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Future Retail Markets
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Dear Future Retail Markets team,

Uswitch response to Ofgem's call for input: Consumer Outcomes

We welcome the opportunity to respond to this call for input.

Uswitch welcomes Ofgem's recognition that the current regulatory framework has become increasingly complex and prescriptive, and supports the proposed outcomes-based framework.

We believe that the current regulatory framework is not consistently delivering for consumers. Instead of driving better outcomes, there are examples where it is suppressing competition, discouraging innovation, and deterring investment. Over the years, layers of regulation have created an overly complicated system that adds unnecessary cost to household energy bills, and undermines investability in the market. This lack of investability means suppliers, wider market participants, and potential new entrants have fewer incentives to invest in the innovative products and services consumers need to use their energy more flexibly and lower their bills.

An outcomes-based approach would better focus regulatory oversight on whether consumers are genuinely benefiting - through lower bills and greater choices - while allowing flexibility for suppliers and new market participants to innovate in support of growth and net zero goals. The Financial Conduct Authority (FCA) has moved in this direction with the 'Consumer Duty', which is generally positive, although it should be noted that even in its case, the FCA has, post-implementation, sought to reduce some of the regulatory burden associated with it. The FCA has also had to put real focus on removing any prescriptive rules in parallel, which is a detailed process. Ofgem should follow this direction of travel, taking the learnings from other sectors to find that right balance.

Affordability — which remains the top priority for 76% of Uswitch customers — should sit at the heart of what this framework is trying to support. The Government is clear that tackling the cost of living is its number one priority, and Ofgem has a crucial role to play by helping to reduce non-wholesale costs and ensuring suppliers have the right conditions to develop innovative products and services



that lower bills. Ofgem must be laser-focused on cutting unnecessary compliance costs that are ultimately passed on to consumers – something an outcomes-based system is well-placed to deliver – and ensuring network costs deliver value for money by increasing demand for electrification, at a time when future levels remain uncertain.

Delivering this outcomes-based framework would allow Ofgem to move beyond process-driven compliance and focus regulatory oversight on whether the retail energy market is genuinely delivering for consumers.

We respond to the call for input questions below.

Yours sincerely

A handwritten signature in blue ink that reads 'Richard Neudegg'. The signature is fluid and cursive, with the first name 'Richard' and last name 'Neudegg' clearly distinguishable.

Richard Neudegg
Chief Corporate Affairs Officer

Annex 1 – Response to call for input questions

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?

Uswitch welcomes Ofgem's recognition that the current regulatory framework has become increasingly complex and prescriptive, and supports the proposed outcomes-based framework. We believe that the current prescriptive approach to regulating the retail energy market will fail to deliver the innovation needed to achieve the Clean Power mission.

The current regulatory framework is not consistently delivering for consumers. Instead of driving better outcomes, it is suppressing competition, discouraging innovation, and deterring investment. Compliance has become a burdensome tick-box exercise, focused on suppliers' inputs rather than the impact on consumers. Over the years, layers of regulation have created an overly complicated system that adds unnecessary cost to household energy bills, and undermines investability in the market. This lack of investability means suppliers, wider market participants, and potential new entrants have fewer incentives to invest in the innovative products and services consumers need to use their energy more flexibly and lower their bills.

An outcomes-based approach would better focus regulatory oversight on whether consumers are genuinely benefiting – through lower bills and greater choices – while allowing flexibility for suppliers and new market participants to innovate in support of growth and net zero goals. The Financial Conduct Authority (FCA) has a successful outcomes-based approach to deliver its 'Consumer Duty', while retaining prescription-based regulation for high-risk areas. Ofgem should follow suit, retaining targeted prescriptive requirements only where necessary to protect vulnerable consumers.

We do think Ofgem should give consideration to how the proposed outcomes would support key areas:

- **Reducing unnecessary costs**

Ofgem must be laser-focused on cutting unnecessary compliance costs that are ultimately passed on to consumers – something an outcomes-based system is well-placed to deliver – and ensuring network costs deliver value for money by increasing demand for electrification, at a time when future levels remain uncertain.

- **Supports the rollout of consumer-led flexibility**

The 2030 mission requires 12GW of demand-side flexibility by 2030, up 480% from 2.5GW today. Yet progress remains slow: almost two-thirds of electric vehicle owners are not on time-of-use tariffs, and one in five don't have a smart meter.

