

# Consultation

## Review of typical domestic consumption values

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We are consulting on our proposal to update the gas and electricity Typical Domestic Consumption Values (TDCVs). As part of this we also consider what the latest consumption data is telling us about the trend in domestic energy consumption and the interactions the new TDCVs have with the energy price cap.

This consultation provides an opportunity for suppliers, consumer groups and any other interested parties to comment on the proposed changes along with the evidence and assumptions underpinning them.

If you have comments on any aspect of the proposals set out in this consultation, then please respond to the email address above by 20 April 2026.

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## **Consultation** Review of typical domestic consumption values

### **1. Introduction**

- 1.1 The purpose of this consultation is to seek views on our proposal to update the Typical Domestic Consumption Values (TDCVs) so that they continue to reflect the most up-to-date evidence on household energy use. TDCVs provide an important benchmark across the retail energy market, informing how typical consumption is communicated to customers, used by industry, and applied in a range of analytical contexts where a customer's actual usage is not known.
- 1.2 Domestic energy consumption has changed materially in recent years. Long-term trends in energy efficiency, evolving patterns of energy use within the home, climatic changes and more recent behavioural responses to affordability pressures have likely all contributed to sustained reductions in typical household demand. Updating the values now will ensure that they remain representative of the levels of energy a typical household is expected to use today.
- 1.3 Through this consultation, we are seeking feedback on our assessment of the latest data and the proposed revised TDCVs. We also welcome views on the implications of these changes for stakeholders across the sector, including suppliers, consumer groups and other users of TDCVs. The responses we receive will inform our final decision, ensuring that the updated values remain aligned with the needs of consumers and the wider market.

### **Context and related publications**

- 1.4 As part of our wider [price cap programme of work](#), we recently published our November 2025 [Energy price cap benchmark review decision](#), where we committed to align future changes to benchmark consumption in the cap as our view of TDCV changes. This consultation should be viewed in conjunction with our November 2025 decision which sets out the basis for any subsequent adjustment to benchmark consumption within the cap.
- 1.5 We have carried out several TDCV reviews over the years, which can be found published on our website. The most recent was carried out in 2023 and can be found here: [Decision for Typical Domestic Consumption Values 2023 | Ofgem](#).

### **Consultation stages**

**Stage 1** Consultation open: 25 March 2026

**Stage 2** Consultation closes. Deadline for responses: 20 April 2026

**Stage 3** Decision and responses published: aim of May 2026

**Stage 4** Implementation of new TDCV: not before July 2026

## **How to respond**

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document before the response deadline.

We will publish non-confidential responses on our website.

## **Your response, data and confidentiality**

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

## **How to track the progress of a consultation**

1. Find the web page for the consultation you would like to receive updates on.
2. Click 'Get emails about this page', enter your email address and click 'Submit'.
3. You will receive an email to notify you when it has changed status.

A consultation has two stages: 'Open' and 'Closed'.

## 2. Review of TDCV

### Background

- 2.1 The Typical Domestic Consumption Values (TDCVs) represent industry standard estimates of the annual gas and electricity usage of a typical household.
- 2.2 We use TDCVs to calculate the typical bills presented in our publication of price cap updates. They are also applied by energy suppliers and price comparison services in situations where a customer's actual annual consumption is not known. By offering a consistent benchmark, TDCVs help consumers who are unsure of their own usage, understand the level of energy a typical household might be expected to consume over the course of a year.
- 2.3 These values provide a common reference point across industry, government, and the media, enabling consistent assessment and communication of the impact of changes in energy prices.
- 2.4 In 2013, we introduced a [framework](#) to guide future updates to the TDCVs, where we set out key principles to make these figures representative of domestic consumption and broadly stable over time. Under this framework, we committed to a regular review and to update the TDCVs where the latest evidence indicated a material change in typical usage levels.
- 2.5 In 2021, the scheduled TDCV update was deferred until more reliable data became available to assess the COVID-19 pandemic's impact on domestic energy use. The review was subsequently carried out in 2023, with the aim of using the established methodology to observe the most recent years of available data.
- 2.6 Under that methodology, the 2023 review initially drew on 2020 and 2021 consumption data. However, following stakeholder feedback, we adopted an alternative approach which took into account the exceptional nature of the national lockdowns on energy consumption. We are now undertaking the latest review of TDCVs using the latest available electricity and gas consumption data.
- 2.7 The default tariff cap was introduced on 1 January 2019, with the assumed level of customer demand referred to as 'benchmark consumption', set using the prevailing TDCVs at that time. In our [November 2025 decision](#), we confirmed changes to benchmark consumption to realign it with the latest TDCVs (2023). We considered that this change was in the overall interests of default customers, striking the right balance between price protection and enabling recovery of efficient costs based on accurate and up-to-date assumptions.

