

Daniel Newport
Deputy Director, Price Protection
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

20 April 2026

Dear Daniel,

Review of typical domestic consumption values

We welcome the opportunity to respond to Ofgem's Review of Typical Domestic Consumption Values (TDCVs).

As consumption patterns evolve, it is essential that TDCVs are kept up to date to reflect contemporary usage patterns. As Ofgem has committed to align benchmark consumption with any future updates to TDCVs, this is a necessary step to maintain the fairness of the price cap by allowing suppliers to recover efficiently incurred costs in a context of changing demand.

However, we are concerned that the proposed methodology appears to overstate current typical consumption. In our view, Ofgem should draw on the latest available supplier and industry data in addition to the most recently available DESNZ household consumption datasets to update the TDCV figures, to ensure that updated TDCVs accurately reflect current consumption levels during the energy system transition.

We strongly encourage Ofgem to implement the changes with effect from the 1 July 2026 price cap, which Ofgem says is the earliest date it could achieve. In the context of an expected sharp increase in the cap resulting from the war in Iran, this could be a good opportunity to highlight the substantial progress that has been made in recent years through energy efficiency and other initiatives which all serve to reduce the bill value for the median customer.

As the market transitions to Market-wide Half-Hourly Settlement (MHHS), more granular cost allocation will be enabled and it is essential that the TDCV-based price cap benchmark reflects the typical energy usage of default tariff customers. As consumption patterns potentially diverge across customer segments, misalignment may result in suppliers over or under recovering costs. Keeping the TDCVs up to date using current data will help ensure the cap remains fit for purpose in a more dynamic and data-driven market.

We welcomed Ofgem's exploratory proposals in its November 2025 consultation relating to payment method-specific benchmarks, which would help ensure the cap balances consumer protection with fair cost recovery across all customer groups, and we would welcome further engagement on that aspect.

Should you require any further information or clarification, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in blue ink that reads "Richard Sweet". The signature is written in a cursive, flowing style.

Richard Sweet
Director of Regulatory Policy

**REVIEW OF TYPICAL DOMESTIC CONSUMPTION VALUES (TDCV)
– SCOTTISHPOWER RESPONSE**

1. Proposed TDCV figures and associated methodology

We support Ofgem’s proposal to update the TDCVs to reflect more recent evidence on household energy use, recognising the importance of maintaining TDCVs as a credible and trusted reference point for consumers and stakeholders.

We consider that the methodology underpinning TDCVs should continue to be based on median consumption values, as this provides a more representative measure of a “typical” household, and is less sensitive to outliers such as very high-consumption properties or potential contamination from misclassified non-domestic meters. We also support Ofgem’s use of DESNZ consumption datasets as the primary evidence base for updating TDCVs. These datasets are produced as Accredited Official Statistics, meeting the UK Statistics Authority’s Code of Practice for Statistics, and are widely used across government for policy development, fuel poverty analysis, and energy system planning.

However, we are concerned that the proposed methodology appears to overstate current typical consumption, given the evidence presented in the consultation on both longer-term downward trends and more recent reductions in household energy use. We consider that Ofgem should use the latest available supplier and industry data in addition to the most recently available DESNZ household consumption datasets to update the TDCV figures, to most accurately reflect current consumption levels during the energy system transition.

We note Ofgem’s stated intention, following its November 2025 benchmark consumption decision, to align benchmark consumption values in the price cap directly with updated TDCVs on a forward-looking basis. As well as allowing suppliers to recover efficiently incurred costs in a context of falling demand, this approach provides transparency and internal consistency between how “typical consumption” is defined for consumer communication purposes and demand assumptions within the cap calculation. We agree with Ofgem’s statement that the proposed approach does not represent an increase in the total profits allowed for default tariff customers relative to the pre-decline consumption baseline, but rather ensures continuity of recovery of efficiently incurred costs in a changing demand environment.

Finally, as set out in our response to Ofgem’s November 2025 consultation, we welcomed Ofgem’s exploratory proposals relating to payment method-specific benchmark consumption values. We consider that further development of this approach could help ensure the default tariff cap continues to balance consumer protection with fair and proportionate cost recovery across customer groups with materially different usage and cost profiles. We would welcome further engagement on this aspect as part of the ongoing review.