Meanwhile, a majority of households remain on the price cap, which currently acts as the default for most consumers, rather than a backstop. This has dampened consumer

engagement with the market and reduced incentives for suppliers to innovate, stalling the development of products and services needed to drive flexibility and lower bills.

Without a significant increase in electrification and consumer flexibility, electricity supply will continue to expand while demand lags behind, leaving higher system costs to be spread across a smaller base of engaged consumers. This risks pushing up bills as households pay for capacity that is unused, or inefficiently used.

The new regulatory framework must therefore prioritise unlocking innovation that incentivises the adoption of low-carbon technologies and empowers consumers to manage energy more flexibly and efficiently. An outcomes-based framework will not only help deliver this innovation but also ensure the system can continue to evolve as technology and AI advance.

- **Competition to lower bills and unlock innovation**

A market dominated by default tariffs weakens competition and significantly reduces incentives for consumers to seek out deals that reward more efficient energy consumption. If the UK is to deliver genuinely affordable clean power, the regulatory framework must actively stimulate competition — creating the conditions for suppliers to innovate, develop new products and services, and reward consumers for doing their part to reduce peak demand.

Delivering an outcomes-based framework would allow Ofgem to move beyond process-driven compliance and focus regulatory oversight on whether the retail energy market is genuinely delivering for consumers.

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

Different consumer cohorts experience different affordability with household bills. Ultimately, where an energy bill is a high burden on a consumer, they are unlikely to be satisfied and are more likely to face negative outcomes. Affordability in the energy system has to be addressed in aggregate, with cheaper forms of power on the grid, but the market also needs to be able to deliver the right incentives for suppliers and consumers to ensure this works in practice. At present, the market has been left unable to create the conditions consumers — particularly the most vulnerable — need to take control of their energy bills.

Engaged consumers who want to be part of the solution lack the incentives to adopt electrification and flexibility because they are not convinced they will see meaningful reductions in their bills, with savings wiped out by rising policy costs.

Meanwhile, disengaged consumers remain stuck on default tariffs, facing prohibitively high energy costs with little support, or incentive, to engage with the benefits of the Clean Power mission.

An outcomes-based regulatory framework would help Ofgem better identify and address these divergent experiences by focusing on whether consumers are genuinely benefiting in practice, while

encouraging innovation that helps households understand their options and reduce bills. But regulation alone cannot close all the gaps. The Government must also play its part by introducing a social tariff that delivers targeted support for vulnerable consumers.

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?

Ofgem, suppliers, and the wider system need to be working in lockstep to create a market where bills can genuinely fall over time. This means driving the uptake of electrification, reducing non-commodity costs, increasing competition, cutting unnecessary complexity and inefficiency, and enabling consumers to see a visible reduction in their bills for changing their energy habits.

It is also important that the regulatory system recognises that as the market becomes more complex, consumers will find it harder to understand whether they are receiving good value for money and compare tariffs. Trusted intermediaries, such as Uswitch, will play a critical role in bridging this gap by helping consumers make informed choices and holding suppliers to account. Recognising and enabling this role within the outcomes framework will be important to ensure that increased innovation and flexibility translate into improved outcomes for consumers.

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

Uswitch supports the objective of Outcome 2, protecting consumers from excessive prices, but believes it is important that the regulator recognises that prices must incentivise consumer engagement and system efficiency. We also believe that Outcome 2 where properly implemented should negate the need for the prescriptive price cap altogether. In an outcomes-based system, the regulator would monitor suppliers to ensure their pricing is not excessive and penalise where necessary, rather than relying on overlapping regulatory protections.

Without active engagement with the system, consumers risk becoming a cost to the system, which increases bills for everyone – including vulnerable households. An example is electric vehicle (EV) owners. If they return from their work day, plug in their EV, and start charging at 5:30pm, those who were meant to be part of the solution become part of the problem, increasing grid congestion and costs. Around 20% of EV owners still do not have smart meters, meaning many face no incentive to shift charging away from these peak periods, increasing pressure on the grid.

