any of your responses contain confidential information?

No

If any of your responses contain confidential information, please use this text box to clearly explain which parts of your response you wish to be kept confidential. We will publish your name as part of the response unless you tell us not to. :

Feedback

18 How easy was the information to understand?

Easy

Please use this text box to tell about any other comments you may have.:

19 How easy was it using this platform (Citizen Space)?

Easy

Please use this text box to tell about any other comments you may have.: