

## **Citizens Advice consultation response to Ofgem's review of typical domestic consumption values**

Citizens Advice are pleased to respond to this consultation on Ofgem's proposal to update the gas and electricity Typical Domestic Consumption Values (TDCVs). We continue to support updating TDCVs every two years. We understand the need for TDCVs to reflect consumption patterns, both for communicating price cap changes and for determining benchmark consumption.

The data shows that median consumption remains well below pre-2021 energy crisis levels. This is not surprising since energy bills are around 44% higher than in January 2021, despite Government intervention.<sup>1</sup> Our latest affordability survey showed that 21% of respondents, equivalent to 5.7 million households, are unable to heat their homes to a comfortable temperature.<sup>2</sup> Further, our survey found that 39% of families with young children and 37% of disabled households reported turning the heating off even when it was cold.<sup>3</sup> This suggests that falling TDCVs in the last three years are a real economic response to higher electricity and gas prices, rather than efficiency improvements. The current energy crisis caused by the war in Iran has the potential to exacerbate households' self-rationing.

We broadly support the use of median TDCV for communicating default price cap updates, as this likely best reflects the consumption patterns of a typical (non-EV, non-heat pump) household. However, since falling median TDCV by default will lower the illustrative medium usage consumer bill, Ofgem must pay careful attention to how future price cap announcements are communicated. There is a risk that changes to the headline price cap that reflect both changes in wholesale prices and changes in TDCVs, which often have opposing price impacts, will be confusing for consumers to interpret.

Ofgem will need to communicate to consumers where a fall or dampening of the headline price cap is due to falling consumption, not falling energy prices, and how each driver contributes to the net impact. This is particularly important

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<sup>1</sup> Citizens Advice, [Getting Warmer? Why recent progress on energy bills falls short for high-need Households](#), February 2026.

<sup>2</sup> Citizens Advice, [Getting Warmer? Why recent progress on energy bills falls short for high-need Households](#), February 2026.

<sup>3</sup> Citizens Advice, [Getting Warmer? Why recent progress on energy bills falls short for high-need Households](#), February 2026.

when there are large changes in the TDCVs. We would be happy to work with Ofgem on how best to communicate this effectively to consumers. For instance, Ofgem could consider a transitional period where the price cap is communicated with both the current TDCVs as well as the updated TDCVs. In light of expected electrification of demand, Ofgem should also consider whether it would be helpful to segment EV and heat pump TDCVs when communicating the price cap.

The TDCV data published in Ofgem's consultation demonstrates that single-rate electricity median consumption has been falling faster than mean consumption over the last decade. The increasing gap between median and mean may be driven both by self-rationing of typical households sitting around the median due to high energy prices, and EV and heat pump households driving up the mean. This trend is likely to apply both to single-rate consumption which captures EV users on standard tariffs or any specialised plans classified as single-rate, and multi-rate consumption, where the gap between low-usage storage heater homes and high-usage EV homes may be more pronounced. We recommend that Ofgem explores further data on median and mean trends for multi-rate electricity consumption.

With EV and heat pump electricity use expected to significantly increase, the gap between median and mean TDCVs is likely to widen further. Whilst we acknowledge Ofgem's benchmark consumption review decision was published in November 2025, that decision did not account for the widening gap between median and mean consumption data that has been published in this consultation. In light of this, Ofgem should consider whether use of median TDCVs is still appropriate.

Whilst median TDCVs may be a better metric for *communicating* the price cap for a typical household, they are not an appropriate metric of average market volume over which to distribute fixed costs. The median artificially masks true higher mean consumption. As suppliers recover fixed costs and profit from true consumption levels, whilst charging a unit rate calibrated for a lower median, they will over-recover from consumers. This undermines the principle of cost-reflectivity, as the unit rates paid by consumers do not accurately reflect the actual volume-based cost of supply.

Further, the use of median benchmark consumption exacerbates the paradoxical cycle inherent with spreading fixed costs across consumption benchmarks. Consumers who reduce consumption to save money may lower the median, inadvertently triggering compensatory unit rate increases and resulting in them paying the same for less energy. Since the median is likely to be more sensitive to any rationing behaviour from lower and middle usage households compared to the mean, the use of median consumption exacerbates the cycle.

In light of the updated data published in this consultation on the widening gap between mean and median consumption and the likelihood that this will be exacerbated with increases in EV and heat pump uptake, we recommend that Ofgem commits to re-reviewing benchmark consumption methodology. As Ofgem is already considering how to benchmark demand profiles for setting wholesale allowances under Market-wide Half-hourly Settlement (MHHS)<sup>4</sup>, and profile classes are being replaced by actual demand data and the Load Shaping Service (LSS), we recommend Ofgem integrate a benchmark consumption methodology review into its ongoing MHHS workstream. Further, Ofgem should provide clarity on how TDCVs will operate in the context of MHHS.

There is a further potential issue with single-rate (PC1) and multi-rate (PC2) electricity benchmark consumption being used to independently allocate fixed costs within each class. Under current profile classes, as EV and heat pump adoption increases and more users migrate from single-rates to multi-rates, single-rate TDCVs are likely to fall faster than the market average. This could result in an unfair allocation of fixed costs between single-rate and multi-rate households. As the energy sector moves away from profile classes toward actual demand data and the LSS, Ofgem must ensure a fair and equitable allocation of fixed costs across evolving customer segments, for instance, flat-rate and ToU-rate households. Ofgem should consider this issue as part of the proposed benchmark consumption review.

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<sup>4</sup> Ofgem, [Energy price cap: technical approach to Market Wide Half-Hourly Settlement](#), March 2026.

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