

# Report

---

## Domestic consumer views on energy pricing

---

Publication date: 28<sup>th</sup> July 2025

Team: Consumer Insights and Behavioural Science

Email: [consumer.first@ofgem.gov.uk](mailto:consumer.first@ofgem.gov.uk)

---

"I think it should be proportional, so you pay a percentage of... in terms of social costs, if I earn £100,000, my burden is the percentage of that I pay, not the amount, if that makes sense. It's a social good, it helps everyone in the long-run."

*A deliberative research participant in Cardiff*

"Me, personally, everyone should pay the same thing. That's my personal opinion, it's simple... fixed cost, should be same."

*A deliberative research participant in Cardiff*

How fixed energy costs (such as those for maintaining and upgrading pipes and cables) are allocated to consumers' bills affects all households in England, Scotland and Wales (Great Britain). We have heard loud and clear in one of the most popular consultations in our history, that many people feel current tariff options do not reflect how they actually use energy. As Ofgem takes a fresh look at how energy costs are allocated and recovered, it is vital that we understand consumers' perceptions and preferences on this complex issue. The two quotations above from participants in the deliberative research project exemplify the lack of consumer consensus on how energy costs should be allocated on consumer bills.

This document brings together findings from a [programme of domestic consumer research on energy pricing](#) conducted in 2025. This programme of research was conducted to provide evidence on domestic consumer views on the future of energy pricing to support [Ofgem's work on standing charges](#) and our [Cost Allocation and Recovery Review](#).

## Domestic consumer views on energy pricing

This research programme included an omnibus survey, a deliberative project, and an online experiment and covered domestic energy consumers across England, Scotland and Wales. Each project was either commissioned by Ofgem or delivered directly by Ofgem's Consumer Insights and Behavioural Science team.

© Crown copyright 2025

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [Open Government Licence](#).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

This publication is available at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Any enquiries regarding the use and re-use of this information resource should be sent to: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

## Executive Summary

Great Britain's energy system is transitioning away from fossil fuel sources (such as coal and natural gas), towards cleaner and more secure renewable energy sources like wind and solar. This means the fixed and variable costs associated with electricity generation are changing. Ofgem has been reviewing what implications this has for the allocation and recovery of costs on energy bills, and considering what the future of energy pricing could look like for domestic energy consumers across Great Britain.

Ofgem's primary concern is to ensure energy consumers are protected in this transition. This means consumer evidence, alongside other evidence sources, plays a crucial role in informing Ofgem's decision-making.

To support this work, we established a new [pricing research programme](#) to understand domestic consumers' perceptions towards the fair allocation of costs on domestic energy bills. Ofgem has delivered three research projects under the pricing research programme in 2025:

1. An omnibus survey – Consumers' attitudes towards standing charges
2. A deliberative research project – Exploring consumer views on trade-offs in the future of energy pricing
3. An online experiment – Exploring consumer views on cost allocation

## Key findings

The key findings from across the research projects are summarised below.

### **1. The majority of consumers perceive standing charges as 'unfair'**

This is driven by a sense of not having control over them and feeling that they are 'too high'. This is true even of those high energy users that would lose if standing charges were reduced and unit rates were increased. In contrast, less than a quarter of all consumers told us that they think unit rates are unfair.

## **2. However, there is no consensus among consumers on how best to structure costs**

We asked participants in the omnibus survey about their preferred cost structure for standing charges, for instance, whether they would prefer to remove standing charges and increase unit rates, vice versa, or keep them as they are. There was no consensus on this issue. Nearly three in ten said they would prefer to remove standing charges entirely and increase unit rates. Additionally, almost a quarter said they would prefer to reduce standing charges and increase unit rates. At the same time, a significant proportion said they prefer to keep the current structure, a small proportion prefer to either remove or reduce unit rates and increase standing charges, while nearly one in five said they don't know. However, consumers were less likely to select the removal of standing charges option when we presented them with a modified version of this question in the online experiment – in which a 'don't know option' was removed and they were shown in real-time the impact of reducing or increasing standing charges on unit rates. The online experiment participants were also more likely than survey participants to choose to increase standing charges and reduce/remove unit rates – a quarter of online experiment participants selected to increase standing charges. This indicates that there is not consensus amongst consumers on how costs should best be allocated, especially once the trade-off is understood.

