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E.ON response to Ofgem's consultation on the Review of Typical Domestic Consumption Values

Dear Price Protection team,

Thank you for the opportunity to respond to Ofgem's consultation on the Review of Typical Domestic Consumption Values (TDCVs).

E.ON supports Ofgem's objective of ensuring that TDCVs and benchmark consumption values "continue to reflect the most up-to-date evidence on household energy use"¹. Getting these assumptions right matters not only for regulatory accuracy, but also for fairness, transparency, and confidence that the price cap is protecting customers in the way intended. However, we believe the proposed methodology, established in 2013² for a much more stable market, is now too backward-looking and does not make full use of the evidence available to Ofgem on post-2024 consumption, particularly for consumers on default tariffs. We therefore believe Ofgem should set TDCV/benchmark values at 2,400 kWh, 3,300 kWh, and 9,400 kWh for single-rate electricity, multi-rate electricity, and gas, respectively, implement revised values from July 2026, and commit to a deeper review in 2026 of how the methodology can better reflect default tariff customers and current market conditions.

TDCVs are used widely across the sector and increasingly inform public discussion of household energy costs and the support households need. It is therefore essential for Ofgem to set accurate TDCVs that reflect current circumstances. However, Ofgem's consistent use of a methodology based on data two to three years prior has meant DESNZ's outturn electricity and gas consumption has been c.280kWh (9%) and c.800kWh (7%) lower on average than Ofgem's TDCVs over the period between 2014 and 2024.

TDCVs and benchmark consumption values are now linked, but they serve different purposes. That makes it even more important that benchmark consumption used in the price cap is calibrated to the customers to whom the cap applies, i.e., the demand characteristics of default tariff customers. Where benchmark assumptions do not do so, the price cap will fail to accurately reflect the efficient costs of supplying default tariff customers, a core principle of the price cap. Where benchmark assumptions are no longer representative of the customers to whom the cap applies, the result is not only weaker cost reflectivity but also a less transparent and less durable framework for customers and suppliers alike.

¹ Consultation: Review of typical domestic consumption values, paragraph 1.1.

² [Decision: New typical domestic consumption values](#) (2013), used two-year averages of DESNZ subnational electricity consumption data. The 2010 decision used four years of data.

In 2026, the priority should be practical improvement:

- using the best available evidence,
- reducing and removing distortions, and
- ensuring any targeted support for vulnerable customers is delivered openly and fairly.

Using the best available evidence: We are concerned that the data sources used for this review do not fully reflect current circumstances, still less the periods to which a final decision would apply. The consultation relies primarily on the DESNZ data for 2023-24, while Ofgem itself refers elsewhere in the consultation to more recent evidence for 2025 showing continued weakness in demand. This trend is reinforced by the current higher energy prices, which may reflect a structural shift to increased prices driven by geopolitical factors rather than a temporary fluctuation. Taken together, these factors strengthen our view that the proposed approach remains too conservative, relying on a backward-looking two-year average and placing too much weight on the possibility of future rebound. It is striking that Ofgem references a presentation that makes statements about *further* reductions from October 2025 to January 2026, on top of reductions in 2025, when Ofgem has chosen to focus on data covering 2023 and 2024. In our view, the methodology should make fuller use of the most current evidence available to Ofgem, including more recent market and industry data, where that better reflects likely consumption in the periods for which the values will apply.

Reducing and removing distortions: E.ON encourages Ofgem to move positively towards payment-specific benchmark consumption values. Ofgem's 2025 benchmark decision recognised that consumption differs materially by payment method. Continuing to rely on a single benchmark will preserve hidden cross-subsidies and avoidable distortions, rather than delivering a framework that is transparent, fair, and well-targeted.

Ensuring any targeted support for vulnerable customers is delivered openly and fairly: Ofgem should not artificially hold down default tariff prices through implicit cross-subsidies (e.g., from FTC to SVT customers). The price cap must accurately reflect the efficient costs of supplying default tariff customers, who for us have a median consumption [~~X~~]% and [~~X~~]% lower than our FTC customers for single-rate electricity and gas, respectively. To address unaffordability, we support Ofgem working with government to introduce targeted support for households that are struggling to pay their bills.

Hence, we believe there is sufficient evidence of continued downward pressure on consumption since 2024 for **Ofgem to set TDCV and benchmark values at 2,400kWh, 3,300kWh, and 9,400kWh** for single-rate electricity, multi-rate electricity, and gas, respectively.

