

Non-confidential

22 January 2026

Response to the Consumer Outcomes Call for Input

We are very supportive of Ofgem's aims to improve regulation of the retail market. This programme of work on Consumer Outcomes is timely and could make a meaningful improvement to the rules and the way Ofgem regulates in the consumer interest, and in a way that better supports the retail market through the energy transition.

In the next phase of this important work we suggest Ofgem looks at fewer outcomes, specifically those that depend on supplier behaviour. We think this boils down to 6 core outcomes, which we have detailed in the Annex. The currently proposed set of outcomes in the CFI includes some which are determined by supplier behaviour but also those which are driven by the market and those driven by industry systems and rules. We suggest that Ofgem will make better progress towards its goals of improving regulation of the retail markets if it focuses on making progress on identifying the most important supplier behaviour outcomes.

These six rationalised, focused outcomes can then be used as a basis to transform the current rules, guidance, monitoring and compliance approach to better support consumer outcomes and move to a retail market that supports innovation, investment and economic growth.

With a tighter focus on a smaller number of outcomes, Ofgem should begin piloting these outcomes as soon as possible, perhaps by starting with a delimited focus area like billing. Rolling out an outcomes-based regulatory framework will involve culture change and new ways of thinking across Ofgem. It will also require multiple judgements on the best regulatory tools to apply (like the rules, guidance, monitoring, data collection, rules, compensation etc). Ofgem can make faster progress by taking an iterative approach. This could look like rolling out the approach in one outcome area (like billing), driving the culture change, making judgements, and learning what works and what doesn't. These learnings can then be applied to each of the other outcomes in turn.

Implementation will be key and must include Ofgem changing its approach to monitoring and compliance as well as the rules. The outcomes should be used to transform the licence but will not drive change without changes to monitoring, compliance and enforcement. This must include embedding an outcomes focus in the culture of the compliance team, Ofgem taking a less risk-averse approach to its monitoring and compliance and building its understanding of how suppliers operate and deliver value to customers. This could include a greater focus on 'best practice' documents rather than detailed guidance, a more supervisory approach to compliance, and refocusing of resources

on suppliers who are falling well short of average on particular outcomes. We are supporting Ofgem's New Compliance Operating Principles and look forward to seeing them implemented in practice so that there is, as Ofgem suggests, a "*shared focus on matters that have a material impact on consumers*".¹

Finally, we suggest a strategic pause in the GSOP review would allow for better integration with Ofgem's evolving outcomes framework. By sequencing these workstreams so the outcomes are finalised first, Ofgem can make sure GSOPs are complementary to other regulatory tools and purpose-built to fill specific gaps. This sequence would ensure that the resulting standards are not merely layered on existing rules, but are integrated strategically to provide the greatest value without unnecessary regulatory overlap.

¹ Ofgem, [Markets Regulatory Vision and Strategy to 2030](#), November 2025, page 12.

Consultation questions

Rationale

Q1. In your view, what are the key factors we should consider if we are updating our regulatory framework for retail energy suppliers, keeping in mind the balance between our growth and net zero goals, and consumer interest duties?

Ofgem should see a move to outcomes-based regulation and its implementation as an opportunity to deliver on its Growth Duty. We agree that the regulatory framework can be difficult to navigate, and that it has increased in complexity, prescription and risk-aversion. Tackling these issues should be a key pillar of how Ofgem delivers on its Growth Duty and supports the government's Regulatory Action Plan.

However, ensuring that any changes are pro-growth will largely depend on *implementation* of the framework including Ofgem's approach to monitoring, compliance and enforcement, not *only* in transformation of the supply licence. To be successful against the Growth Duty and Consumer Interest Duty, the Outcomes framework must consider:

- **Using the outcomes to increase clarity and reduce complexity and burden.** This means pushing forward a programme of change based on a smaller number of core outcomes genuinely within suppliers' control. We believe the current 24 outcomes can be reduced to 6 core outcomes which can be used as a basis to transform the licence and roll out outcomes-based regulation. We have included more detail on this in an Annex to this response, as well as in our answers to questions 3, 4 and 7.
- **A changing approach to compliance, not just the rules.** The outcomes should be used to transform the licence but will not drive change without changes to monitoring, compliance and enforcement. This must include embedding an outcomes focus in the culture of the compliance team, Ofgem taking a less risk-averse approach to its monitoring and compliance and building its understanding of how suppliers operate and deliver value to customers. This could include a greater focus on 'best practice' documents rather than detailed guidance, a more supervisory approach to compliance, and refocusing of resources on suppliers who are falling well short of average on particular outcomes. We have included more detail on these points in answer to questions 15 and 17.
- **Creating a level playing field between retail actors soon to be within Ofgem's remit, including load controllers, TPIs and heat networks.** Ofgem must use this work to think about the outcomes which should apply to all of the retail actors it will soon regulate. The Markets Regulatory Vision and Strategy helpfully makes it clear that there is not just one 'retail market' made up of suppliers, but now multiple actors

driving outcomes for consumers. Ensuring that there is a level playing field between all these actors is vital for both Ofgem's growth duty and consumer interest framework. Only with a level playing field will competition direct resources and investment to the most productive firms and activities, rather than where the rules are easiest to follow. Consumers' interests can also only be served with a level of consistency across all retail actors. The Consumer Outcomes work can contribute towards creating this consistency by setting the fundamental outcomes Ofgem expects from all of the retail actors under its remit.

- **Foster competition between retailers.** This means a recognition that not all suppliers have the same business models and that competition, not just rules, can deliver good outcomes.

Q2. Why do you think there is such a divergence of satisfaction rates across different consumer cohorts?

Evidence suggests that consumer satisfaction is linked to affordability of bills (when prices are higher, satisfaction is lower), and therefore some degree of lower levels of satisfaction amongst those in financial difficulty is expected. However, the relevant question for this consultation is the extent to which that divergence is a result of inadequate retail regulation and therefore whether it should be a key goal to reduce it through this work. We suggest better aims may be on total satisfaction or the overall level of satisfaction for all groups, rather than the divergence itself.

Ofgem's evidence presented in the CFI is the gap in average satisfaction for e.g. financially vulnerable consumers. However, the more detailed BMG analysis of the same survey data commissioned by Ofgem² suggests Financial Vulnerability Classification explains just 3.7% of the variation in satisfaction. The extent to which changes in regulation can influence that variation will again be a fraction of this 3.7% variation.

This does not mean Ofgem shouldn't aim to shrink the gap, but it does mean that it needs to be more specific in its goals and where it will see success. Rather than targeting the variation in satisfaction, it may be better for Ofgem to target higher absolute satisfaction for all groups of consumers - and to recognise that retail regulation will be only one part of driving that satisfaction.

Ofgem is likely to make better progress on improving outcomes for all customer cohorts by focusing on raising the standards of the worst performing firms. Recent results from Which? show again a huge divergence in performance between the best and worst suppliers.³

² BMG/Ofgem, [What drives consumer satisfaction with energy suppliers?](#), July 2025

³ Which?, [Power Struggle: Which? Reveals the best and worst suppliers...](#), January 2026

Addressing this will require more of a transformation of Ofgem's approach to compliance rather than the rulebook itself. Some suppliers may need closer supervision if consistently failing to deliver good outcomes for their customers, with the better performers needing a less intrusive approach. We have included more on compliance and monitoring in response to questions 15 and 17.

The outcomes

Q3. The Consumer Outcomes have been developed based on what industry, charities, consumer groups and consumers have told us they need to cover. Do you agree that these outcomes cover the most important expectations consumers have of energy suppliers?

Answered jointly with Q4 below

Q4. Do you think we should streamline or consolidate the Consumer Outcomes further and, if so, which should we prioritise?

Yes, Ofgem should consolidate the Consumer Outcomes further. We have included details in an Annex to this response as to how Ofgem should take this work forward with a rationalised set of six consumer outcomes related to supplier behaviour.

In our view the current set of 24 outcomes covers too many areas to be usefully used to drive regulatory change. Many of the outcomes are those which cannot be delivered by any individual supplier in isolation because they will be the result of effective market competition or supporting market systems and processes. For example, most of Ofgem's outcomes under resilience and fair prices are outcomes that should result from effective competition across all market players.⁴

Many of the outcomes also overlap e.g. most of the *low-cost transition* outcomes are essentially covered by the *transparent and enables choice* and *quality and standards outcomes*.⁵ Generally we are unconvinced of the case for special outcomes related to low-cost transition and would rather that the other outcomes should be drafted in a way applicable to newer products.

⁴ For example, Outcome 4: *All consumers can benefit from shopping around*; and Outcome 21 *Consumers benefit from fair prices, improved quality of services, and lower cost delivery of net zero as licensees attract sufficient investment*)

⁵ For example Outcome 11 *Consumers are aware of energy options available to and suitable for them at an appropriate time and are able to make informed choices that best meet their needs* and Outcome 13 *Consumers understand how to engage with and can make informed choices about the products and services offered by suppliers that support the net zero transition*.

We therefore suggest that Ofgem focuses the next phase of the outcomes work much more clearly on a smaller list of outcomes which are closely linked to supplier behaviour and that map across to the customer journey. We have proposed six core outcomes in Table 1 below, which cover core parts of the customer journey. These overlap with Ofgem's proposed outcomes in the CFI but we have adapted them for clarity and brevity.

Table 1 - proposed core outcomes linked to supplier behaviour

Part of consumer journey	Proposed outcome
Transparency and choice	1. Consumers have access to information to enable them to make informed choices of supplier and product (e.g. on supplier performance, products, tariffs, payment method, repayment plans etc)
Quality and standards	2. Consumers have access to products which meet their needs and don't expose them to foreseeable risk of harm
	3. Consumers are charged for energy in a manner that accurately reflects their usage, with bills being easy to understand, timely, appropriate for the customer, and supports consumers to keep up with payments and manage credit balances
	4. Consumers receive good levels of customer support/service which genuinely meets their needs and resolves complaints
	5. Tailored support and product design meets a wide range of customer needs, including where the customer is in debt or is in vulnerable circumstances
Switching/exit	6. Consumers are given the information and assistance required to freely switch between suppliers and products

We suggest Ofgem then uses these 6 core outcomes as the basis for driving regulatory change from the top-down, by considering the required rules and regulatory tools needed to deliver each outcome. As explained elsewhere in our response, we suggest Ofgem begins to make progress by taking an iterative approach and starting with a billing pilot area based on outcome 3 in Table 1 above. Ofgem can then take insight and learning from this area into the others.

Q5. Do you agree with the explanations provided of the Consumer Outcomes in the appendices of this call for input? Do they help you understand the intent of the outcomes?

Our preference is for the Outcomes to be revisited as per our answers to Q3 and Q4, in particular with a focus on a much smaller number of outcomes which are within suppliers' control. We have therefore not provided detailed comments on the explanations of the Outcomes but offer some general observations.

The drafting of the Outcomes and the explanations highlights a difficulty with using them to increase clarity and simplicity. Some of the explanations of the outcomes already tend towards prescriptions and regulatory guidance e.g. with references to flexible payments in Outcome 1 and 8, which also overlap. Other explanations restate the Outcomes in slightly different wording, which may just serve to increase uncertainty rather than aiding understanding.

All of these issues will require further work, with Ofgem deciding on whether to include guidance, best practice, keep some prescription in the licence etc on a case-by-case basis. This is why we suggest Ofgem will make better and faster progress by taking an iterative approach to rolling out the Outcomes by e.g. making a start on billing. Ofgem can start with the Outcome, set some goals, use it to drive forward changes in culture and ways of working across teams and use those lessons as it rolls this approach out to more areas.

Q6. Why do you think these outcomes are not materialising consistently for all consumer groups given that they are in line with our existing rules?

Ofgem has not provided evidence that this is the case across the outcomes. We acknowledge the data on divergent satisfaction levels (see response to Q2), but with regard to the rest of the proposed outcomes, Ofgem has not presented data showing that outcomes aren't 'materialising consistently', so it is difficult to comment.

We agree that all customers should receive high quality of service, including being charged and billed accurately, having complaints dealt with fairly, and that customers receive tailored support for their circumstances. The needs of vulnerable customers or those in debt should be covered in the outcomes, but we suggest this can be substantially rationalised against the CFI, with Ofgem factoring this into four key *Quality and Standards* Outcomes, which we suggest should be:⁶

- Consumers have access to products which meet their needs and don't expose them to foreseeable risk of harm

⁶ See Annex for more detail.

- Consumers are charged for energy in a manner that accurately reflects their usage, with bills being easy to understand, timely, appropriate for the customer, and supports consumers to keep up with payments and manage credit balances
- Consumers receive good levels of customer support/service which genuinely meets their needs and resolves complaints
- Tailored support and product design meets a wide range of customer needs, including where the customer is in debt or is in vulnerable circumstances

Q7. Do you think some outcomes are more important for consumers than others?

Yes - looking at the consumer journey is one lense to help drive a focus on outcomes that are important and meaningful for consumers. In our response to questions 3 and 4, and the Annex to this document, we set out our views on how the outcomes should be rationalised and restructured. In our view, Ofgem should refocus this work around 6 key consumer outcomes that are within suppliers' control. These cover key parts of the consumer journey and can form the basis for revisiting the supply licence.

