

Ofgem Consultancy Qs for Stakeholders on Zero Standing Charges, from Appendix 1 of 'Mandating lower or zero standing charge tariffs: A technical working paper'.

Updated approach

1. Do you have any views on other options to increase customer control over their bills, including innovative payment methods such as variable recurring payments?

We believe it is a good idea to give consumers more control and variability on how they pay their bills, depending on changes in their personal circumstances – such as being away from their home for long periods in hospital and making full use of smart meter technology to easily administer these changes.

Setting a lower standing charge

2. Do you have any views on how the level of standing charge reduction could be set?

We think that a much lower and preferably zero standing charge tariff, would be most beneficial to low-income households on prepayment meters (PPMs). This would stop them accumulating significant standing charge debt on their PPM, for example, if they are going on holiday, going to hospital, or know they will not use their central heating all summer. As long as the unit rate was not high in relation to households' income. If they had to go into emergency credit and the unit rates were unaffordable this could still put them in significant debt. See also response to question 7.

Minimum consumption threshold

3. Do you consider a minimum consumption threshold is required to mitigate significant risk premiums or could competitive pressure in the market provide a natural mitigant to ensure these premiums are in line with efficient cost recovery?

A minimum consumption threshold is unnecessary and could be dealt with by competitive pressure in the market and charging mechanism based on tiers as suggested in answer to question 7.

4. Do you have any views on how it could be set and what might be the challenges in implementing a minimum consumption threshold?

To be answered by an energy company.

Supplier eligibility for mandating

5. Do you think that the requirement to offer a low or zero standing charge tariff should only apply to large suppliers, rather than all domestic suppliers? If so, do you have views on how this could be set?

It should apply to all energy suppliers in the market. A recent situation with a vulnerable fuel poor customer in Brighton happened as follows and is another good reason for implementing zero standing charges on PPMs. The customer in fuel poverty switched to another supplier, but substantial credit on the PPM meter from the old energy company (EDF) had not been reimbursed or transferred to the new company. The customer could not use the new company (Scottish Power) top-up key or card, until they used the credit from the old company or it would be lost according to the new company. When contacting the old company to get the credit, they claimed the customer no longer had an account with them and won't help. The new company said it's the responsibility of the old company to reimburse. Meanwhile standing charges were accumulating according to the new energy company, as they claimed the customer wasn't topping up enough, putting pressure on vulnerable customers and getting her into unnecessary debt.

Complaints have been raised with both companies, but they have stopped communicating or even supplied a deadlock letter/ correspondence to take to the Energy Ombudsman as part of the usual complaints procedures. In fact, one staff member at Scottish Power flatly refused to raise a complaint and complaint reference number over the phone when we advocated on the customer's behalf as a named authority on her account. E-mail correspondence has also been ignored and this was from March 2025, we are now 6th August 2025. A vulnerable customer should not have to be put through this. Unfortunately, it seems many energy companies don't follow the basic procedures in our experience supporting vulnerable customers in the community.

6. How might this policy design affect your approach to customer segmentation or tariff design, particularly if you serve either a high proportion of low-consuming customers or vulnerable customers?

To be answered by an energy company.

Customer eligibility

7. What are your views on targeting eligibility for low or zero standing charge tariffs to PPM customers as a minimum, or should this be mandated for all payment types?

We would like to see a 'social' tariff mandated, perhaps based on household income like the Warm Homes Plan funding. Whilst we think it would be particularly helpful for low-income customers on PPMs. It should also apply to other payment methods and be based on households' income, eg. low-income benefits.

Introduced via a Parliamentary Early Day Motion in October 2022, Clive Lewis called for replacing the existing Energy Price Guarantee with a system that delivers a free, universal basic allowance of energy to all households

- *This allowance would cover essential consumption—roughly the equivalent of 8,000 kWh of gas and 2,000 kWh of electricity—based on modelling by the New Economics Foundation*

- *The plan is rooted in a rising-block tariff system, where essential usage is provided free, mid-level usage is charged at a baseline rate, and high usage incurs a premium rate.*

We, as a community energy cooperative support this approach, so much higher consumption, often from wealthy households, will help subsidise the zero standing charge and social tariffs for those in fuel poverty.

Essentially:

- *A free allowance – covers essential basic usage, eg. cooking, heating, lighting.*
- *Mid-tier pricing – a block at 2012 baseline price levels.*
- *Premium tier – higher rates apply, above mid-tier pricing, especially for higher users.*
- *Extra support – an allowance for households with disabilities and/ or electric-only properties*

8. What are your views on also targeting eligibility at customers with smart meters?

We would see no difference in targeting eligibility for those on smart meters. Many people struggling to afford energy are also on smart meters.

In fact, zero standing charges should be easier to manage for eligible low-income homes with smart meters, using an app connected to their energy company. This could have the option of switching instantaneously between standard and zero-standing charge tariffs, in scenarios already mentioned such as going on holiday, going to hospital, or knowing they will not use their central heating all summer.

Change to the SLCs and review

9. Would you support the introduction of a review to assess the policy?

To be answered by an energy company.

Compliance approach

10. Would suppliers support regular reporting or disclosure of key tariff characteristics and evidence to demonstrate clear customer communication and active choice to enable market wide monitoring? Is there any other evidence you could provide to demonstrate this outcome that we have not discussed?

To be answered by an energy company.

11. What practical challenges do you foresee in demonstrating compliance with the low or zero standing charge tariff requirement, particularly in terms of tariff design or communication to customers?

To be answered by an energy company.