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2.8 As part of that decision, we also committed to align benchmark consumption with any future updates to TDCVs, ensuring that assumptions used within the cap continue to reflect the latest development of TDCV over time.

## **Methodology**

2.9 Following the established methodology, we have derived updated typical low, medium and high TDCVs for gas and electricity. This has been carried out by calculating the lower, median and upper quartile of household consumption using the two most recent years of available meter-level data, and then taking the average across these years. This approach is consistent with the methodology used prior to the 2023 review.

2.10 The electricity and gas consumption data used in this review is derived from the Department for Energy Security and Net Zero's (DESNZ) Subnational Electricity and Gas Consumption Statistics from suppliers and their appointed data aggregators. The datasets include Electricity Profile Class 1, Profile Class 2 (Economy 7) and domestic gas consumption.

2.11 Although DESNZ publishes these data aggregated to postcode level (eg Lower-layer Super Output Areas, Middle-layer Super Output Areas), the underlying dataset is meter-level, enabling calculation of medians and quartiles for the TDCV methodology.

2.12 For electricity, as part of preparing the dataset for this review, DESNZ excluded electricity meters recording less than 100 kWh per year, which are typically vacant or erroneous records. In addition, a small number of Profile Class 1–2 electricity meters were reclassified as non-domestic where annual consumption exceeded 100,000 kWh, or where consumption was above 50,000 kWh and address information indicated a commercial premise.

2.13 Gas meters were classified as domestic where annual (weather-corrected) consumption was below 73,200 kWh, in line with DESNZ's domestic and non-domestic threshold. Meters consuming less than 100 kWh were also removed from the domestic gas dataset to exclude likely vacant or anomalous records.

2.14 Consumption data is gathered for electricity and gas as below:

- Electricity (Profile Class 1 and Profile Class 2): Electricity consumption data for TDCVs is sourced from DESNZ and is based on settlement data provided by electricity data aggregators. It reflects metered consumption (not weather-corrected) for standard single-rate and Economy 7 meters across Great Britain, observing the two most recent years of available data for the review.

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- Gas: Gas consumption data is sourced from DESNZ and originates from Xoserve. The methodology observes the two most recent complete years of meter-level gas consumption. Importantly, the gas data is weather-corrected at source before Ofgem receives it.
- 2.15 In line with the original methodology, we have not excluded any specific years of consumption data. While an adjustment was previously applied to remove much of the atypical household energy use during the COVID-19 pandemic period, we do not propose to apply such exclusions under this review.
- 2.16 We also considered whether the wholesale price crisis warranted a similar exclusion. However, we do not consider such an adjustment appropriate. Unlike the 2020 COVID-19 year, where lockdowns created an extreme and temporary shift from normal household consumption patterns, the impact of the wholesale price crisis occurred primarily in 2022 and some of the effect was partly muted by extensive government support mechanisms in place at the time (eg Energy Price Guarantee).
- 2.17 Importantly, our calculation uses the most recent two years of consumption data (2023 and 2024) available, which sit after the peak of the wholesale price crisis and therefore already reflect post-crisis consumption behaviour without requiring adjustments. We discuss later in this document the potential ongoing impact of the crisis on consumer behaviour in the data we use.
- 2.18 We have also assessed whether the updated TDCVs differ materially from existing values. For the purposes of this review, a change is considered material where the updated value differs by at least 100 kWh for electricity or 500 kWh for gas (when rounded). Where the observed differences fall below these thresholds, we do not propose adjustments to the published TDCVs.
- 2.19 The TDCVs for profile class 2 electricity customers show the median consumption across all customers with restricted meters. However, usage pattern among these customers may vary widely.
- 2.20 In 2024, Xoserve carried out its latest Seasonal Normal Composite Weather Variables (SNCWV) review. This review is a formal reassessment of the baseline normal weather values used across the GB gas industry. It re-calculates the SNCWV to reflect the latest long-term weather trends, including effects of climate change.
- 2.21 We have applied the latest view of seasonal normal to allow for the most up to date view of weather correction for the gas dataset. Weather correction does not apply to the electricity data. To do this we have applied an adjustment to the 2023 and 2024 gas TDCVs. The adjustment figure used was based on a ratio taken from the Xoserve website for the End User Category '01BND', averaged across all

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regions (ratios can be found in [Xoserve's seasonal normal review 2025](#) update, table 'EUC Rations: EUC Bands 1 and 2'). More discussion on this can be found below.