Q8. Do you see an opportunity for outcomes, though not necessarily the Consumer Outcomes set out in this call for input, to be applied to wider market participants? Who should they apply to and why?

Yes, this is vital. Ofgem regulates, or is soon to regulate, more retail energy actors than just energy suppliers like load controllers, third party intermediaries and heat networks. Ofgem may also have a greater role in the regulation of low-carbon technology installers in the future. Many companies operate activities across these regulated areas, and firms in all categories compete amongst each other for talent, investment and customers. Increasingly as we move to greater home electrification, consumers encounter multiple retail actors in the same journey e.g. installing a heat pump could involve an installer, supplier of the electricity, and a load controller integrating with a home battery or solar panels. This could be the same firm or three different firms. Consumer protection differs across each.

Ofgem has an opportunity through this work to determine the base level of outcomes it thinks should apply to all retail customers, whether of suppliers or not. It may be right that some outcomes should apply specifically to suppliers, but Ofgem should be actively asking the question of every outcome as to whether it could apply to the broader set of retail actors and how they should be adjusted to achieve consistency. The aim should be to make them applicable across actors where possible, in order to fit with the Ofgem aspiration to make the outcomes fit for the future retail market. This will make more of a difference than the current set of outcomes under 'low-cost transition.'

This is important for delivering clear expectations and protections for consumers, but also supports Ofgem's Growth Duty. Competing firms need to have a level regulatory playing field in order for competition to function properly and contribute to growth. Competition should

drive firms to be more productive, innovative, drive down prices and increase quality. Consistent regulation can support this by ensuring firm decisions and investment isn't driven by differences in regulation instead.

How could Consumer Outcomes be delivered

Q9. Do you have a preferred approach among those outlined below or should we retain the current framework? Do you have an alternative suggestion? Please explain your reasoning.

The core of this work must be changing the supply licence to reflect the new Outcomes and examining the regulatory tools which would support delivery of those Outcomes. This is why as per our answers to question 3 and 4 and the Annex to our submission, we suggest the review focuses on a rationalised set of outcomes most related to supplier/retailer performance and conduct.

That rationalised set of outcomes can then be paired with decisions on the regulation that is required to deliver them, e.g. *Is some prescription still required? Is the outcome sufficient on its own? Would a GSOP be appropriate? Would regulatory guidance help? Would a best-practice document help? How should Ofgem monitor performance against the outcome?*

Ofgem must also then integrate this approach with its monitoring and compliance approach to ensure that this, too, is focused on the Outcomes. This will require culture change and different ways of working across multiple Ofgem teams and activities, from drafting rules and guidance, through to monitoring, compliance and publications/reputational incentives

We suggest that Ofgem could drive progress in this work by first taking an outcome in a specific area e.g. billing, and moving iteratively from there to integrate more of the outcomes and removing existing supply licence conditions related to that area. This would give Ofgem an opportunity to review and make progress on this end-to-end process, learn what does/doesn't work, drive culture within a single team, which can then be rolled out further to a new outcome area.

We strongly disagree with layering a new set of Outcomes on top of the existing licence condition through e.g. amending the Standards of Conduct, without reviewing the rest of the supply licence. This would be a wasted opportunity to improve regulation and be more likely to increase regulatory burden and complexity than reduce it. That would not be in line with the new Markets Strategy or the ambitions to link this work to Ofgem's Growth Duty, nor Ofgem's commitments to the Regulatory Action Plan.

9a) What level of action/intervention do you feel would be proportionate to drive up customer service in the non-domestic sector? Does it differ from domestic?

In our view, the overall approach in the non-domestic sector should broadly mirror that applied in the domestic market. As outlined in response to question 9, Ofgem shouldn't simply layer on new rules and instead should consider the best approach for the issue at hand and then choose from various regulatory tools to identify the most appropriate intervention e.g. prescription; consumer outcomes or GSOPs.

However, while the regulatory principles should be consistent, the application in the non-domestic market requires additional consideration. This is because the non-domestic sector is highly heterogeneous, encompassing microbusinesses with needs similar to domestic consumers, through to large and sophisticated commercial customers. Any intervention should therefore be carefully targeted to the specific customer cohorts it is intended to benefit, rather than adopting a one size fits all approach that risks either under or over regulating parts of the market.

