



# Consumers' attitudes towards standing charges – an omnibus survey

# About this research

## Background

As part of a wider programme of research related to the future of energy pricing, Ofgem commissioned Ipsos to undertake a consumer survey with domestic energy consumers in Great Britain. The survey was conducted in January 2025. The purpose of the survey was to measure domestic energy consumers' top-of-mind attitudes towards standing charges on energy bills, to support a policy review into standing charges on domestic energy bills. Ofgem produced this summary report based on analysis of data collected by Ipsos. The full data tables have been published alongside this report.

## What are standing charges?

Standing charges refer to the part of an energy bill that do not vary by usage. Consumers will be charged this cost on a per day basis, even if no energy is used on that day. Standing charges typically cover the cost to maintain the energy supply network, supplier costs like call centres, and some government social and environmental schemes. More information on understanding electricity and gas bills is available here: <https://www.ofgem.gov.uk/understand-your-electricity-and-gas-bills>.

## Research questions

- What are consumers' perceptions towards the fairness of standing charges and unit rates on energy bills?
- What are consumers' perceptions towards the trade-off between increasing unit rates on bills and reducing or removing standing charges, and vice versa?
- How do these perceptions vary among different types of consumers?

# Summary of key findings

1

**Most consumers perceived standing charges to be somewhat or very unfair.** By contrast, the majority perceived unit rates to be somewhat or very fair.

2

However, **some participants may not have fully appreciated that there is a trade-off between increasing/reducing standing charges and unit rates**, as almost a third said they felt both that standing charges are somewhat/very unfair and that unit rates are somewhat/very fair. This also indicates that it is difficult to design a solution that works for all.

3

Given a trade-off scenario where standing charges could be reduced or removed, but unit rates would increase (and vice versa), **participants stated preferences that leaned more towards removing/ reducing standing charges and raising unit rates**, or keeping the current structure, rather than reducing/removing unit rates and raising standing charges.

4

Those who **expressed a preference to reduce/remove standing charges tended to select reasons associated with cost transparency and fairness** (e.g. they prefer charges to be based on actual use). By contrast, those who preferred to reduce/remove unit rates more commonly selected reasons related to ease of bill management.

# Report structure

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Research methodology and a note on statistical significance

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What do consumers think about how fair standing charges and unit rates on energy bills are?

3


What are consumers' preferences for changing the balance of unit rates and standing charges?

4

What are consumers' selected reasons for their preferences?

5

Conclusions



# Research methodology and a note on statistical significance

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## Research methodology

Ipsos UK interviewed a representative quota sample of 4,201 adults aged 18-75 in Great Britain using its online omnibus. Fieldwork was carried out between 10th and 14th January 2025.

Quotas were set on age within gender, region and working status. The data have been weighted to the known offline population proportions for interlocking cells of gender within age, working status, as well as region, education and social grade to reflect the GB adult population.

Of the 4,201 adults, 3,571 were domestic energy consumers who are solely or jointly responsible for their household's energy bills. Domestic energy consumers are defined as those who have mains gas and/or mains electricity in their home; and are solely/ jointly responsible for paying for their energy costs.

Ofgem's questions were only asked of those 3,571 domestic energy consumers. Ipsos was responsible for the data collection and Ofgem responsible for the survey design, reporting and interpretation of results.

## A note on statistical significance

When using the survey charts in this report and associated data tables, it is important to remember that not all differences are statistically significant. The participants who took part in the survey are only a sample of the total "population", so we cannot be certain that the figures obtained are exactly those that would have been reached if everyone had taken part (the "true" values).

Where subgroup comparisons have been drawn in this report, these are statistically significant differences at the 95% significance level.

As this survey has been conducted using a quota sample, rather than a random probability sample, statistical differences are presented (both in the main report and on the accompanying data tables) on an indicative basis only.