More broadly, E.ON encourages Ofgem to take a practical, delivery-focused approach to future benchmark reviews: implement revised values from July 2026, draw on the most current supplier and industry data available, and update benchmark assumptions more regularly so that they keep pace with real customer behaviour. That would improve confidence in the cap, support fairer cost allocation, and better align the framework with the realities households are facing today.

Our detailed comments on the consultation questions are set out below.

We hope these comments are helpful and would be pleased to discuss any aspect of this response further.

Kind regards,

James Doig

Proposed TDCV figures and associated methodology

We agree with Ofgem that the existing TDCVs should be updated, and that the direction of travel in the consultation is correct. We also support continued use of a median-based methodology rather than a mean-based approach, due to skew by high-consuming or misclassified properties.

Ofgem proposes to continue using the same basic methodology for determining TDCVs that was established in 2013³. The approach of using a two-year average from two to three years prior⁴ (e.g., 2013 TDCV based on 2010 and 2011 data) was more appropriate when the market was changing slowly. We consider that the proposed values remain too high for three reasons:

- **Strong evidence of continued downward pressure on consumption trends** beyond 2024.
- **Little meaningful evidence that household financial pressures are easing sufficiently** to support a meaningful rebound in demand, especially given the latest increase in wholesale prices and wider increased cost-of-living pressures.
- **Material consumption differentials between default tariff and fixed-term contract customers, and across payment methods**, which the current benchmark structure does not reflect.

We cover these three points in the headed subsections below.

At a more basic level, in previous reviews Ofgem described it had rounded figures to the nearest 100kWh⁵. For the current proposal, Ofgem does not explicitly confirm how it has rounded figures⁶. From our interpretation of the source data (see Table 1), the proposed approach appears to be to round two-year averages up to the nearest 100kWh even if the proposed figure is more than both years' values. We recognise that rounding the figures aid consumer understanding for the purposes of TDCVs (less important for benchmark consumption) but **for accuracy Ofgem should at least round to the nearest increment, in the case of the 2023-24 data that is 2,400 kWh and 3,300 kWh** for single- and multi-rate electricity.

Table 1: DESNZ electricity consumption data compared to Ofgem's proposed values

	2023	2024	Average (2023-24)	Ofgem proposal	Δ avg vs. Ofgem
Median domestic single-rate electricity consumption per household (kWh)	2,463	2,398	2,431	2,500	3%
Median domestic multi-rate electricity consumption per household (kWh)	3,295	3,344	3,319	3,400	2%

Source: DESNZ, Subnational electricity consumption statistics 2005 to 2024 (updated Dec 2025).

³ [Decision for new Typical Domestic Consumption Values \(2013\)](#) and [Decision for Typical Domestic Consumption Values \(2017\)](#) both use two-year averages. The 2010 review used 4 years.

⁴ Electricity consumption data covers years 31st Jan to 30th Jan for NHH meters; Gas consumption data years are mid-May to mid-May.

⁵ [Review of typical domestic consumption values](#) (2013)

⁶ Paragraph 2.18 talks only of the thresholds for materiality (when rounded). Paragraph 3.29 describes the proposed gas TDCV as rounded.

Evidence of continued downward consumption trends after 2023-24

The consultation shows that consumption fell sharply in 2022, followed only by a slight rebound in 2023. Ofgem also states that median consumption remains materially below “pre-crisis” levels and that early 2025 data does not indicate a meaningful increase in demand. In those circumstances, averaging across 2023 and 2024 appears to slow the adjustment unnecessarily and risks retaining benchmark values that are above current typical usage.

The lagged methodology used by Ofgem in determining benchmark consumption values and TDCVs has meant that single-rate electricity consumption has been **c.280 kWh (9%) lower than TDCV** on average between 2014-2024 and **c.520 kWh (17%) lower than benchmark value** on average since the introduction of the price cap, as illustrated in Figure 1. Similarly, gas consumption has been **c.800 kWh (7%) lower than TDCV** on average between 2014-2024 and **c.1,180 kWh (10%) lower than benchmark value**. These are material and systemic differences.