These issues could also be played out through an iterative trial-and-learn approach to rolling out the outcomes. For example, part of trialling billing as an area could consider whether the outcome and the required regulatory tools to support it do indeed match across domestic and non-domestic markets, and take these learnings into account in the next outcome.

More immediately, Ofgem could make much more effective use of its existing non-domestic monitoring and supervisory tools to drive targeted improvements in customer service. For example, Ofgem could consider publishing a regular (e.g. quarterly) summary of non-domestic customer service and satisfaction, similar to existing [domestic reporting](#). This level of transparency would provide clearer signals to the market to improve performance. In addition, where regular monitoring identifies persistent or material underperformance, Ofgem could use its existing powers to take targeted, proportionate action, working with the relevant supplier to support improvements in service delivery rather than introducing market wide rule changes.

Q10. Do you think a voluntary approach – where suppliers make a public commitment to deliver the Consumer Outcomes without formal regulatory change could be effective? What conditions would need to be in place for this to work?

We encourage Ofgem to set out its thinking on how this would work in more detail. We agree with the sentiment that regulation is not necessarily needed to achieve every outcome. Competition and wider market incentives can also drive good conduct and outcomes for customers.

However, the question also suggests a lack of clarity behind what Ofgem wants to achieve through this Outcomes work. In our view it should be about changing the way Ofgem

regulates in line with the Markets Regulatory Vision and Strategy. This means a commitment to using the outcomes to improve regulation and therefore changes to the supply licence and regulatory tools. It also means thinking about how outcomes might apply to firms beyond regulated suppliers. In this regard, relying on a voluntary approach without making changes to the rules or the way Ofgem operates will not be a successful exercise.

Q11. Could a more outcomes-based regulatory framework benefit the supply market? Do you think this kind of approach could unlock innovation and growth? Please provide examples.

Yes, we strongly agree that a more outcomes-based regulatory framework could benefit the supply market if delivered well. Importantly, this means using the outcomes to transform the rules rather than layering new outcomes on top of the existing rules, and it means Ofgem changing its approach to monitoring, compliance and enforcement to make it truly focused on outcomes and not process. This will increase the freedom suppliers have to focus on developing products and services which customers love, and hold firms which fall short of delivering good outcomes to account.

One recent example where prescriptive rules and a narrow focus on compliance with those rules has not aligned with an outcomes focus, is where we have applied for a derogation to which we think would improve outcomes for our smart tariff customers. We have had interest from the Ofgem team but are still waiting on an answer since raising it six months ago. In an ideal world, we would have just progressed with something we believe is in the interest of customers, but it is specifically Ofgem's compliance approach which has prevented us from doing so without the derogation.

Q12. Are there specific licence conditions where less prescription could benefit the retail market without compromising consumer protection? a) For suppliers: are there any areas where you find guidance helpful or unhelpful?

Licence conditions are often at their most unhelpfully prescriptive when paired with Ofgem guidance which takes a narrow interpretation of the rules, or indeed compliance and enforcement actions which do the same. For example on prepay final bills, "reasonable steps to issue" in the licence wording was interpreted by Ofgem to mean every prepay customer has to get a final bill. Similarly on non-operational smart meters the rules state "reasonable steps" to get meters working for customers but compliance is assessed against overall volumes, rather than an actual assessment of reasonableness. The precedent this sets can have a chilling effect on innovation as it raises the risk of Ofgem taking a different interpretation to what we believe is reflected in licence wording. Guidance should only be used where Ofgem thinks it can reduce those risks, rather than exacerbate them.

In our view some SLCs are also redundant but still incur compliance costs. For example the rules around price protection in SLCs 23.6 and 24.9 could be removed without compromising consumer protection.

Q13. Are there areas where prescriptive rules should remain in place? If so, why?

The default approach should be to rely on an outcome-focused, principles-based approach. This allows for suppliers to use flexibility and adaptability in achieving the desired results meaning they can work to delight customers and use technology to find cost efficiencies.

We consider a prescriptive, rules-based approach is most appropriate only where: (i) there is clear consensus that only one correct way of achieving the desired outcome or where consistency is very important for whatever reason; (ii) a defined minimum standard is helpful or necessary for industry/system operations (e.g. must have a meter reading done at least once every two years); and (iii) when the potential harm from getting it wrong outweighs the harm from restricting innovation. In such cases, a rule-based approach provides clear guidelines and minimises ambiguity.

We do not suggest that Ofgem begin this process with a bottom-up review of the existing supply licence. If Ofgem rolls this out iteratively, with a pilot project first, then it can review the level of prescription needed to deliver the chosen Outcome as it makes progress.