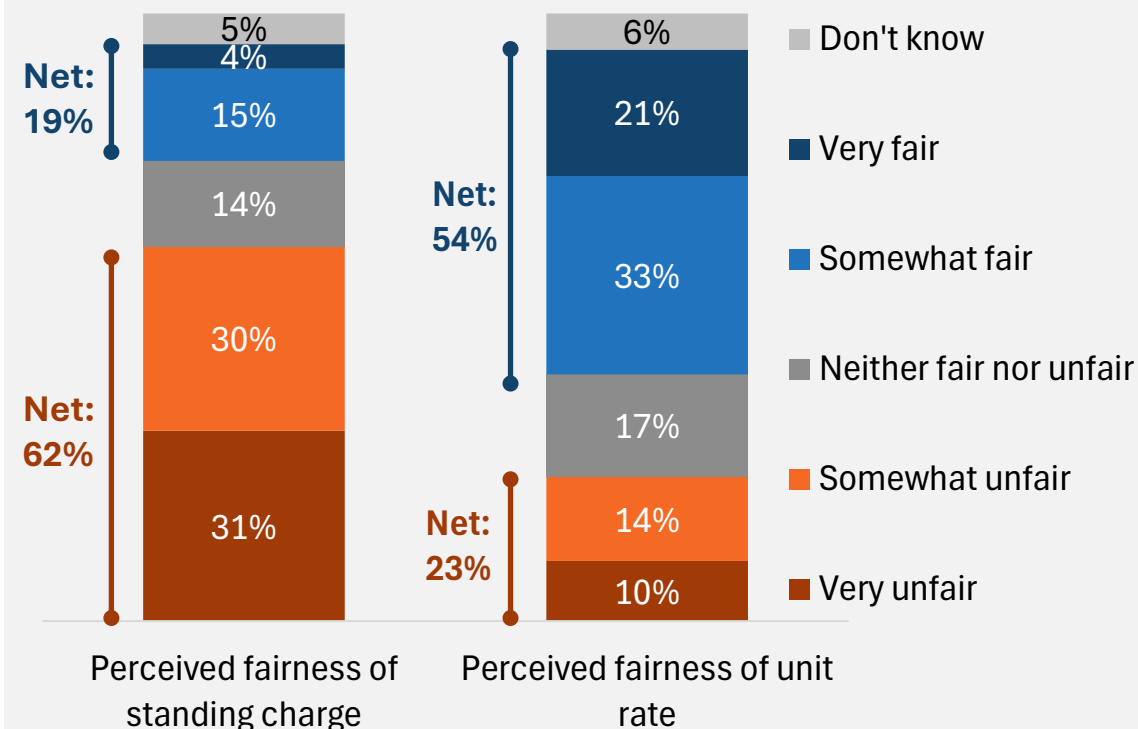
Some differences in the data tables may look significant but are not due to lower base sizes for the subgroup. Always look for column references that indicate if differences between groups are statistically significant, i.e. if we believe the difference is representative of a real difference in the population.

**What do consumers think about how fair standing charges and unit rates on energy bills are?**

# Nearly 2 in 3 said they think standing charges are unfair

While 62% of consumers said they think standing charges are unfair, most consumers (54%) told us they think unit rates are fair.

Consumers' perceptions of the fairness of standing charges and unit rates



The consumer groups who were **more** likely to say they view standing charges as very or somewhat **unfair** are:

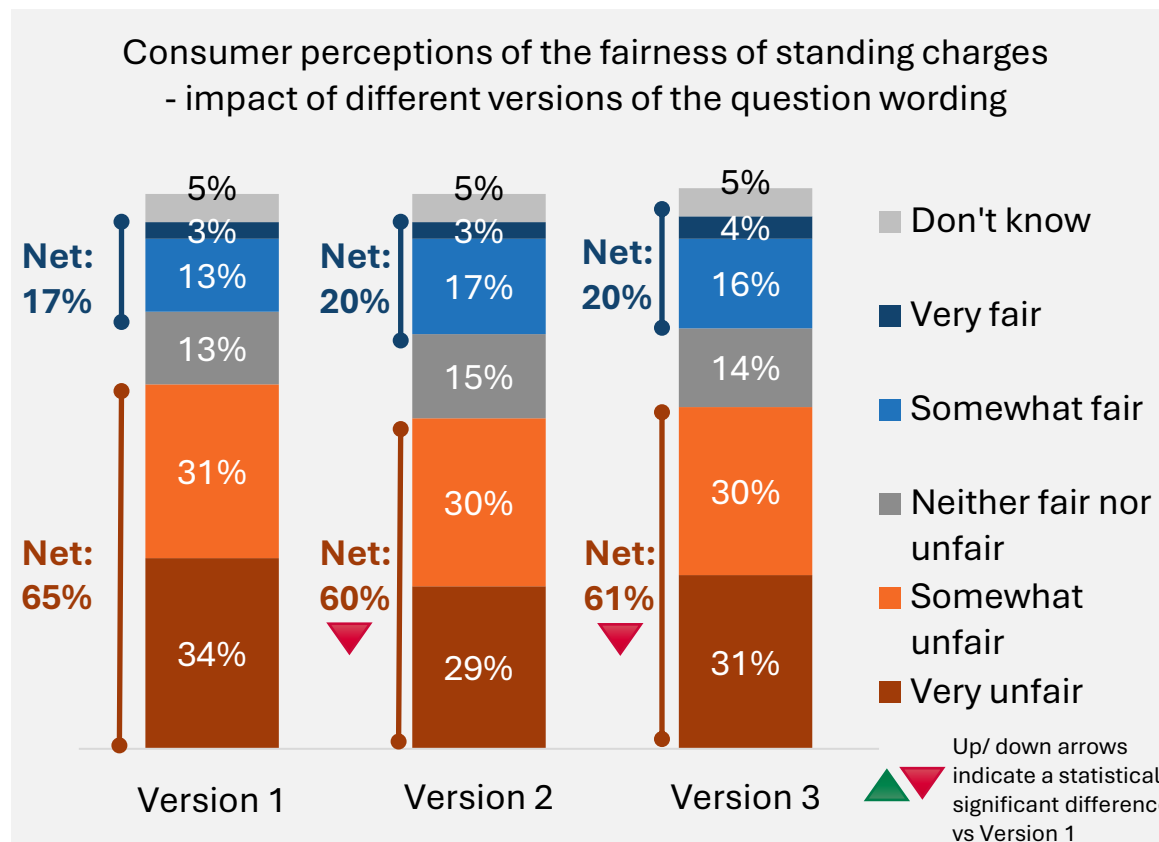
- Consumers **aged 35 to 75** (68%), vs those aged 18 to 34 (42%)
- Those consumers in **social grades C2DE** (66%) compared to 59% in ABC1
- 68% of those with **low self-reported understanding of energy bills**, vs 60% of those with high understanding of bills
- 67% of **consumers with household annual incomes below £20,000**, compared to 60% of those earning over £20,000 per year
- 63% of **Direct Debit/standing order consumers of gas or electricity**, compared to 57% of standard credit consumers and 55% of PPM consumers (prepayment meter consumers)

Q7 - On balance, how fair, or unfair, do you think standing charges are as a way of charging for energy? Domestic energy consumers (3,571). Participants were randomly assigned to one of three groups and each group was shown one of three different versions of this question, with varying degree of background information, to test if this influenced responses. See next slide for more information on this.  
 Q8 - On balance, how fair, or unfair, do you think unit rates are as a way of charging for energy? Domestic energy consumers (3,571).



# Differences in question wording shown to participants had a small impact on their perceived fairness of standing charges

Consumers who were shown additional information about what standing charges pay for were a little less likely to perceive them as unfair compared to those who were not.



Three versions of background text were shown to consumers in Q7:

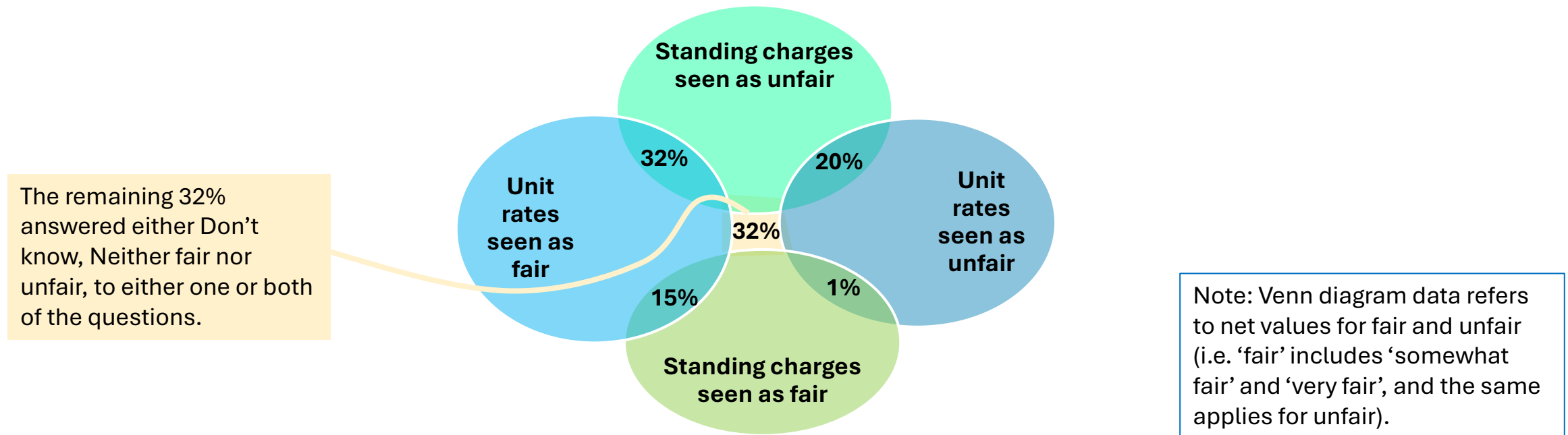
Version	Background text shown (changes vs previous version in <b>bold brown</b> )
1	Standing charges are a fixed daily amount on a household energy bill.
2	Standing charges are a fixed daily amount on a household energy bill. <b>They are used to pay towards maintaining and upgrading the energy supply network, and for customer-facing services, such as call centres and providing bills.</b>
3	Standing charges are a fixed daily amount on a household energy bill <b>and are included even if they don't use any energy that day.</b> Standing charges are used to pay towards maintaining and upgrading the energy supply network, and for customer-facing services, such as call centres and providing bills.

Q7 - On balance, how fair, or unfair, do you think standing charges are as a way of charging for energy? Domestic energy consumers (3,571), Version 1 (1,187), Version 2 (1,198), Version 3 (1,186). Participants were randomly assigned to one of three groups and each group was shown one of three different versions of this question, with varying degree of background information, to test if this influenced responses.

# Nearly a third said standing charges are unfair but unit rates are fair

While most consumers in the survey viewed standing charges as *unfair* and unit rates as *fair*, only 32% of consumers expressed both of these views. 20% felt that *both* standing charges and unit rates are unfair. While this view is somewhat inconsistent within the context of a trade-off, it underlines the overall finding that there are no simple solutions to balance the trade-off between standing charges and unit rates that work for all.

A Venn diagram showing consumers' responses on both questions on fairness of standing charges and unit rates



Q7 - On balance, how fair, or unfair, do you think standing charges are as a way of charging for energy? Domestic energy consumers (3,571).

Q8 - The next question is about unit rates. These are charged per unit of energy (i.e. gas or electricity) by your energy supplier. The more units of electricity or gas you use, the more you pay.

On balance, how fair, or unfair, do you think unit rates are as a way of charging for energy? Domestic energy consumers (3,571).