Figure 1: Comparison of price cap single-rate electricity benchmark consumption and TDCV vs. DESNZ actuals (2015-26)

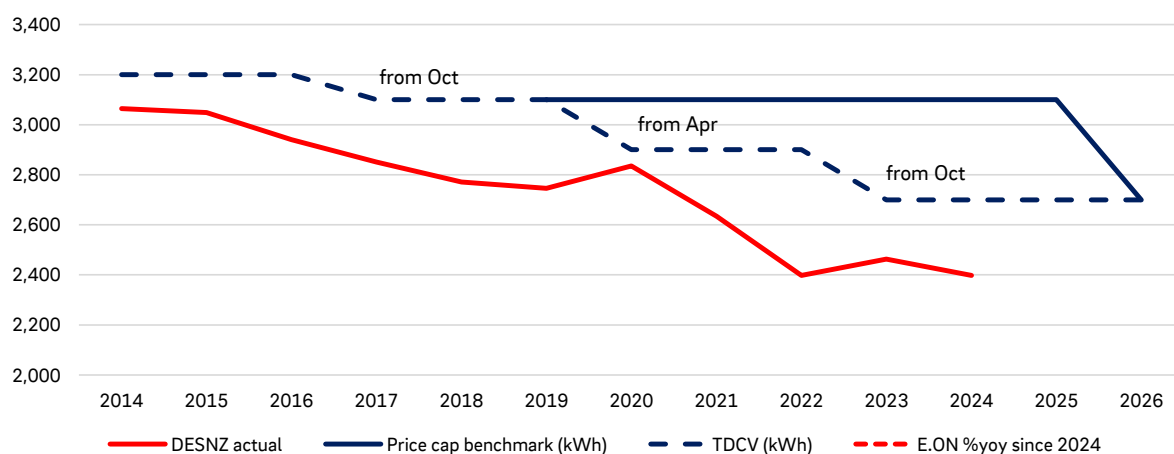
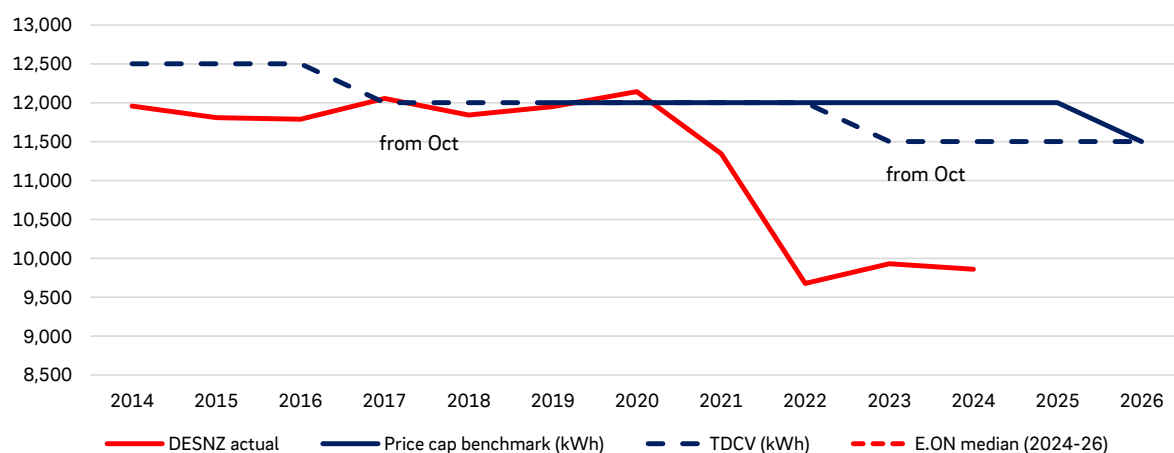


Figure 2: Comparison of price cap gas benchmark consumption and TDCV vs. DESNZ actuals (2015-26)



Evidence presented by Ofgem in the consultation shows that the proposed values overstate current household energy use. The Xoserve presentation slide referenced in the call for input⁷ shows that gas demand has continued to fall in late 2025/26, specifically stating “since [October 2025] we have seen

⁷ Consultation, para 3.13 links to an Xoserve presentation (dated 3 March 2026) with data to February 2026.

a further reduction of c 0.8% based on the meter readings received during October to January". By anchoring the proposed values on 2023-2024 data, Ofgem is overlooking the more recent evidence.

