



## **National Energy Action (NEA) response to Ofgem's Forward Work Programme 2025-26 Consultation**

### **About National Energy Action (NEA)**

National Energy Action<sup>1</sup> works across England, Wales, and Northern Ireland to ensure that everyone in the UK<sup>2</sup> can afford to live in a warm, dry home.

To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

### **Background to this response**

National Energy Action has previously worked with Ofgem to secure some key improvements in the treatment of domestic customers. *In particular, we collaborated on:*

- *Working towards a new debt strategy*
- *Progressing work towards options for reducing standing charges in the market*
- *Ensuring that reforms to the retail market do not hurt vulnerable energy consumers*

This has been in the context of sustained high energy prices. National Energy Action estimates that the number of households in fuel poverty across the UK sits at above 6 million households this winter.<sup>3</sup>

While National Energy Action acknowledges that Ofgem has limited abilities to reduce the impact of increasing energy costs, our response seeks to identify areas in which Ofgem does have the agency to help vulnerable energy consumers through the energy crisis.

### **Our response to this consultation**

There are several areas where National Energy Action believes Ofgem should focus in the coming year to ensure that fuel poor households are adequately protected in the energy market:

- Reducing the impact that standing charges have on vulnerable energy customers, especially those that pay through prepayment
- Ensuring the Debt Strategy is a success
- Working with UK Government towards greater levels of support for low income and vulnerable households
- Ensuring the new Consumer Vulnerability Strategy works to improve the market for vulnerable household

These are each addressed in turn below.

### **Reducing the impact that standing charges have on vulnerable energy customers, especially those that pay through prepayment.**

National Energy Action, along with many other organisations and thousands of individuals, have been campaigning for Ofgem to take action to reduce standing charges. This is a particularly important area of work, as it has a material impact on the energy experience for low income and vulnerable energy users. Those on low incomes tend to use less energy, so the increase of standing charges in recent years has hit them disproportionately. Prepayment users are particularly impacted by high standing charges. This is most apparent during periods of self-disconnection. While off supply, standing charges accrue as a debt on the meter that must be repaid in full before energy can be accessed again. Higher standing

charges mean that debt is harder to clear and could mean longer periods of self-disconnection.

National Energy Action put forward proposals both to reduce standing charges and to change the technicalities that create such detriment for prepayment users during self-disconnections. Ofgem, however, decided to take neither of these proposals forward, and has instead opted to consult further on tariff options. Alongside this approach, National Energy Action would like to see Ofgem reconsider the options presented that would mean that accrued debt while off supply is accrued at the 'back of the meter', meaning that they wouldn't need to be cleared before energy is accessed again, and would be paid back more gradually.

Additionally, standing charges are likely to increase over the coming years. The 2030 Clean Power Mission will rely on an expansion of the electricity network, that is currently primarily paid for through standing charges. Inaction from Ofgem does not mean the status quo remains. It is a decision for standing charges to increase for the rest of the decade. Ofgem must therefore consider how standing charges could be reformed in the long term in order to avoid the need to revisit the subject time and again as we move towards the clean power plan.

### **Ensuring the Debt Strategy is a success**

National Energy Action is pleased that Ofgem has released a new Debt Strategy. We welcome all measures proposed within the strategy and the corresponding consultations to improve debt standards and introduce a debt clearance scheme.

Ofgem must ensure that these proposals come to fruition and are a success. With debt ever increasing in the market, it is imperative that action be taken to reduce the debt burden for vulnerable energy customers. This must include:

- Adoption of the proposed debt standards in full, as licence obligations where possible
- Working towards the following as priority next steps for improving debt standards:
  - Identifying financial vulnerability
  - Moving customers in debt or arrears onto the cheapest tariff
  - Fuel Direct
- Implementing the debt clearance scheme at the top end of the proposed spending envelope
- Lengthening the delivery of the scheme from six months to one year (at least)
- Ensuring that the scheme is evaluated, to help make the case to the UK Government to further support debt reduction schemes

### **Working with UK Government towards greater levels of support for low-income and vulnerable households.**

The price cap rose again in January, which has meant that the typical household now faces an annual cost of energy of £1,738. With prices set to stay high for the remainder of the decade, households across the UK are facing simply unaffordable costs. The reduction in eligibility of the Winter Fuel Payment stripped back the support available for financially vulnerable older households while prices increased.

Among working-age households, the only mechanism to receive support is through the Warm Home Discount, a rebate that has risen by £10 since its introduction, while energy costs have soared by hundreds. Warm Home Discount rebates are limited to households receiving means-tested benefits in England and Wales, who are also deemed to have high energy costs. One-third of fuel poor households receive no such benefits. The government cannot repeat the mistakes of this winter a greater level of support must be given to more households.

UK Government is currently working on options to provide more support to households in the coming years. Ofgem must play its role in supporting the UK Government in this work, and continuing to advocate for deeper, broader energy bill support, funded by HM Treasury.

## Ensuring the new Consumer Vulnerability Strategy works to improve the market for vulnerable households

National Energy Action has supported the refresh of the Consumer Vulnerability Strategy. Work must continue in 2025-26 to ensure it is a success. Our recommendations for Ofgem to take forward in 2025-26 are summarised below.

Table of recommendations	
Energy debt	Ofgem should include an explicit aim for reducing consumer debt levels as part of the strategy. And introduce policies to support this aim.
	Debt levels (collected via SOR reporting) should be included as a measure of success for the strategy.
Priority Services Register (PSR)	Ofgem should introduce a financial vulnerability flag to the PSR.
	Ofgem should conduct a review of the PSR, the uptake of the services offered and an audit of how energy suppliers currently use of the data.
	Targeted promotion of services tailored to different vulnerabilities.
	An Ofgem commitment to enhance monitoring and reporting of PSR.
Innovation and vulnerability	This CVS should continue the focus on vulnerability in innovation projects, including within network innovation, and particularly through Network Innovation Allowance.
Language and communication	Review the effectiveness of expectations for suppliers to provide language services to consumers who do not speak English as a first language.
	Ofgem should account for low numeracy levels in the strategy and update relevant licence conditions to ensure suppliers communicate plainly both in terms of language and numbers.
Measuring outcomes and learning lessons	As part of behavioural science research and consumer insights work, account for the difference between how consumers perceive their ability to understand communications and their actual levels of comprehension.
	Ensure supplier presentations focus on action beyond the minimum licence condition obligations.
	Ofgem should continue to develop, apply and learn from consumer archetypes when assessing the impact of policy changes. Ofgem should also assess the impact of policy changes regarding fuel poverty levels.

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## References and Notes

<sup>1</sup> For more information visit: [www.nea.org.uk](http://www.nea.org.uk).

<sup>2</sup> NEA also work alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK wider reach.

<sup>3</sup> NEA (2023) [Fuel Poverty Monitor 2021-2022](#)