## **3. Affordability remains paramount**

In the deliberative research, affordability was the number one priority for participants in considering the future of energy pricing. Participants consistently and spontaneously expressed concerns about the impact of energy bills on vulnerable consumers and wanted action taken to protect them – people felt that something must be done to help consumers manage affordability issues. Instinctive views about how to do this was primarily through Government.

## **4. When presented with further information on standing charges and trade-offs, opposition wanes slightly**

While all participants in the online experiment were told about standing charges as a fixed daily amount that consumers pay on energy bills, some were presented with additional information about what standing charges pay for and why. The findings show that consumers' strength of opposition towards standing charges wanes when provided with more information – i.e. consumers presented with more information about standing charges are more cautious about reducing them. Similarly, the online experiment

presented participants with more detailed implications about the trade-offs between changes in unit rates and standing charges than the pricing omnibus did. Comparing the findings could suggest that the provision of more detailed information about the trade-off reduces strength of opposition towards standing charges.

#### **5. Consumers shared a strong desire to create a 'fair' system that protects consumers in vulnerable circumstances**

Consumers who took part in the deliberative research made clear that they want energy pricing to be fair for consumers, although participants were not entirely agreed on what constitutes fair pricing. Nonetheless, there was clear agreement on the need to protect consumers in vulnerable circumstances. Instinctively they felt this is a job for Government – although awareness of what support already exists was low.

#### **6. Simplicity and transparency in energy pricing is key**

Consumers want pricing to be simple and easy to navigate. Control over how they pay is important to them, but this does not necessarily mean they want more choice, especially if it comes at the cost of simplicity in the system.

#### **7. There is enthusiasm about innovation if it benefits consumers and remains affordable**

Consumers are supportive of investment in innovation that would improve the energy system for them, but support for this is limited by concerns about affordability now. They also want guarantees that innovation would deliver benefits for consumers.

These results clearly show that there is no simple 'one-size-fits-all' solution or consensus behind a particular approach to pricing energy costs. Any reforms we introduce will be complex and inevitably involve trade-offs across the energy system and between different consumer groups. Ofgem will carefully consider the input we receive from stakeholders via an upcoming call for input, to help shape future proposals for change.

## Introduction

### Policy context

- 1.1 Great Britain's energy system transition is underway. This involves transitioning away from an energy system that draws heavily on fossil fuels, such as coal and natural gas, towards cleaner and more secure renewable energy sources like wind and solar. As this happens, we expect the structure of energy system costs to change as well, to reflect changing investment costs and running costs. As such, Ofgem has been reviewing how costs are allocated and recovered from consumers, and what the future of energy pricing could look like.

### About Ofgem's pricing research programme

- 1.2 To support this, the Consumer Insights and Behavioural Science team established a new pricing research programme to understand consumers' perceptions towards the fair allocation of costs on domestic energy bills. The team commissioned or conducted three research projects within this programme. These were designed to gather evidence on consumers' attitudes towards how costs should be allocated on domestic energy bills. The findings from this research programme have provided us with a clear evidence base on what consumers expect from their energy bills. This report is a synthesis of those findings.

### An omnibus survey – Consumers' attitudes towards standing charges

- 1.3 Ofgem commissioned Ipsos UK to deliver a survey of 3,571 domestic energy consumers across Great Britain. Fieldwork was carried out between 10 and 14 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. Further information about this research and the methodology can be found in the *Consumer attitudes towards standing charges report*, which can be downloaded [here](#).

### A deliberative research project – Future of energy pricing

- 1.4 Ofgem commissioned a two-stage deliberative research project from Thinks Insight to understand how consumers approach and view the trade-offs relating

to future energy system considerations. Fifty four domestic energy consumers from across Great Britain took part, ensuring diversity in terms of key demographics, energy payment methods, tariff types, suppliers, and vulnerability status. Participants undertook an individual online exercise to understand their baseline understanding of key energy pricing issues followed by a one-day group session in their respective location where topics were covered in greater detail using various exercises and prompts. The research was conducted in February-March 2025. Further information about this research and the methodology can be found in the *Deliberative research on the Future of Energy Pricing report*, which can be downloaded [here](#).