Ofgem collects data from suppliers that should allow it to provide a view of 2025 and 2026 consumption (discussed further below). Our own data on median customer consumption shows electricity single-rate and gas consumption in 2026 is expected to be [X]% and [X]% lower than the **2023-2024 averages**, consistent with the trend we observed in 2025 (see Table 2).

Table 2: E.ON domestic customer electricity and gas consumption statistics

	2023	2024	2025	2026 EAC/AQ	Δ% 2026 vs. avg 23-24
Median domestic single-rate electricity consumption per household (kWh, weather-corrected)	[X]	[X]	[X]	[X]	[X]
Median domestic multi-rate electricity consumption per household (kWh weather-corrected)	[X]	[X]	[X]	[X]	[X]
Median domestic gas consumption per household (kWh, weather-corrected)	[X]	[X]	[X]	[X]	[X]

E.ON's multi-rate customer portfolio is not intended to be representative of the national TDCV distribution; these figures are included to evidence the direction of travel in recent consumption rather than to suggest an alternative national benchmark level.

Low likelihood of household financial pressures easing due to the latest wholesale price shock and wider inflationary pressures

Ofgem's analysis places significant emphasis on the possibility that consumption may rebound as prices stabilise⁸. We consider that this risk is overstated on the evidence currently available. The consultation itself notes that affordability pressures remain significant, that a high proportion of consumers continue to take action to reduce their energy bills, and that debt accumulated during the energy crisis may continue to suppress demand. Ofgem refers to consumer research from January/February 2025. More up to date consumer research⁹ shows that many millions of households were struggling to pay their bills even before the latest energy crisis.

Wholesale gas and electricity prices have increased significantly since the end of February due to the conflict in the Middle East¹⁰. Despite some recent falls in wholesale prices, based on current futures curves, we still expect future price cap levels to approach £2,000¹¹. General inflation is also forecast by

⁸ For example, "household financial circumstances change to the extent that prices stabilise over time" in paragraph 3.11 of the consultation.

⁹ For example, [Citizens Advice 'Getting Warmer? Why recent progress on energy bills falls short for high-need households' \(Feb 2026\)](#)

¹⁰ [Market Stabilisation Charge licence condition | Ofgem](#)

¹¹ [Energy Price Cap Predictions and Insights | E.ON Next](#) (as of 19/4/2026)

the IMF¹² and others to remain above 3% across 2026, and above 2% target in 2027. Hence, we expect there to be continued pressure on household finances.

The consumer behaviours may now be sufficiently entrenched that Ofgem cannot reasonably assign much likelihood to consumption rebounding.

All those factors point towards continued caution in energy use, not a near-term return to earlier consumption norms. **Ofgem should therefore not build material rebound assumptions into the final TDCV or benchmark values.**

Price cap benchmark consumption should reflect default tariff customers

For fairness, transparency, and confidence that the price cap is protecting customers in the way intended, benchmark consumption values should reflect the consumption of default tariff customers as closely as possible. A methodology based on lagged, generalised consumption data may be adequate for broad communications purposes, but it is less suitable where the benchmark also affects the recovery of certain fixed costs through default tariff unit rates.

Ofgem’s methodology relies on an assumption of cross-subsidisation between SVT and FTC customers: that a supplier’s deficit from lower consuming SVT customers will be offset by higher consuming FTC customers. By making low-consuming customers structurally loss-making by regulatory design, Ofgem is introducing a severe market distortion.

Our own view of our portfolio in 2025 indicates the significant differences between SVT and FTC customers, with **SVT median customer consumption being [X]% and [X]% lower than FTC** for single-rate electricity and gas (see Table 3).

Table 3: SVT vs. FTC electricity and gas median domestic customer consumption (2025)

	SVT 2025	FT 2025	Average 2025	Δ% SVT vs. FTC
Median domestic single-rate electricity consumption per household (kWh, weather-corrected)	[X]	[X]	[X]	[X]
Median domestic multi-rate electricity consumption per household (kWh, weather-corrected)	[X]	[X]	[X]	[X]
Median domestic gas consumption per household (kWh, weather-corrected)	[X]	[X]	[X]	[X]

This is not simply a difference in averages. In data sample provided to Ofgem through the MHHS RFI in February (illustrated in Figure 3), the median annual consumption of single-rate customers in the differed by c. [X]kWh between SVT and FTC customers, and multiple non-parametric tests¹³ strongly

