

20 April 2026

Review of typical domestic consumption values

Dear Danny,

Thank you for the opportunity to respond to this consultation.

We agree that the TDCVs and benchmark consumption should be updated to reflect the most up-to-date data on household energy use. The trends set out in your consultation are broadly consistent with what we are seeing in the market, with consumption in both gas and electricity falling over recent years, even with the uptake of low carbon tech.

The most important consideration for implementation is how these changes are communicated to customers, particularly if introduced with the 1 July price cap. If the headline typical annual bill figure falls at the same time as the wider price cap is expected to increase, there is a real risk that customers will interpret this as a reduction in energy prices, when in reality it reflects lower assumed consumption. Any announcements need to clearly explain the impact on customer's bills and the basis for change in the headline figure. This could include presenting the headline bill figure under both the previous and updated TDCV assumptions, to clearly distinguish changes in underlying prices from changes in assumed consumption.

We have provided short responses to your other key areas below.

Proposed TDCV figures and associated methodology

We agree that retaining the existing methodology, including using the median, is the best approach. Aligning TDCV and benchmark consumption in the price cap remains the simplest and most stable approach - ensuring fair prices while enabling recovery of efficient costs by using accurate and up to date assumptions. Using the median value avoids the need for further complex assessments over other aspects of the price cap, such as head room, which implicitly assumes benchmark consumption is based on the median.

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

The trends presented reflect market trends we have seen, and we agree the DESNZ sources remain the most relevant source of data for this purpose. We note that other datasets, such as Annual Quantity (AQ) data, can provide useful additional insight into more recent consumption trends and we support their use alongside the DESNZ dataset as a supplementary input.

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

We have no material comments on the weather correction and seasonal normal adjustments. Ofgem should continue to keep the assumptions under review over time, particularly as household heating patterns continue to change

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

We agree that the standardised splits should be retained for this review. Any changes to how time-of-use consumption patterns are reflected in the price cap should be reviewed holistically as we move to MHHS.

We are happy to discuss any of the above.

Yours Sincerely,

Anne-Marie Spalding
Head of Regulation and Policy
Octopus Energy