2. Trend in consumption over time, and alternative data or evidence for future reviews

Electrification of heat and transport is likely to increase electricity consumption for some households, even as others continue to reduce overall demand. For future reviews, we encourage Ofgem to continue drawing on a range of complementary evidence, including:

- Analysis of consumption by property characteristics (for example, dwelling type or primary heating fuel), where robust data are available.

- Insights emerging from the transition to Market-wide Half-Hourly Settlement, as smart meter penetration improves.

While these sources may not be suitable for defining a single “typical” consumption value, they can help inform Ofgem’s understanding of emerging trends and risks to the representativeness of TDCVs over time.

Recent reforms to gas Annual Quantity (AQ) calculations, including updates associated with changes to Non-Daily Metered (NDM) algorithms and the implementation of the revised Seasonal Normal Composite Weather Variables (SNCWV) from October 2025, have materially improved the extent to which AQ values reflect current understandings of weather-normal demand. As Ofgem notes, the updated SNCWV results in AQs that are almost 5% lower for domestic users compared to the previous seasonal normal basis, reflecting longer-term warming trends.

AQ data is forward-looking by construction, widely embedded across industry processes (including settlement, network charging and forecasting), and is updated regularly to reflect evolving assumptions around weather and consumption patterns. Used alongside DESNZ meter-level consumption statistics, AQ data could therefore provide a useful input for TDCV calculation.

3. Weather correction and seasonal normal adjustment for gas TDCVs

We support Ofgem’s proposed approach to weather correction for the gas TDCV. Adjusting for short term temperature variation is necessary to separate underlying consumption levels from transient weather effects. We also agree that application of the current Xoserve SNCWV in the TDCVs is appropriate in order to reflect the most up-to-date view of seasonal-normal weather conditions.

However, the SNCWV is currently reviewed every five years. Given the energy transition, a more frequent update may be appropriate, particularly given the use of the SNCWV in the TDCVs. For example, we observed a 5.3% reduction in gas Annual Quantities (AQs) for 2025. Xoserve’s seasonal weather review resulted in an average reduction of 4.5% across ScottishPower’s full portfolio. In addition, internal initiatives to improve AQ accuracy have contributed to a further reduction seen in the year on year comparison. On this basis, we would recommend that the SNCWV is reviewed more frequently, to ensure it remains aligned with emerging consumption patterns and the impacts arising from ongoing changes in the energy landscape.

Ofgem’s application of the seasonal normal adjustment represents a reasonable and proportionate means of ensuring that TDCVs remain representative in a context of changing climatic conditions.

Given recent geopolitical events and the work to deliver Net Zero, a rebound in declining gas consumption does not seem plausible. As noted above, we consider that Ofgem should use the latest available supplier and industry data in addition to the most recently available DESNZ household consumption datasets to update the TDCV figures, to most accurately reflect current consumption levels during the energy system transition.

4. Economy 7 consumption split and the merits of maintaining a defined split

We agree with Ofgem that any change to the assumed E7 split should be viewed as part of a more holistic assessment of how ToU consumption patterns are evolving, and it would not be appropriate to make a standalone change as part of this TDCV review.

We also agree that Ofgem should maintain a defined split between peak and off-peak consumption for Economy 7, ie we do not believe there would be merit in moving to a regime where suppliers specified their own assumed consumption splits (ACS) as is the case for other ToU tariffs.

Maintaining a defined split is helpful for:

- ensuring consistency and comparability of tariffs over time;
- supporting clear communication of price cap levels and typical bills for customers on multi-rate tariffs.

While we recognise that actual E7 usage patterns may evolve as heating technologies and consumer behaviour change, frequent changes to the assumed split could make it more difficult for customers to understand differences between tariffs or track changes over time.

As smart meter coverage increases and more granular consumption data become available, Ofgem may wish to review whether the consumption split approach remains appropriate, or whether it may be more appropriate to set separate caps for peak and off-peak periods based on underlying wholesale costs. As Ofgem notes, this is potentially an outcome of its longer term review of MHHS and the price cap. However, at this stage, we consider that the benefits of stability and clarity outweigh the potential gains from more frequent recalibration.

ScottishPower
April 2026