¹² IMF World Economic Outlook (April 2026), UK annual inflation forecast: 3.2% for 2026; 2.4% for 2027.
¹³ Mann–Whitney U test returned a p-value of [X]the Kolmogorov–Smirnov test returned a p-value of [X] (KS statistic [X]), and Mood’s median test returned a p-value of [X]

reject the hypothesis that the two groups are drawn from the same underlying population. **Treating SVT and FTC customers as a single pooled population would not be appropriate for consumption benchmarking purposes.**

Figure 3: Empirical cumulative distribution plot of single-rate annual electricity consumption for E.ON customers sampled in Ofgem's MHHS RFI (Oct'24-Sep'25)

[X]

Payment-type differentials are structural

We encourage Ofgem to move positively to the introduction of payment-specific benchmark consumption values within the price cap.

Ofgem's benchmark decision¹⁴ already recognises the central issue: energy consumption varies by payment method, with direct debit customers typically consuming more than standard credit or prepayment customers, and this difference affects how suppliers recover fixed costs where part of those costs is recovered through the unit rate. In those circumstances, maintaining a single benchmark across all payment methods is less cost-reflective than a payment-specific approach and risks perpetuating distortions in cost recovery.

We recognise that Ofgem's earlier consultation identified concerns around complexity, consumer transparency, volatility, and the distributional impact on vulnerable customers. However, these concerns do not in our view justify retaining a benchmark that is known to be less representative. The price cap already contains multiple differentiated inputs by payment method and other customer characteristics; introducing payment-specific benchmark consumption would therefore be a refinement to an existing differentiated framework, not a wholly new source of complexity.

Benchmark consumption is intended to support accurate and efficient cost recovery. Any decision to protect vulnerable customers from the consequences of cost-reflective allocation should be made transparently through the appropriate affordability policy tool, rather than indirectly through a single benchmark.

We also do not consider that concerns about the Debt-related Costs RFI data are a sufficient reason for further delay. Any issues around consistency of returns are capable of being addressed through standardisation and validation. Those are normal implementation questions and should not be reasons to reject a more accurate benchmark methodology.

As a practical next step, Ofgem should consult in 2026 on a methodology using the Debt-related Costs RFI (or equivalent validated supplier data) to derive payment-specific benchmark consumption values for implementation in a subsequent cap period.

¹⁴ [Energy price cap benchmark review: decision](#) (November 2025)

Other methodological choices systemically over-estimate typical consumption

There are other methodological choices in the proposed methodology that lead Ofgem to systemically over-estimate current typical consumption:

- *Rounding up to nearest 100 kWh:* As described above, based on our interpretation of the DESNZ data, it appears that Ofgem is proposing to round up the two-year average to the nearest 100kWh for electricity.
- *Exclusion of low consuming households:* DESNZ's data "excluded electricity meters recording less than 100 kWh per year, which are typically vacant" (para 2.12), and same on gas (para 2.13).

In summary, we are concerned that Ofgem's proposed approach appears internally inconsistent: the consultation states that there has been no meaningful rebound in demand, that affordability pressures remain widespread, and that lower usage may reflect a more persistent change in consumer behaviour, yet the proposed TDCVs remain anchored to a cautious methodology that risks overstating typical current demand.

To meet Ofgem's stated purpose of using 'most up-to-date evidence', we therefore urge Ofgem to set final TDCV and benchmark consumption values with more recent evidence for 2025 and 2026. We believe there is sufficient evidence of continued downward pressure on consumption since 2024 for Ofgem to set TDCV and benchmark values at **2,400 kWh, 3,300 kWh, and 9,400 kWh** for single-rate electricity, multi-rate electricity, and gas, respectively. Ofgem should implement revised TDCVs/benchmark values from July 2026 but also commit to a deeper review in 2026 of how the methodology can better reflect current market conditions.

Trend in consumption over time, along with any suggestions for alternative data or evidence that may bring insight for future reviews

We agree with Ofgem that the underlying trend in domestic consumption has been downward over the long term and that the reduction seen in recent years has persisted beyond the immediate peak of the 2021-22 wholesale price crisis. The consultation's own evidence shows that consumption remains significantly below pre-2022 levels and that the signs of any rebound are limited.