## Our proposal

2.22 The below table sets out the proposed revised TDCVs following the established methodology whereby we use the latest available two years' data and take an average to derive the typical low, medium and high TDCVs for gas and electricity. The values for gas include an adjustment for the new seasonal normal.

**Table 1: Breakdown of proposed change to TDCV**

### Electricity — Profile Class 1 (Standard single-rate meters, kWh per year)

Usage Level	2023 TDCV	2026 TDCV	Change
Low	1,800	1,600	-200
Medium	2,700	2,500	-200
High	4,100	3,800	-300

### Electricity — Profile Class 2 (Multi-rate meters, kWh per year)

Usage Level	2023 TDCV	2026 TDCV	Change
Low	2,200	1,900	-300
Medium	3,900	3,400	-500
High	6,700	6,100	-600

### Gas (kWh per year)

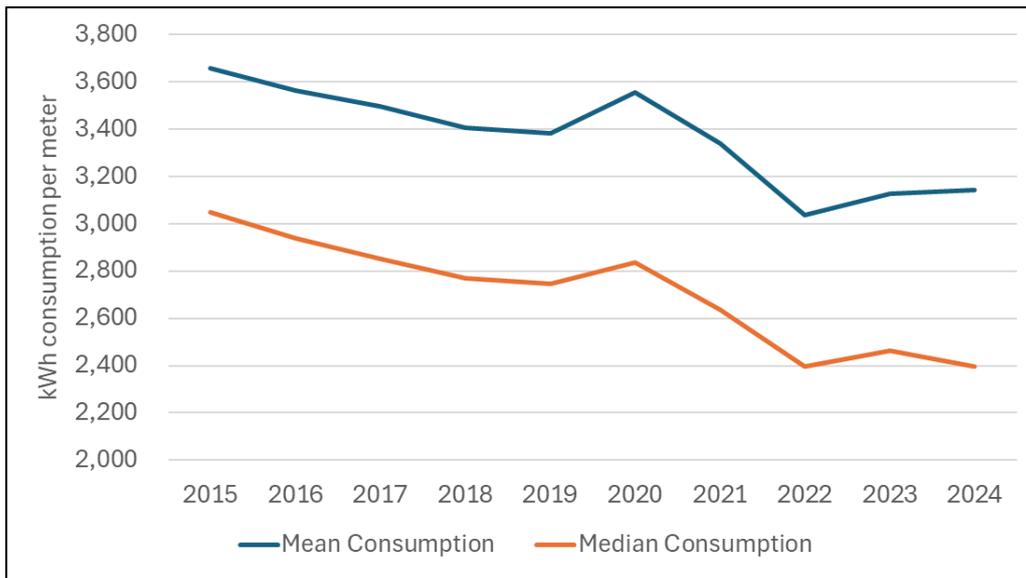
Usage Level	2023 TDCV	2026 TDCV	Change
Low	7,500	6,000	-1,500
Medium	11,500	9,500	-2,000
High	17,000	14,000	-3,000

## Latest data observations

2.23 Across both fuels, consumption reached a low in 2022, coinciding with the unprecedented spike in the wholesale energy prices due to the wholesale price crisis and wider cost of living pressures. Both mean and median consumption levels in 2024 remain significantly lower than those observed in the years before the energy crisis. It is important to note that the mean figures presented here may still include some non-domestic related demand so may be over-stated. The point is therefore that they illustrate the same broad trend rather than the absolute level.