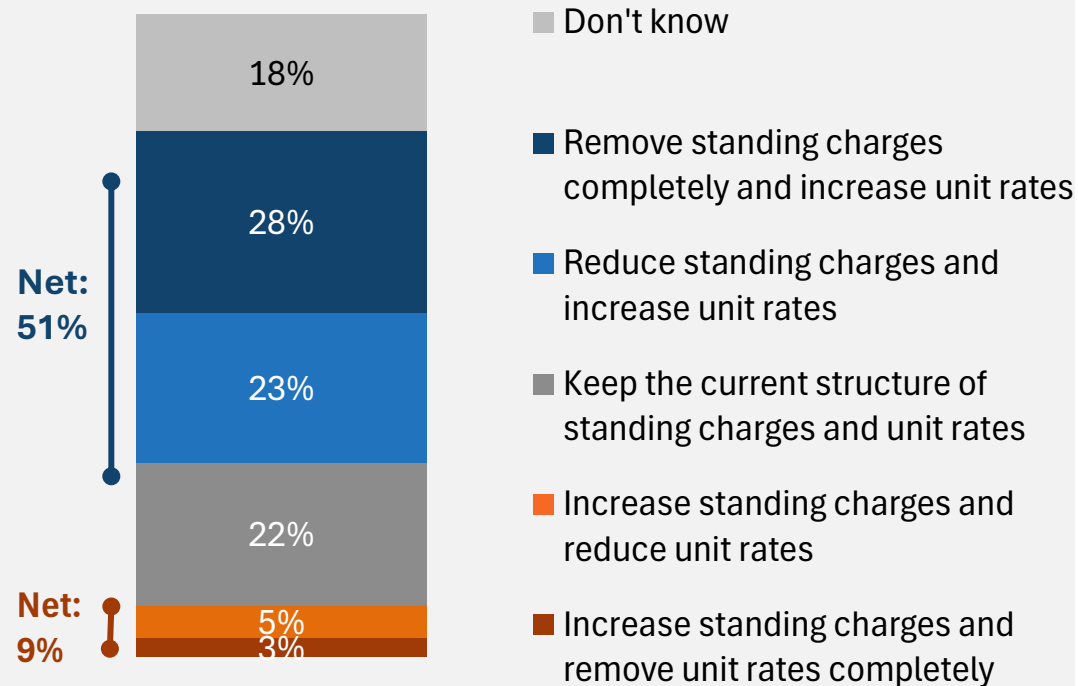


**What are consumers' preferences for changing the balance of unit rates and standing charges?**

# Nearly 3 in 10 consumers told us they prefer removing standing charges from energy bills completely

Overall, around half said they would prefer a cost structure that removed or reduced standing charges and increased unit rates. Just over 1 in 5 expressed a preference for keeping the current structure and 9% wanted to remove or reduce unit rates while increasing standing charges. However, nearly 1 in 5 said they don't know.

Consumers' stated preferred cost structure for energy bills



The following consumer groups were **more** likely to say they prefer **removing** standing charges completely and increasing unit rates

### Age and household composition

- 38% of **55-75 year olds**, vs 23% of 18-54 year olds
- 32% of **consumers without children at home**, compared 22% of those with children in the household

### Financial status

- 32% of **consumers with a household annual income less than £20,000**, vs 28% of those on a higher income
- 34% of consumers **who say they spend under £100 per month on energy bills** vs 27% those who say they spend £100 or more