We suggest there are some areas of the licence related to industry systems and processes e.g. switching, settlement, energy theft, where consistency is required across all market participants, which should not be the focus of this consumer Outcomes work. Taking these out of scope can help Ofgem to focus on a core set of consumer outcomes. We have included more detail on this point in the Annex to our submission.

Q14. What factors should we consider to determine whether specific rules are best delivered through prescription, principles or outcomes?

The default approach should be to rely on an outcome-focused, principles-based approach. This allows for suppliers to use flexibility and adaptability in achieving the desired results meaning they can work to delight customers and use technology to find cost efficiencies.

We consider a prescriptive, rules-based approach is most appropriate only where: (i) there is clear consensus that only one correct way of achieving the desired outcome or where consistency is very important for whatever reason; (ii) a defined minimum standard is helpful or necessary for industry/system operations (e.g. must have a meter reading done at least once every two years); and (iii) when the potential harm from getting it wrong outweighs the harm from restricting innovation. In such cases, a rule-based approach provides clear guidelines and minimises ambiguity.

Q15. Which of the monitoring approaches we outline below would be the most effective for monitoring supplier performance against the Consumer Outcomes? Are there alternative approaches? Please provide evidence.

For any outcome associated with a well functioning competitive retail market, Ofgem should collect the data it thinks it needs to support that and to hold itself to account (see more on this category of outcomes in the Annex). The State of the Market report from 2025 marks a good starting point and this could be adjusted for wider outcomes.

For supplier performance outcomes, this will likely require a mix of both processes. Ofgem will likely need to collect new data on Outcomes from suppliers where these are easily measurable, but given the intention to move away from regulating process/inputs, will likely need to give suppliers space in some areas to demonstrate how they are delivering the outcomes on a more bespoke basis. Ofgem will need to give serious consideration to how it monitors an outcome e.g. around accurate bills. Taking an interactive approach initially in one outcome area could help Ofgem to refine this over time.

Our suggestions for how Ofgem could improve its data collection to facilitate monitoring outcomes include:

- prioritise intelligent real-time data collection to enable outcomes-based assurance (e.g. by automating data collection from suppliers through an API instead of relying on manual spreadsheets).
- expand the supplier relationship manager model to facilitate resolving data queries by having knowledgeable individuals familiar with the suppliers and their practices.
- start trialling a more data and relationship-led approach in high-risk compliance areas, like the new financial responsibility framework, without waiting for a perfect automated data collection system.
- increase the use of “mystery shopping” of suppliers, and collating information from the Ombudsman and consumer bodies, followed by targeted supervisory discussions for those whose service standards are at risk of falling below the prescribed minimums.
- commit to monitoring social media and take fast, targeted compliance activity where there are material customer concerns.
- Ensure that any new data metrics do not indirectly impose additional requirements. It is important to avoid imposing new obligations through hidden means.

Q16. How do we best measure our success as to whether we have: a) Improved consumer outcomes and achieved our ambitions for customer service and b) Reduced regulatory burden and encouraged growth and innovation

It will be a process for Ofgem to learn to measure outcomes. Moving towards a smaller set of outcomes focused on areas within supplier control (see Annex for more detail) will make

this a more manageable task than beginning with the 24 outcomes proposed in the CFI. Our response to question 15 above sets out some suggestions for how Ofgem should go about collecting data.

When measuring success against ambitions for customer service, a key marker of progress will be seeing if outcomes have improved at the worst performing firms, rather than necessarily a focus on the average.

With regards to encouraging growth and innovation, Ofgem's effective competition framework could be a useful starting point. Ofgem could also use its annual state of the market report to track and report on key growth and innovation metrics in the market. It will be important that these are quantitative (e.g. what type of firms are entering retail markets) as well as qualitative (i.e how many firms are licensed). With regard to regulatory burden, we note that Ofgem is already committed via the Government's Growth agenda to reducing regulatory burden. Ofgem could consider doing more perception surveys with licensed parties to understand their perception of regulatory burden and whether it is changing over time. The Department for Business and Trade regulatory uses similar surveys.⁷ Transparency on a method like this could be very helpful. Similarly, the FCA works with a "Practitioner Panel" to ensure they are getting honest feedback from the banks and fintechs they regulate which measures satisfaction and trust with the regulator.⁸

Q17. Is there anything Ofgem can do to improve how we work and engage with you as a stakeholder on retail energy supply policy and regulation?