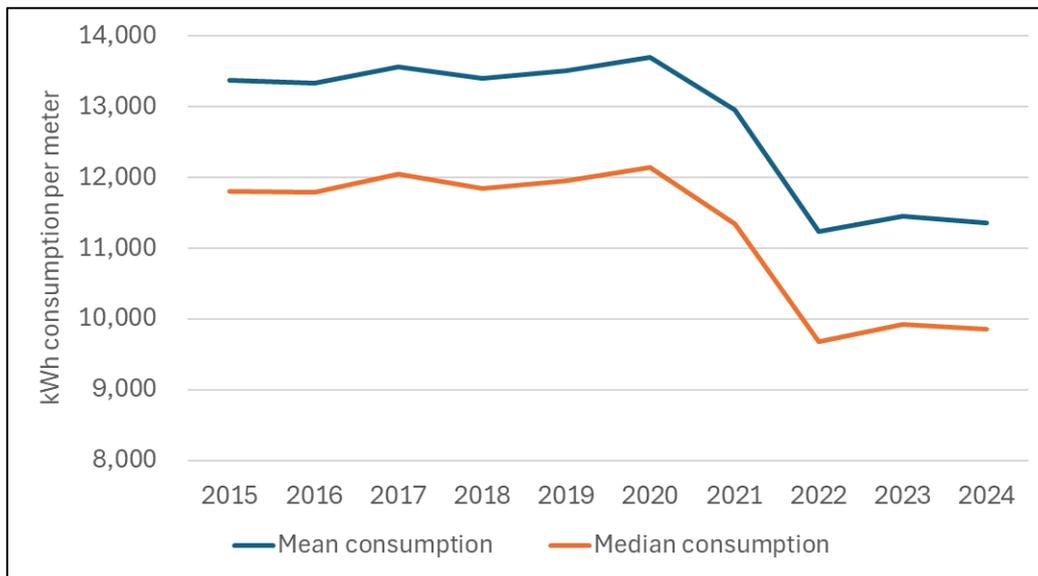
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**Figure 1: Average electricity single rate consumption over time**



Accessible format: This chart indicates the average consumption in kWh of a single-rate electricity customer from 2015 to 2024. The mean and median averages are shown, which both indicate a steady decline in consumption over time, with a low occurring in 2022 and subsequent muted rebound across 2023 and 2024.

**Figure 2: Average gas consumption over time**



Accessible format: This chart indicates the average consumption in kWh of a gas customer from 2015 to 2024. This data has been weather corrected (old seasonal normal). The mean and median averages are shown, which both indicate a steady decline in consumption over time, with a low occurring in 2022 and muted rebound across 2023 and 2024.

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- 2.24 Domestic electricity and gas consumption shows four distinct phases over the last decade. During the pre-COVID period (2014 to 2019), consumption declined steadily, with single rate electricity medians falling by around 10% and multi rate by 4%, while gas remained broadly flat. This reflects the long-term efficiency improvements highlighted in DESNZ and NEED publications ([Energy Consumption in the UK \(ECUK\) 2025](#) and [National energy efficiency data-framework \(NEED\) 2025](#)).
- 2.25 In 2020, consumption increased temporarily, up by about 3% and 4% for electricity single rate and multi rate medians respectively, and up 2% for gas due to increased time spent at home during COVID-19 lockdowns. This was followed by a correction in 2021, when electricity and gas medians fell by between 6% and 9% as households returned to more typical routines.
- 2.26 The sharpest declines occurred between 2021 and 2022, coinciding with wholesale price increases. Consumption fell by 9% for single rate electricity, 9% for multi rate electricity, and nearly 15% for gas medians, making it the largest single year reductions in the dataset.
- 2.27 A modest rebound followed across 2023 and 2024 for gas, up around 2%. For electricity, consumption remained roughly flat. However, median consumption still remains well below pre crisis levels across all fuels.
- 2.28 The gas consumption data in Figure 2 has been weather corrected to adjust for year on year variations due to short term fluctuations in weather conditions. However, this data does not reflect the latest view of seasonal normal from the SNCWV review. This means that these historic consumption figures are likely to overstate true seasonal normal consumption. This is discussed further below.
- 2.29 The mean average figure is likely influenced by a small number of high use properties, for this reason we consider using the median will better reflect the consumption of a typical household. Median values have consistently fallen faster than mean values over the last decade.
- 2.30 This widening gap could indicate that the typical (median) household has reduced consumption more sharply than the average household. This would be consistent with DESNZ evidence of efficiency improvements and behavioural change, likely influenced by cost of living, higher prices and greater salience of energy. However, this could also be explained by upward pressure on the mean, due to increased prevalence of Electric Vehicle (EV) charging, for example.