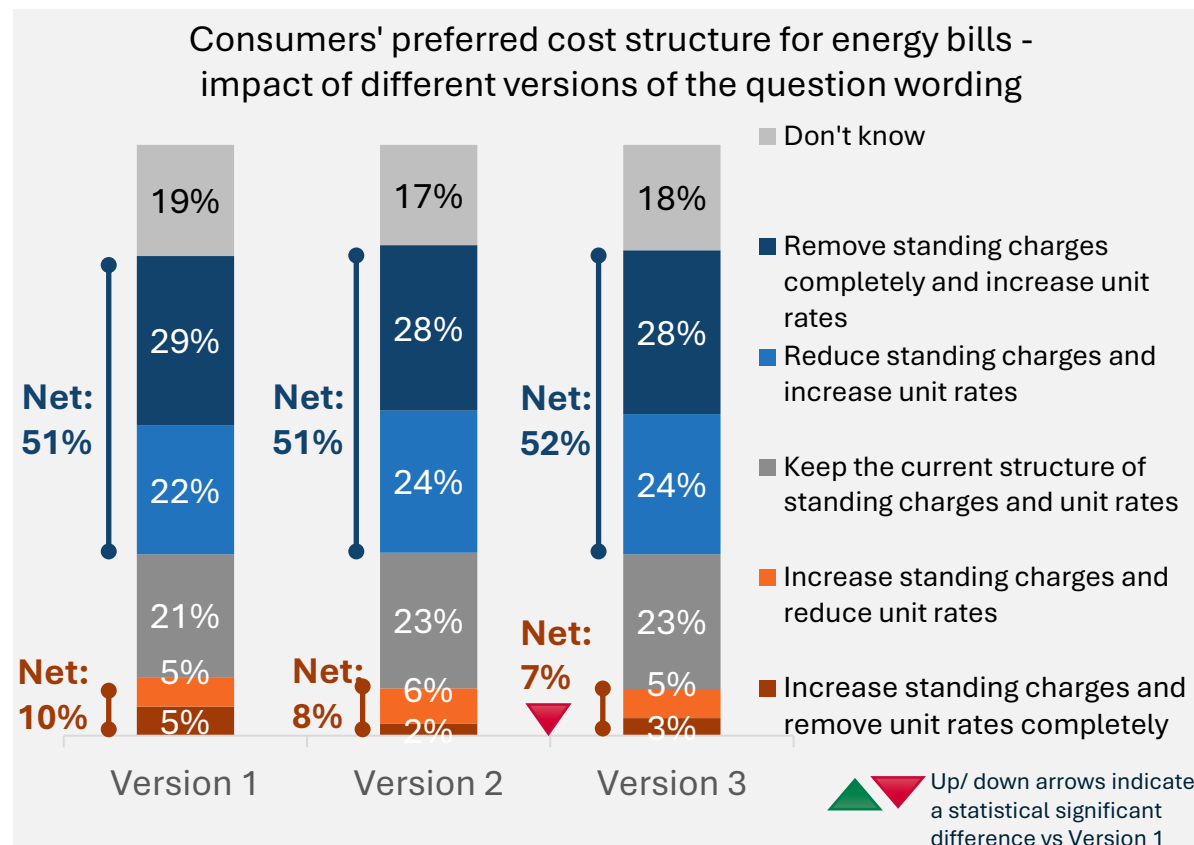
### Payment type

- 30% of **credit meter (Direct debit or standard credit) consumers**, compared to 24% of prepayment meter consumers - although PPM consumers are less likely to think that they pay a standing charge

Q9 - Which of the following statements best describes your views on the most preferred cost structure for energy bills? Domestic energy consumers (3,571). Participants were randomly assigned to one of three groups and each group was shown one of three different versions of this question, with varying degree of background information, to test if this influenced responses. See next slide for more information on this.

# Differences in question wording shown to participants only had a small impact on their preferred cost structure

Consumers who were informed that standing charges are a fixed daily amount that households pay even if they don't use energy were a little less likely to prefer to increase standing charges, compared to those who were not.



Three versions of background text were shown to consumers in Q9:

Version	Background text shown (changes vs previous version in bold brown)
1	Standing charges are a fixed daily amount on a household energy bill.
2	Standing charges are a fixed daily amount on a household energy bill. <b>They are used to pay towards maintaining and upgrading the energy supply network, and for customer-facing services, such as call centres and providing bills.</b>
3	Standing charges are a fixed daily amount on a household energy bill <b>and are included even if they don't use any energy that day.</b> Standing charges are used to pay towards maintaining and upgrading the energy supply network, and for customer-facing services, such as call centres and providing bills.