In this context, a uniform application of the price cap risks dampening engagement, locking in inefficient behaviour, and increasing costs for all consumers. Outcome 2 would be strengthened by clearly distinguishing between consumers' participation. Disengaged consumers should pay a fair price for disengagement – prices that reflect the costs of choosing inflexible behaviours, while applying targeted protections to vulnerable consumers who cannot engage.

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?

Uswitch broadly agrees that the explanations provided clearly articulate the intent of the Consumer Outcomes and help to set expectations. In particular, we welcome the strong focus on consumer engagement and enabling a low-cost transition. However, as noted above, we believe that affordability must be front and centre of the proposed framework.

Furthermore, these outcomes cannot be fully realised within the existing regulatory framework. Continued reliance on the price cap as the primary mechanism to deliver affordability is a limiting factor, as it was not designed for this purpose. To meet the intent of the Consumer Outcomes, the Government should introduce a new social tariff to protect households that cannot easily shift their energy use or for whom energy costs remain prohibitively high, while enabling wider retail market reform.

We agree that prices should reflect the costs of a well-run supplier operating in a competitive market. However, as noted above, it is important that the market also more accurately reflects the costs associated with inflexible energy use. Consumers who are able but choose not to engage increase system-wide costs, which are borne by all households, including the vulnerable. Clearer cost signals would support a fairer and more efficient system, while reinforcing incentives for engagement.

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?

Delivering good outcomes increasingly depends on consumers being able to engage with smarter tariffs, flexibility, and low-carbon technologies. While the rules may support these objectives in principle, the current regulatory framework is failing to drive the competition, innovation, and investment needed to translate them into reality. Relying on prescriptive rules encourages market participants to do the minimum to comply, prioritising inputs and box-ticking over improving the customer journey and real outcomes.

More broadly, the increasing number of prescriptive rules that suppliers must follow has led to the regulatory regime becoming increasingly complex and layered over time, adding cost and uncertainty for suppliers, and contributing to higher bills. This has created a retail market that is not sufficiently investable, limiting suppliers' ability and willingness to invest in the new products, services, and capabilities required to improve consumer outcomes.

Some features of the current framework work against the regulator's own aims and ultimately undermine consumers' interests. The price cap, in particular, is now expected to perform multiple roles it was never designed for: acting both as a universal default tariff for most households and as protection for vulnerable consumers. This leaves the majority of customers stuck on default tariffs rather than engaging with the market to find better deals, while many vulnerable households still face unaffordable bills. With the majority of consumers remaining on the default tariff, this limits the commercial incentives on suppliers to innovate, offer more flexible products, or develop tariffs tailored to different needs. Targeted protection for vulnerable customers is therefore urgently

needed, alongside wider reforms to create a more dynamic and competitive retail market for everyone else.

These challenges are compounded by the imbalance between electricity and gas prices and delays in rolling out reforms that would enable a more dynamic market. Slow progress on the smart meter rollout and the delayed implementation of the Market-wide Half-Hourly Settlement mean that large numbers of households cannot access time-of-use pricing or participate meaningfully in flexibility, even where the regulatory framework notionally promotes choice, fairness, and engagement.

Ofgem and the Government can address this if the new focus on consumer outcomes leads to a genuinely reformed regulatory system. This should include reducing regulatory complexity to improve investment incentives through a principled-based approach, accelerating the delivery of reforms that will unlock flexibility, and reducing the system's overall reliance on the price cap.

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?

As the market evolves, with an increased number of non-supplier consumer facing market participants, such as smart technology providers, there could be a role for some of the outcomes. These will be relevant considerations for example in the design of a future regulatory framework for third party intermediaries.

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.

Uswitch broadly agrees with the direction set out and considers that the most effective approach would be a combination of the options outlined, rather than reliance on any single mechanism. In particular, a blend of outcomes-based licence reform, reputational incentives (such as transparent reporting on delivery of Consumer Outcomes), and strengthened regulatory guidance would enable Ofgem to provide clarity and accountability while retaining flexibility to support innovation and improved consumer outcomes as the market evolves.

Retaining the current regulatory framework largely unchanged will not deliver the necessary step change in consumer outcomes Ofgem is seeking. In practice, the existing framework has contributed to high levels of disengagement, with the majority of households remaining on the default tariff. Over time, the increasing complexity and layering of the regulatory regime have also reduced the investability of the retail market, raising costs and uncertainty for suppliers and constraining investment in new products and services. Without reform, there is a risk that this disengagement becomes further entrenched, limiting both consumer benefit and the scope for innovation in the retail market.