## 3. Considerations

### Consumption drivers

- 3.1 As indicated above, there has been a broad trend of reducing consumption in recent years. The data shows a clear long-term downward trend in the domestic energy use across electricity (Profile Class 1 and 2) and gas over the past decade. This is the continuation of a trend that in total since 2005 has seen total domestic electricity consumption fall by about 18% and gas by about 32% ([Subnational electricity and gas consumption summary report 2024](#)).
- 3.2 Over the long term, energy efficiency measures may have contributed to this reducing trend in consumption. [DESNZ's National Energy Efficiency Data-Framework \(NEED\) 2025](#) shows that more energy efficient properties, with improved insulation, modern boiler installations and higher EPC ratings, consume significantly less electricity and gas than less efficient homes. DESNZ have also noted the longer term trend of reduction in domestic energy intensity, which can be attributed to improved insulation and more efficient boilers, lighting and consumer appliances ([energy consumption in the UK \(ECUK\) 2025](#)).
- 3.3 Warmer seasonal temperatures have likely been a driver of reduced consumption over time. For example, in their SNCWV review carried out in 2024, Xoserve observed the majority of the local distribution zones are seeing a significant warming in the seasonal normal basis, particularly in spring. Although the DESNZ gas dataset is weather corrected on a year-to-year basis to adjust for weather events, this shift in seasonal normal basis indicates a broader decrease in demand due to the impacts of a changing climate.
- 3.4 Changes in how consumers use energy may also be impacting the levels of consumption observed in the data. For example, for on-site electricity generation such as solar panels, some of this electricity is fed back into the grid and some is used on site. As the data we observe is based on meter readings, electricity consumed directly from 'behind the meter' on-site generation will not be captured.
- 3.5 In more recent years however, the significant decrease in consumption across 2021 and 2022 was likely driven by the wholesale price crisis and wider cost of living issues. We have seen a limited rebound in consumption across 2023 and 2024, since the lows experienced in 2022, with consumption across both fuels continuing to remain at significantly lower levels compared to pre-crisis.
- 3.6 This recent reduction is unlikely to be driven by improvements in energy efficiency. Changes in the efficiency of the housing stock tend to occur gradually over long periods, meaning any such improvements would have only a limited

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effect over a span of a few years. They are therefore more likely to influence long-term consumption trends rather than the recent, sharper reductions we observe.

- 3.7 While factors such as energy efficiency improvements and climatic trends may continue to influence the longer term reduction in consumption, the scale and persistence of the recent decline in consumption is most consistent with a change in consumption behaviour.
- 3.8 Throughout the wholesale price crisis, consumers significantly reduced demand in response to affordability pressures, due to both high energy bills and wider cost of living pressures. This behaviour change may have continued even as prices have stabilised. This could be either temporary in nature or a more structural change.
- 3.9 The latest wave of the [Consumer Impacts of Market Conditions Survey](#) was conducted in early 2025. It highlights that many households continue to experience affordability issues, suggesting financial strain remains a persistent feature. It reports that 80% of consumers surveyed have taken some kind of action to reduce the cost of their energy bills. Across Spring 2025, the DESNZ [Public Attitudes Tracker](#) also indicated similar levels for those who gave a lot or a fair amount of thought to energy saving behaviours.
- 3.10 While they both observed a decrease in these metrics since the height of the cost of living crisis, these indicators point to continued caution in energy use, with consumers maintaining reduced consumption levels. This may suggest a sustained change in consumption behaviour for many households, moving beyond an acute response to a high price shock.
- 3.11 When setting the TDCV our approach aims to recognise the persistence of recent trends while considering that consumption patterns may change as household financial circumstances change to the extent that prices stabilise over time. For this reason, we recognise there is the potential of a rebound in consumption as prices stabilise. This could risk setting a forward looking TDCV that under-represents typical future demand.
- 3.12 The wider cost of living crisis contributed to a significant increase in the number of customers unable to pay their energy bills. These outstanding balances remain a source of ongoing financial pressure, where even as prices stabilise, consumers facing higher monthly charges linked to debt recovery may feel compelled to maintain reduced usage. The enduring impact of debt accumulated during the crisis, could persist until households regain greater financial stability.
- 3.13 Although a rebound remains possible, the latest evidence suggests it is unlikely in the near term. Early data for 2025 does not indicate any meaningful increase in

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household energy use. For example, the latest domestic average Annual Quantity (AQ) data (Figure 1 of [Demand Estimation Sub-committee update](#)) suggests non-PPM domestic consumption has remained broadly flat relative to 2024 and still significantly below pre-crisis levels. Additionally, this AQ data indicates the impact of the introduction of the updated SNCWV from October 2025. This will place further downward pressure on gas consumption as the revised assumption for seasonal normal reflects the longer term warming trend.

- 3.14 Based on these factors and given that the next TDCV review will rely on consumption data from only 2025 and 2026, any rebound in demand would be unlikely to materialise clearly enough within this limited window to risk the current proposed TDCVs being set materially too low.
- 3.15 Recent geopolitical events have introduced renewed uncertainty into wholesale energy markets, potentially reinforcing more cautious consumption behaviour. Viewed alongside the introduction of the SNCWV in 2025, this could suggest, the likelihood of a significant rebound in demand in the next 12 months is low.
- 3.16 While we currently consider the latest DESNZ dataset to be an appropriate source to assess ongoing consumption trends for the purposes of setting the TDCV, we are keen to hear from stakeholders about alternative sources of data that we could use to help inform future reviews of consumption. For example, we would welcome views on whether AQ data could provide either an alternative or complementary perspective on domestic gas demand trends.