Using benchmark consumption values specific to SVT customers is likely to become increasingly important with the divergence in consumption between different consumer segments. As noted in the consultation, there has been a "widening gap" between mean and median household consumption¹⁵ which we believe is likely to increase further and faster with wider EV adoption. We are seeing, however, that this affects customers who choose FTCs; hence, SVT consumption is more likely to not rebound and may continue downwards as the higher consuming households choose FTCs. In the longer term, as consumer use-cases for electricity diversify further, the utility of a couple benchmarks reduces.

To meet its stated objectives, Ofgem should make fuller use of more current datasets than the backward-looking DESNZ subnational series alone. For example, Ofgem uses its Section 5 powers to require all suppliers to provide various datasets that should give it full information of current consumption, but which do not appear to have been used in the preparation of these proposals.

¹⁵ Consultation, paragraphs 2.29 and 2.30.

If benchmark consumption values are to be used in the price cap, there is a strong case for using the best available evidence on the consumption of customers who remain on default tariffs, rather than relying primarily on a lagged secondary dataset covering the wider domestic population.

Ofgem should incorporate more current supplier and industry datasets into future reviews and should consider whether benchmark consumption for price cap purposes should be derived specifically from default tariff customer data.

Weather correction and seasonal normal adjustment we are proposing to apply to the TDCV for gas

We support the weather correction and seasonal normal adjustment. These are standard practice in the industry. The updated SNCWV has been in place since October 2025 and there is no good reason for further delay in Ofgem adopting it. We do not consider that the possibility of future rebound is a sufficient reason to dilute this adjustment. **Ofgem should adopt the updated SNCWV basis in full in its final decision.**

E7 consumption split and the merits of maintaining a defined consumption split.

We recognise why Ofgem is not proposing a standalone change to the E7 peak/off-peak split in this review. The consultation refers to stakeholder concerns raised in the 2023 review about limitations in the data and methodology, and we agree that any change should be made only as part of a wider reassessment of time-of-use (TOU) consumption patterns. Fundamentally, we cannot know whether changes in daytime share of consumption are driven by evolving ratios of distinct customers (storage heating, EVs, etc.) within the blended average or by behavioural changes.

However, we remain concerned that material inconsistencies can arise where different consumption assumptions are used for the determination of price cap levels and for compliance assessment against those levels. We therefore support Ofgem explicitly taking a pragmatic approach to TOU consumption assumptions whilst it undertakes the wider review in the context of MHHS and the increasing importance of more granular load-shape data.

Implementation and further reviews

We support implementation of revised TDCVs and benchmark consumption values from July. Given the ongoing decline in consumption, the role of TDCVs in consumer communications, and the role of benchmark consumption in preserving recovery of fixed costs recovered volumetrically, timely implementation is important for consumers and suppliers.

More broadly, we consider that TDCV and benchmark reviews should take place more frequently.

Ofgem notes that “the next TDCV review will rely on consumption data from only 2025 and 2026”¹⁶, which would imply under current methodology it would not undertake another review for two years. However, the size of the adjustments to TDCV/benchmark consumption proposed in this consultation (7%, 13%, and 17% reductions in the medium levels) demonstrate the need for much more frequent

¹⁶ Consultation, paragraph 3.14.

reviews of those assumptions. We note that suppliers have called for more frequent reviews since at least the 2013 decision¹⁷ (when majority of respondents supported annual updates).

With an established methodology, we believe that this could be done more mechanically, but it would need to draw from more current data available to Ofgem than the secondary sources used in this proposal. The length of this consultation (26 days over Easter break) suggests that Ofgem believe these reviews can be done straightforwardly without much burden on Ofgem or industry.

We also believe that the proposed materiality thresholds for updates (100 kWh for electricity and 500 kWh for gas) are extremely high, representing about 5% of the proposed levels. A change in consumption of less than these 'material' thresholds would result in the under-recovery of c.£3/customer (equivalent to c.7% of the EBIT annual allowance), and therefore Ofgem should not exclude the possibility of small future changes.

Given the fall in consumption, we believe that in the future rounding TDCVs to the nearest 50 kWh (electricity) and 100 kWh (gas) is a better balance of transparency and accuracy.

Ofgem should implement revised values from July 2026 and commit to more frequent reviews thereafter, so that benchmark assumptions do not remain materially out of step with observed consumption for prolonged periods.

¹⁷ [Decision: New typical domestic consumption values](#) (2013)