### **An online experiment – Exploring consumer views on cost allocation**

- 1.5 In March 2025, Ofgem conducted an online behavioural experiment with 3,850 domestic energy consumers in Great Britain. The purpose of the research was to explore how information provision and different cost allocation scenarios influence consumer attitudes towards energy. Further information about this research and the methodology can be found in the *Exploring consumer views on energy cost allocation report*, which can be downloaded [here](#).



## Summary of consumer research

### The majority of consumers instinctively told us they think standing charges are unfair, with those that are impacted more likely to perceive they are unfair

- 1.6 In the pricing omnibus survey, participants were asked how fair or unfair they think standing charges are as a way of charging for energy. **Most consumers said they think that standing charges are unfair** (62%), while 19% said they think they are fair. By contrast, 23% reported they think that unit rates are unfair, and 54% told us they are fair.
- 1.7 In the cost allocation experiment, **perceptions that standing charges are unfair appear to have been strongly shaped by participants' self-assessment of how the standing charge affects them**. 61% of self-reported low energy users viewed them as unfair, in contrast to 50% of self-reported high energy users. Perceptions of standing charges as unfair were also affected by the income of those impacted. Participants viewed losses to lower-income individuals as significantly more unfair.

### Information helped reduce perceptions of 'unfairness' but consumers still want standing charges reduced

- 1.8 Within the online experiment, some participants were shown more background information about what standing charges pay for and why.<sup>1</sup> A small but statistically significant effect was found: those **participants who were shown more information about standing charges** were less likely to perceive them as unfair (54%), compared to those who were not shown this information (58%). All participants were shown the same basic information about standing charges as a fixed daily amount and unit rates as a charge that varies with consumption.

---

<sup>1</sup> Those shown more information were given an explanation of what standing charges pay for – i.e. maintaining and upgrading the energy supply network, and providing customer-facing services. They were also provided with a rationale for this – that everyone pays a fixed amount as costs like grid maintenance are not usually impacted by individual energy usage.

---

## **Views were not unanimous on how to restructure costs, with a tendency towards removing/reducing standing charges and increasing unit rates**

- 1.9 Participants were asked for their preferences on the trade-off between reducing/removing standing charges and increasing unit rates, and vice versa. In the pricing omnibus, **stated preferences lean 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. 28% of consumers said they would prefer a cost structure that removes standing charges completely and increases unit rates. A further 23% said they would prefer to reduce standing charges and increase unit rates. 22% expressed a preference for keeping the current structure and 9% wanted to remove or reduce unit rates while increasing standing charges. However, 18% said they don't know.
- 1.10 Relatedly, participants in the online experiment were asked how much they think the electricity standing charges should cost households per day, given the cost of 60p per day.<sup>2</sup> They were presented with a zero-sum trade-off scenario, where they could adjust the standing charges, and would be shown the cost implication for the unit rate. In this scenario, **most participants stated that standing charges should be reduced or removed (58%)**, of which 11% felt they should be removed. While the experiment's findings are similar to the omnibus survey's, it is noteworthy that in the more granular trade-off scenario presented in the experiment, fewer participants stated a preference for removing standing charges and increasing unit rates.
- 1.11 **Standing charges may currently be perceived as exceeding acceptable levels:** Even when told reductions would raise their bills, most participants in the online experiment still preferred a small decrease.
- 1.12 Amongst those who stated a preference for removing or reducing standing charges in the pricing omnibus, the top reasons stated were:
- I prefer charges based on actual energy use (61%)
  - I think standing charges penalise low energy use households (58%)

---

<sup>2</sup> This was standing charge cost in most regions in Great Britain at the time of the research.