## **Implications for communicating the amount of a ‘typical’ bill**

- 3.17 Across numerous reports and publications, including our retail indicators, we frequently communicate energy prices for a ‘typical’ dual fuel consumer, reflecting the price they would pay at TDCV. We recognise that updating TDCV values in line with our proposals will result in a reduction in communicated typical annual bill amounts. This is caused by a change in our assessment of how much customers are using, not a reduction in the price of energy.
- 3.18 Based on our proposed new TDCVs, we estimate the April 2026 to June 2026 price cap would have been £1,489 for a medium usage customer on a dual fuel standard variable tariff paying by direct debit. This is compared to the current April 2026 to June 2026 price cap set at £1,641 using the current TDCV. As stated above, this reflects the latest assumption around typical annual energy usage, rather than a reduction in the price of energy. For further insight into the impact on consumer bills, please see the implications for price cap section below.
- 3.19 The tables below set out a more detailed comparison of current typical bills across both fuels and different payment methods using current TDCVs and our

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proposed revised TDCVs. It's important to note again that revised headline bill levels in these tables do not represent a reduction in the price of energy, but rather indicate the presentational change to the annual headline level of the cap that we use to communicate the typical annual bill. The below table is based on the April 2026 to June 2026 cap levels.

**Table 2: Impact on annual headline cap levels**

Payment Method	<i>kWh</i>	Current typical gas bills	Typical gas bills using proposed TDCVs
Direct Debit	Low	£537	£455
	Medium	£766	£659
	High	£1,082	£920
Standard Credit	Low	£587	£501
	Medium	£829	£715
	High	£1,162	£991
Prepayment	Low	£521	£443
	Medium	£742	£639
	High	£1,047	£892

Payment Method	<i>kWh</i>	Current typical electricity PC1 bills	Typical electricity PC1 bills using proposed TDCVs
Direct Debit	Low	£653	£607
	Medium	£875	£831
	High	£1,220	£1,154
Standard Credit	Low	£709	£660
	Medium	£943	£896
	High	£1,308	£1,237
Prepayment	Low	£640	£595
	Medium	£855	£812
	High	£1,190	£1,126

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Payment Method	kWh	Current typical electricity PC2 bills	Typical electricity PC2 bills using proposed TDCVs
Direct Debit	Low	£716	£651
	Medium	£1,108	£1,001
	High	£1,754	£1,631
Standard Credit	Low	£775	£707
	Medium	£1,189	£1,076
	High	£1,871	£1,741
Prepayment	Low	£700	£638
	Medium	£1081	£977
	High	£1707	£1588

### Implications for benchmark consumption in the price cap

- 3.20 In November 2025, we published our decision to update the benchmark consumption in the price cap, from 1 January 2025, with the latest TDCV values. As part of the November 2025 publication, we also set out our decision to align benchmark consumption to future changes to TDCVs. This means that, from 1 January 2026, if any future TDCV review results in a change to the TDCVs, we will update the benchmark consumption values used in the calculation of the price cap, reflecting the intent expressed in our November 2025 decision document. In practice this means we will update the benchmark consumption values in the relevant price cap models with the latest TDCV, at the next available price cap period.
- 3.21 In line with the November 2025 decision, the proposed changes to TDCV set out in this consultation would result in a consequential change to the benchmark consumption values used in the price cap calculations. This means the new TDCV values set out in table 1 above, would be used as the latest benchmark consumption values in the relevant price cap models.
- 3.22 Update of the benchmark consumption values will allow the price cap to continue reflecting recent trends in falling consumption. As set out in the November 2025 decision, certain fixed costs are recovered volumetrically through bills. Falling consumption risks an under-recovery of these costs. Updating benchmark consumption increases the unit rate of energy to hold constant the recovery of the fixed costs that are recovered volumetrically. Further details can be found in the [November 2025 decision](#).
- 3.23 Updating the benchmark consumption values with the proposed new TDCV values set out in Table 1, would apply an increase of 0.19p/kWh and 0.07p/kWh to the unit rate for the typical electricity and gas consumer respectively. This

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increase allows us to keep constant the recovery of fixed costs that are recovered through the unit rate.