Ofgem's engagement with suppliers, including on compliance, will also need to adapt if an outcomes-based regulatory framework is to be successful. This will require culture change across all the Ofgem teams developing policy, engaging with suppliers and running compliance.

The recent Compliance Operating Principles document was a great start in pushing this new culture across teams. We fully support Ofgem in ensuring the new Operating Principles are guiding the work and prioritisation of the compliance team and beyond - and are keen to work together on these Embedding this fully, including with supplier account managers and policy leads, should form a key part of rolling out the new outcomes focus. Compliance managers will need to have the outcomes guiding their thinking, rather than a narrow focus on compliance with the letter of the rules or guidance. This will be a big culture change, but we encourage Ofgem to demonstrate this thinking from the top down.

Part of this culture change will also require Ofgem becoming less risk averse, especially where it comes to acceptance of differences in approach across suppliers. That will mean a

⁷ See, e.g. DBT, [Business regulation: business perceptions survey](#), 2024.

⁸ See, e.g. [FCA and Practitioner Panel Survey 2024/25 Findings](#).

reorientation to supporting suppliers through new propositions and innovations and not requiring evidence that there will never be any instances of detriment. Fundamentally, this is about being proportionate and focusing on what has a material impact on consumers.

More meetings with Ofgem on data-led insights would also be helpful so that we can form a joint view of how we are performing against the outcomes.

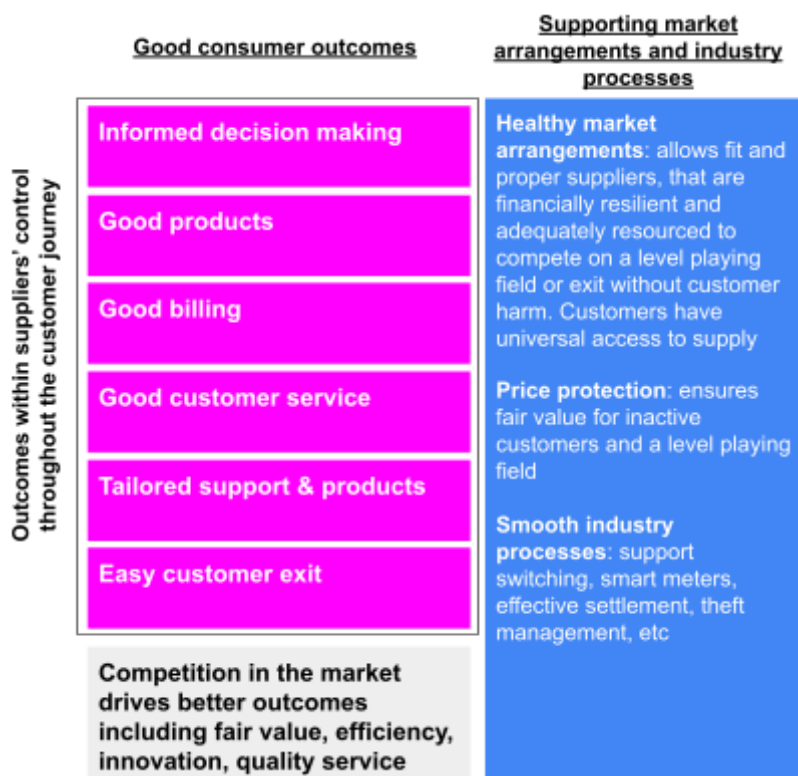
Finally, we would like to see improvements on the way Ofgem engages on matters where there is overlap in policy thinking within DESNZ. Often shifting government agendas shape Ofgem's work programme and this can undermine the regulatory certainty benefits that should exist from having an independent regulator. Moving towards an outcomes-based framework should help with this, as Ofgem internalises the outcomes and has confidence in how they should drive its work. We also expect to see some changes in the DESNZ Review of Ofgem and a reformed Strategy and Policy Statement to help with this.

Annex - how to refocus consumer outcomes for regulatory change

In the next phase of this work, we are keen to work with Ofgem to focus the Consumer Outcomes work more specifically on setting out a rationalised set of outcomes - specifically those that depend on how suppliers act; and map with the consumer journey. Many of the outcomes in Ofgem's CFI are market-wide goals. They cannot be delivered by suppliers, or any individual supplier alone. Rather, they rely on effective competition and industry systems. While we commend Ofgem's commitment to these outcomes, they are broader than the focus of the consumer confidence work, which is on amending the supplier rules framework.