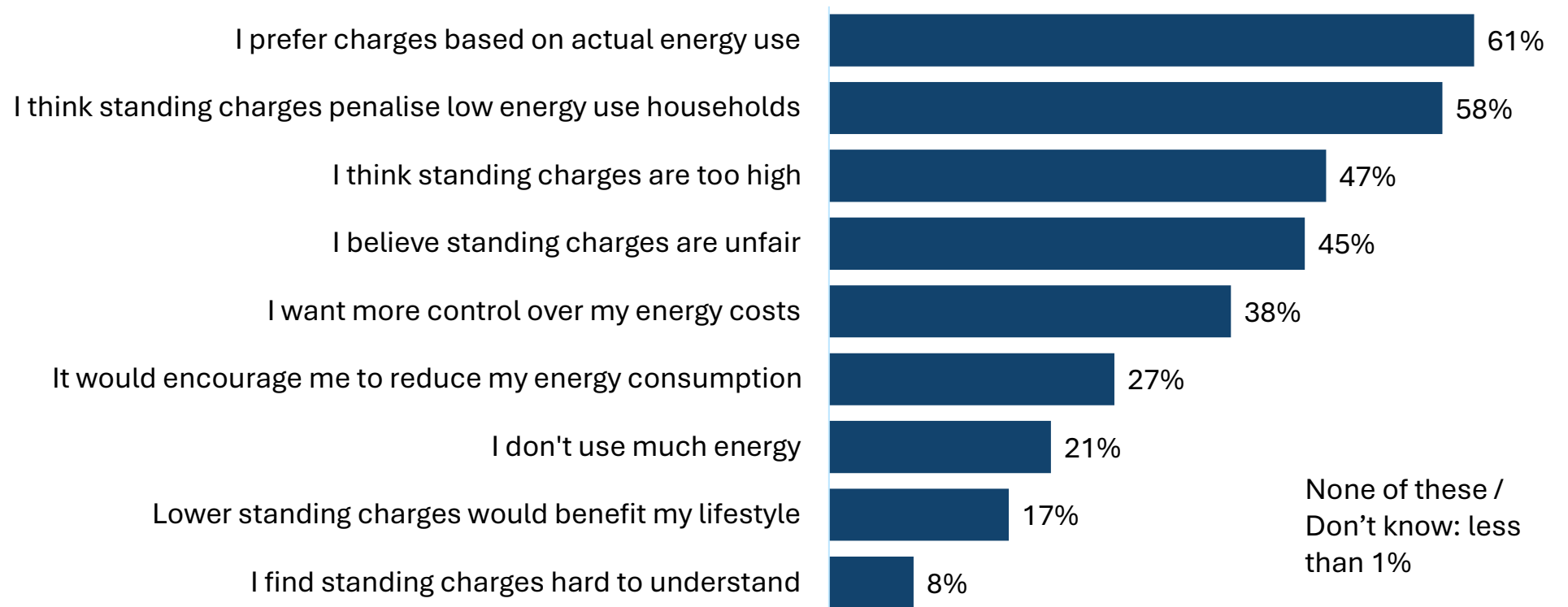
Q9 - Which of the following statements best describes your views on the most preferred cost structure for energy bills? Domestic energy consumers (3,571). Domestic energy consumers (3,571), Version 1 (1,187), Version 2 (1,198), Version 3 (1,186). Participants were randomly assigned to one of three groups and each group was shown one of three different versions of this question, with varying degree of background information, to test if this influenced responses.

**What are consumers' selected reasons for their preferences?**

# The top reasons selected for preferring to reduce / remove standing charges tend to be principle-based

Among those consumers who stated a preference for reducing or removing standing charges and raising unit rates, the top two reasons given were a preference for charges to be based on actual usage (61%), and a view that standing charges penalise low energy use households (58%).

Reasons for preferring reducing/removing **standing charges**, among those who did