**Table 3: Impact on unit rate (based on April – June 2026 cap levels, ex VAT)**

Payment Method	Gas - Current TDCV unit rate (p/kWh)	Gas - Proposed TDCV unit rate (p/kWh)	Difference (p/kWh)
Direct Debit	5.47	5.54	0.07
Standard Credit	5.76	5.83	0.07
Prepayment	5.27	5.34	0.08

Payment Method	Electricity PC1 - current TDCV unit rate (p/kWh)	Electricity PC1 - proposed TDCV unit rate (p/kWh)	Difference (p/kWh)
Direct Debit	23.50	23.69	0.19
Standard Credit	24.81	25.00	0.19
Prepayment	22.79	22.98	0.19

Payment Method	Electricity PC2 - Current TDCV unit rate (p/kWh)	Electricity PC2- Proposed TDCV unit rate (p/kWh)	Difference (p/kWh)
Direct Debit	21.98	22.22	0.24
Standard Credit	23.19	23.44	0.25
Prepayment	21.31	21.55	0.24

3.24 The impact will be broadly equal across payment methods and regions. This includes the adjustment for the new seasonal normal – please see discussion below for more detail on this. It is worth noting the Earnings Before Interest and Tax (EBIT) component is also made up of both an indexed element and fixed element, with the latter being recovered through the unit rate.

3.25 We emphasise that the aim of this proposed change is to maintain recovery of fixed costs which are recovered volumetrically, given the impact of reduced consumption. The aim is not to increase the total amount that a default tariff customer pays towards fixed costs which are recovered volumetrically, relative to the situation before consumption fell.

3.26 Again, the aim of this proposed change is to maintain recovery of the return on the capital suppliers require to run their businesses. This does not represent an

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increase in the absolute level of profits that we allow for in the cap, relative to the situation before consumption fell.

## **Weather correction and seasonal normal review**

- 3.27 Weather correction is applied to the DESNZ gas consumption dataset to remove the effect of short term temperature variation and enable clearer comparisons over time. Since most domestic gas use relates to heating, consumption is highly sensitive to weather. The weather correction is carried out using an industry agreed process, where Xoserve provide AQs for specific user profiles. The AQ calculation process adjusts for both the seasonal bias and for the difference between seasonal normal conditions. The correction process converts the usage recorded between meter readings into an estimate of what would have been used in a typical year with seasonal normal temperatures.
- 3.28 As set out above, Xoserve have carried out the SNCWV review. This review concluded that the majority of Local Distribution Zones (LDZs) have seen a comparative warming in the seasonal normal basis. This warming results in a reduction in Annual Quantities, particularly for domestic users who tend to be more weather sensitive. The new AQs now represent a seasonal normal demand that is almost 5% lower than previously for domestic users. The new SNCWV will be in effect from October 2025 to September 2030.
- 3.29 The DESNZ gas consumption dataset is backward looking and has therefore been weather corrected using the previous seasonal normal parameters. This means that historical DESNZ weather corrected gas demand figures are likely to overstate true seasonal normal consumption, not reflecting the latest assessment. With the seasonal normal adjustment applied, the TDCV for gas after rounding, would be 9,500kWh, or 500kWh less than if the adjustment was not applied.
- 3.30 We recognise that the updated SNCWV parameters should better reflect current expectations of seasonal normal temperatures on a forward looking basis. Observing recent reported consumption data in line with our existing methodology is a valuable proxy for estimating future consumption. However, it is appropriate to also take into consideration the industry-wide view of the impacts of changing climatic conditions when setting a view of typical consumption that is used on a forward-looking basis.
- 3.31 We should also take into consideration how TDCV will be used. They are used by industry and consumers as an estimate for consumption, when specific consumption levels are not known. Meaning the use of a TDCV that reflects an old benchmark for seasonal normal could allow for less accurate assessment of customer consumption when switching tariffs.

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- 3.32 However, there is uncertainty about future trends in consumption. Making a downward adjustment to account for the new SNCWV risks us setting a TDCV that is too low, in a scenario where a rebound in consumption over time occurs. Energy prices have undergone exceptional fluctuations in recent years, creating uncertainty about how consumer demand patterns will evolve.
- 3.33 The uncertainty of future wholesale prices creates a risk when using historical consumption data to set a forward-looking estimate. Although the signs of a rebound are so far muted, this could continue to gather pace due to falling energy bills. The symmetrical nature of this risk means we could equally set an estimate that is too high if future consumption reduces due to higher wholesale prices. Early indication of consumption data across 2025 does not appear to be showing a further rebound in consumption relative to the levels observed across 2024.
- 3.34 As set out in the price cap considerations section, the impact of updating the benchmark consumption in the price cap means an increase to the unit rate in order to hold constant the cost recovery of the fixed elements that are recovered on a volumetric basis. Applying an adjustment for the new seasonal normal would increase the unit rate. As discussed in the section above, this allows us to keep constant the recovery of fixed costs that are recovered through the unit rate. Not making this adjustment would equate to an under-recovery of about £1.70 customer/year.
- 3.35 We are minded to make this adjustment to the 2023 and 2024 data. We consider it appropriate to ensure a forward-looking TDCV reflects the latest seasonal normal weather basis. However, we are keen to receive feedback on this from stakeholders as an area we are actively seeking views on to inform our final decision.