- I think standing charges are too high (47%)
- I believe standing charges are unfair (45%)
- I want more control over my energy costs (38%)

### **Deliberation revealed a desire for a simpler, more predictable energy system that protects consumers**

- 1.13 For participants in the deliberative research project, **affordability of energy bills was seen as paramount**, and seen as a non-negotiable. One participant phrased it in terms of energy as an essential service for all consumers:

*"The reason energy needs to be affordable is because it's a necessity... We can't be investing so much that it means people can't live. Need to strike the balance."*

A deliberative research participant in Cardiff

- 1.14 Given the essential nature of energy supply, there was a particularly **strong desire for consumers in vulnerable circumstances to be protected**. A different participant expressed this as follows:

*"As a society [we] don't want to see anybody going without electricity or heating"*

A deliberative research participant in Glasgow

- 1.15 Many research participants intuitively felt that this **support should come through Government**, but there were low levels of awareness on what support already exists.

- 1.16 Generally, participants were in favour of a **fair energy pricing system**. However, views on what is fair were highly subjective, with the concept meaning different things to different people. Two opposing interpretations of fairness are shown below.

*"I think it should be proportional, so you pay a percentage of... in terms of social costs, if I earn £100,000, my burden is the percentage of that I pay, not the amount, if that makes sense. It's a social good, it helps everyone in the long-run."*

A deliberative research participant in Cardiff

*"Me, personally, everyone should pay the same thing. That's my personal opinion, it's simple... fixed cost, should be same."*

A deliberative research participant in Cardiff

- 1.17 **Simplicity felt intuitively appealing** to participants. There were concerns that a system that offers more choice (greater control) would be difficult to navigate and be beneficial to those that had time and resources to engage. This is illustrated by the quotations from research participants below.

*"I mean I'm an educated person. I've got two degrees and I can't understand my gas bill."*

A deliberative research participant in Cardiff

*"Simplicity- it's clear to understand, control is what I feel we have now, and it takes a lot of time and energy to keep shopping around"*

A deliberative research participant in Glasgow

- 1.18 Participants were **enthusiastic about the prospect of investing in innovation**. However, there were trust issues - people wanted assurances about what would be delivered and how consumers would benefit. The two quotations below are indicative of the perspectives shared on innovation.

*"At the moment people don't trust the energy companies to spend their money fairly."*

A deliberative research participant in Cardiff

*"[I want] transparency, in the future of UK energy, policy, what is being done and how it's going to have effects"*

A deliberative research participant in Cardiff

## **So what does this all mean?**

- 1.19 It is clear that most consumers feel that standing charges are unfair, and that they should be lower than they are currently. This remains true amongst those who were provided with more information about what standing charges pay for. However, views are divided on how the costs should be restructured. While the omnibus and online experiment both found that the majority of consumers said they prefer to increase unit rates and either remove standing charges altogether or reduce them, in both research projects a significant proportion also told us that they should be kept the same. A minority also felt that standing charges should be higher and unit rates should be reduced or removed. Where a 'don't know' option was provided, nearly a fifth selected that option.
- 1.20 Our research confirmed to us that energy bill affordability was of paramount importance to consumers. This reflected participants' view of energy supply as an essential service for consumers. As such, there was a strong desire for consumers in vulnerable circumstances to be provided with Government support with energy affordability. Similarly, it was deemed unfair to participants if lower-income individuals were to lose out due to any changes in energy pricing.
- 1.21 Our research suggests that at present, standing charges may currently be perceived as exceeding acceptable levels – even among those who would see a rise in their bills if standing charges were to fall and unit rates rose instead.
- 1.22 Moving forward, consumers would like to see simple energy pricing and ease of control. As long as simplicity and ease of control are not compromised, they would also like to see transparent innovation that leads to tangible benefits for consumers.
- 1.23 Given the lack of consumer consensus on this issue and the complexity of some of the trade-offs, Ofgem has launched a 'Energy Cost Allocation and Recovery Review' to ensure we have a comprehensive understanding of the changing nature of costs that will make up future energy bills, and their impacts on consumers' bills. Our goal is to identify approaches that protect energy customers during the transition to renewable energy while supporting economic growth. A call for input for this will be published shortly.
- 1.24 Ofgem will continue to conduct research to measure and understand consumer attitudes in this sphere. We plan to launch a behavioural field trial with energy suppliers exploring whether consumers can be incentivised to use less energy at peak times if they are offered a lowered standing charge in return. This will be

used to inform our policy development and help us to facilitate the changes needed while also protecting consumers.