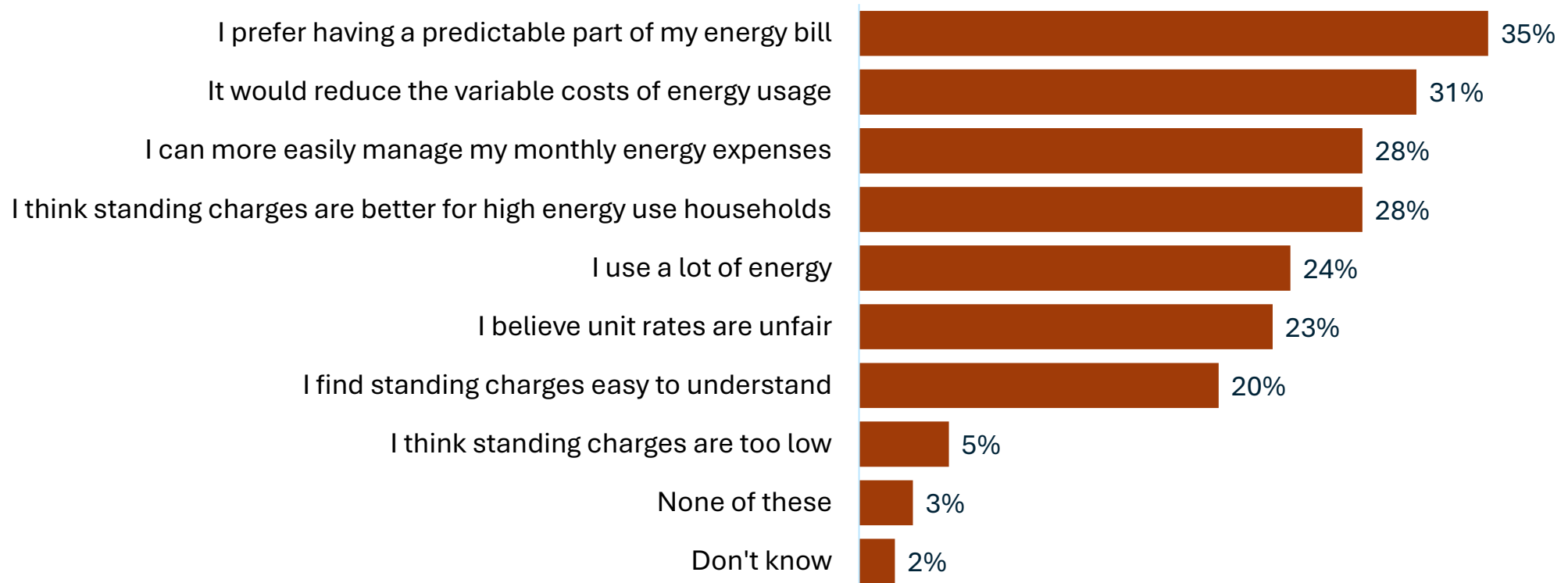


Q10A - You said you would prefer to reduce or remove standing charges and increase unit rates. Which, if any, of the following best describes your reasoning? Domestic energy consumers who selected to reduce/remove standing charges and increase unit rates (1,866).

# The top reasons selected for preferring to reduce / remove unit rates related to bill predictability and management

Among those consumers who stated a preference for reducing or removing unit rates and raising standing charges, over a third said they prefer having a predictable part of their energy bill and just under a third said they chose this because it would reduce the variable costs of their usage.

Reasons for preferring reducing/removing **unit rates**, among those who did



Q10B - You said you would prefer to increase standing charges and reduce or remove unit rates. Which, if any, of the following best describes your reasoning? Domestic energy consumers who selected to reduce/remove standing charges and increase unit rates (318).





# Conclusions

# Consumers hold diverse top of mind views towards the pricing structure of energy bills

This research successfully measured **consumers' top-of-mind attitudes towards the pricing structure of energy bills.**

In this survey, **most consumers said they perceive standing charges as unfair.** At the same time, the majority told us they perceive unit rates as fair. However, only around a third hold *both* of these views. This highlights the diversity in consumers' top-of-mind attitudes towards the pricing structure of bills.

Participants were asked for their preferences on the trade-off between reducing/ removing standing charges and increasing unit rates, and vice versa. **Stated preferences leaned more towards removing/ reducing standing charges and raising unit rates,** or keeping the current structure, rather than reducing/removing unit rates and raising standing charges.

**Participants who preferred to reduce/remove standing charges and increasing unit rates typically stated principles-based reasons for this preference** – e.g. charges should be based on actual energy usage. Those who preferred to reduce/ remove unit rates and increase standing charges typically referred to reasons being able to better predict and manage their bills.

While this survey reveals consumers' top of mind views towards energy pricing, **participants were not provided with an opportunity to consider the costs and benefits of each option.** Their views could change when they are given more information about fixed costs or time to consider other factors, such as the distributional impact of changes to the structure of bills. This research should therefore be interpreted in the context of a wider programme of research related to the future of energy pricing. This includes a deliberative research project and an online experiment, which are published in separate reports alongside this report.



# Technical Annex

# Technical Annex

## Question versions

For two survey questions (Q7 and Q9), the sample was split so that different participants were shown 3 different versions of background text explaining standing charges. This was designed to test if responses differed based on the explanation provided. In both cases, results were broadly similar across the different versions of texts. Full results can be seen in the data tables published alongside this report.

For Q7 and Q9, the background text versions shown were:

**Version 1:** “Standing charges are a fixed daily amount on a household energy bill.”

**Version 2:** “Standing charges are a fixed daily amount on a household energy bill. They are used to pay towards maintaining and upgrading the energy supply network, and for customer-facing services, such as call centres and providing bills.”

**Version 3:** “Standing charges are a fixed daily amount on a household energy bill and is included even if they don’t use any energy that day. Standing charges are used to pay towards maintaining and upgrading the energy supply network, and for customer-facing services, such as call centres and providing bills.”