## **E7 consumption split**

- 3.36 In previous TDCV reviews, including the 2023 assessment, we examined whether we should update the Economy 7 (E7) peak/off-peak consumption split. An analysis of the latest Elexon settlement data carried out in the 2023 review indicated a shift towards increased daytime usage.
- 3.37 In the [2023 Call for Input](#), we proposed a revised split. However, following consultation and stakeholder feedback, we decided not to implement a change. Stakeholders expressed concern regarding limitations in the methodology and data source.
- 3.38 In particular, stakeholders noted that the inclusion of households with various heating arrangements could be increasing the weighting towards peak demand, and that by representing the consumption split as a simple average across multi-

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rate meter types, leads to an underestimation of off-peak usage. Feedback suggested this would not appropriately reflect E7 customer usage patterns.

- 3.39 While we recognise that there may be a case for revisiting the E7 peak and off-peak consumption split, we do not consider it appropriate to make a standalone change as part of this TDCV review. We consider that any change to the assumed E7 split should be viewed as part of a more holistic assessment of how time-of-use consumption patterns are evolving. For example, the introduction of Market-wide Half-Hourly Settlement (MHHS) is expected to affect how suppliers incur and recover costs associated with consumption at different times of day ([Energy price cap changes to wholesale allowance](#)).
- 3.40 Given the feedback received in the previous review, and our 2023 decision not to amend the E7 peak and off-peak split due to limitations in the underlying methodology, we do not consider it appropriate to make a change at this stage. The basis that informed our 2023 decision remains unchanged. In light of this, and recognising that this TDCV review is not the appropriate forum for a broader reassessment of multi-rate consumption patterns, we note this remains an area that may warrant future consideration.
- 3.41 It is worth noting that the E7 consumption split is not used for calculating the annual benchmark levels in the price cap. It is used as a tool to assess E7 default tariff compliance with the price cap. Suppliers are required to submit their Assumed Consumption Splits (ACS) for any non-E7 multi-rate tariffs they have on the market.
- 3.42 We are keen to receive feedback from stakeholders more generally on the appropriateness of the E7 consumption split. We recognise that actual day and night-time consumption patterns for E7 customers will vary across suppliers reflecting difference in their customer bases, and may not align with a single notional split. Given the ability of suppliers to already submit ACS, we are keen to receive feedback on the merits of maintaining a defined E7 consumption split.

## **Implementation**

- 3.43 Subject to the outcome of this consultation, we would plan for a coordinated approach to the implementation of the new TDCV values. Given current timings, it's likely the earliest the TDCVs would come into effect would be July 2026.
- 3.44 As set out in our November 2025 decision, the benchmark consumption in the price cap will be updated with the latest TDCV figures, subject to the outcome of this consultation process. Consistent with the approach we adopted when implementing the recent benchmark consumption, we propose to incorporate the revised TDCV values into the relevant price cap annex models. This would be done

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by adding a revised typical consumption values table in the demand tabs for each model, and amending the associated formulas in all relevant tabs so that the new values apply to all future cap periods covered by the models.

- 3.45 These modelling changes would be applied on a forward-looking basis only. Historical inputs and calculations will not be restated: the models will continue to reflect the benchmark and TDCV assumptions that were in effect historically. This approach maintains consistency of published cap outputs over time and avoids retrospective recalculation of the historic cap levels in the modelling.

## **Next steps**

- 3.46 If you would like to provide feedback to this consultation, then please respond to [priceprotectionpolicy@ofgem.gov.uk](mailto:priceprotectionpolicy@ofgem.gov.uk) by 20 April 2026. We are keen to receive feedback on any area of this consultation, including the following:

- proposed TDCV figures and associated methodology;
- trend in consumption over time, along with any suggestions for alternative data or evidence that may bring insight for future reviews;
- weather correction and seasonal normal adjustment we are proposing to apply to the TDCV for gas; and
- E7 consumption split and the merits of maintaining a defined consumption split.