If it does this, Ofgem would be moving away from its current approach which is aligning a set of outcomes against its Consumer Interest Framework and other areas of the supply licence. This approach has been a helpful starting point, but we think has led to a large list of too many proposed outcomes and with limited clarity over responsibility for delivery. This translated into difficulty in connecting them to a programme of improving retail regulation and moving towards outcomes-based regulation. The path we suggest in this annex is more pragmatic and we would be delighted to discuss with Ofgem.

Figure 1 - Interaction between outcomes within suppliers' control, competitive market outcomes and supporting market arrangements



Instead we suggest that Ofgem reassesses its draft outcomes as fitting into one of three categories, and prioritising the outcomes that are within suppliers' control. These categories are 1. Consumer outcomes from well functioning competitive markets (in grey above); 2. Consumer outcomes from within suppliers' control (in pink above); 3. The supporting market arrangements and industry systems (in blue above). The focus for Ofgem's consumer outcomes work should be using this second category as a basis for delivering regulatory reform.

1. Consumer outcomes from well functioning competitive markets

At a macro level, these outcomes are those Ofgem should expect from a well-functioning competitive market, for example:

- Competitive pricing and fair value
- Driving up quality of service
- Investable firms
- Innovative products and services

Within Ofgem's current set of proposed outcomes in the CFI, this covers all of the outcomes on e.g. preventing excessive prices, incentivising efficiency, resilience and investability. While these are market outcomes that Ofgem should monitor and hold itself accountable for, they are less suitable for driving forward changes in the licence aimed at improving the customer experience. Ofgem could instead build on the work behind its State of the Market report to improve market monitoring.

2. Consumer outcomes from good retailer performance and conduct across the customer journey

This should be the core focus of the consumer outcomes programme.

These should be a set of Outcomes which are legitimately within the control of suppliers (or other retail actors soon to within Ofgem's remit) and which can be set against the customer journey.

They need not map against every part of the existing licence conditions but instead from a top-down approach.

Some of the 24 outcomes already fit into this category⁹ - but we think Ofgem can go even further in clarifying the key outcomes.

⁹ For example Outcomes 1, 7, 8, 9, 10, 16, 23

We have identified six total outcomes which could be the focus of the next stage of Ofgem's work, shown in the table below. These correspond to the outcomes in suppliers' control shown in pink in Figure 1 above and map across three parts of the consumer journey.

Figure 2 - six key proposed outcomes

Part of consumer journey	Proposed outcome
Transparency and choice	1. Consumers have access to information to enable them to make informed choices of supplier and product (e.g. on supplier performance, products, tariffs, payment method, repayment plans etc)
Quality and standards	2. Consumers have access to products which meet their needs and don't expose them to foreseeable risk of harm
	3. Consumers are charged for energy in a manner that accurately reflects their usage, with bills being easy to understand, timely, appropriate for the customer, and supports consumers to keep up with payments and manage credit balances
	4. Consumers receive good levels of customer support/service which genuinely meets their needs and resolves complaints
	5. Tailored support and product design meets a wide range of customer needs, including where the customer is in debt or is in vulnerable circumstances
Switching/exit	6. Consumers are given the information and assistance required to freely switch between suppliers and products

3. The market arrangements and industry systems needed to support consumer outcomes in 1 and 2

Many parts of the current supply licence set out market arrangements and industry systems which facilitate the outcomes laid out under points 1 and 2 above. These need not form part of the core work Ofgem is doing through this consumer outcomes work, and can be set aside for the time being. This includes:

Price protection outcomes for disengaged consumers

The price cap was introduced, and continues to operate, because of recognition that disengaged consumers need price protection - and that this redresses a substantial lessening of competition in the market. Ideally the market could deliver this outcome on its own, but it has already been established that regulatory intervention through the cap is needed. We therefore do not consider that the Consumer Outcomes work needs to tackle this question specifically, rather that this work can be taken forward through Ofgem's Future of Price Protection work if needed.

Healthy market arrangements

The rules that allow fit and proper suppliers, that are financially resilient and adequately resourced to compete on a level playing field or exit without customer harm. These rules support both the consumer outcomes delivered through the market and those in suppliers' control. We support Ofgem's commitment to review the financial resilience regime, but this does not need to be done through this Consumer Outcomes programme of work.

Industry processes

Industry processes which e.g. support switching, smart meters, effective settlement, theft management, etc. Again these support delivery of consumer outcomes, but need not be considered as part of this programme of work specifically.