Uswitch therefore believes there is merit in moving towards a more outcomes-led approach, rather than relying on either full prescription or a wholesale replacement of existing rules. An

outcomes-based framework, if carefully designed and supported by clear guidance and monitoring, offers greater flexibility for suppliers and for other market participants to innovate. It will also help to ensure that regulatory focus is placed on the outcomes that consumers actually experience, rather than on compliance with prescribed processes, incentivising suppliers to prioritise the delivery of better results over meeting minimum procedural requirements.

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?

Voluntary commitments could play a supporting role alongside wider regulatory reform. However, on their own, a wholly voluntary approach would not be sufficient to deliver consistent improvements in consumer outcomes across the market or to address the structural drivers of disengagement and high bills.

Strong enabling conditions are necessary for a voluntary approach to have credibility and impact. In particular, the regulatory environment must actively allow and encourage suppliers to innovate and offer products and services that genuinely help consumers cut their bills, such as smarter tariffs and flexibility-enabled propositions. Without these wider conditions, voluntary commitments risk remaining aspirational rather than translating into meaningful, market-wide improvements for consumers.

Q12. Are there specific licence conditions where less prescription could benefit the retail market without compromising consumer protection?

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

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

As the energy system becomes increasingly complex, requiring greater innovation and accommodating more market participants, prescriptive regulation will become less effective. A heavily prescribed regulatory framework risks creating ever-more costly layers of regulation that ultimately fail to deliver the innovation needed to meet evolving market challenges. In these areas, reducing prescription would benefit the retail market by allowing greater flexibility and responsiveness to change, without compromising consumer protection through appropriately designed outcomes-based regulation.

However, there will always need to be some exceptions to this principle. There may be some circumstances where the nature of a particular risk is so acute that prescription is necessary. There may be circumstances where a level of standardisation and availability of information would be important for the market to function.

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.

We agree that broadening Ofgem's monitoring to better capture whether consumers receive good outcomes when interacting with suppliers is important. As we have said throughout this response, ensuring that consumer outcomes are being met, such as consumers getting helpful advice which enables them to better engage in the market, is a more relevant metric than the number of inputs, such as call response times.

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**

As we have said earlier, the key factors to be considered when updating the regulatory framework should be based on achieving affordability, consumer-led flexibility, and delivering competition to lower bills and unlock innovation.

Therefore, the key measures for success are:

- **Lowering of energy bills.** We need to see Ofgem reduce the cost of regulation and the cost of serving customers, while putting in place the enablers needed to increase the demand and supply of innovative products and services that reduce bills.
- **Increase in demand-side flexibility.** We need to see market signals that incentivise households to change their consumption patterns and a subsequent increase in levels of demand-side flexibility that reduce system-wide costs.
- **Increased number of new offers and services for consumers.** We need suppliers and new market participants to offer diverse services and products aligned with different consumers' needs.

Overall, the regulatory framework needs to see an increase in the number of consumers who are supported to adopt low-carbon, flexible technologies and actively identify and choose smarter tariffs, which will reward them with lower bills.

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?

There are a number of improvements Ofgem can make to improve how it works and engages with those in the retail energy market. This is increasingly important as the market is set to become more complex. These include:

- **Focus on robust, thorough, and transparent economic analysis.** This is a key decision-making tool that Ofgem — an economic regulator — should prioritise when deciding policy. Therefore, if Ofgem makes decisions inconsistent with its economic analysis, it must have sufficiently robust evidence as to why. This does not always appear to be the case. Uswitch, like many other businesses in and around the retail energy market, needs to make significant decisions about its level of investment in the market. Making these decisions requires certainty about the substance of a regulator's decisions and how those decisions are made.
- **Ensure that Ofgem engages with the whole energy retail market ecosystem, from TPIs to suppliers.** With the energy market set to become more complex, the role of TPIs and non-traditional market participants will grow. Therefore, it is important that Ofgem's engagement with these players reflects the significant role they will play in the future energy market. Alongside high-level engagement, TPIs should be fully included in industry forums and stakeholder processes to ensure regulation is shaped in a way that empowers them to drive better consumer outcomes.