Making a positive difference for energy consumers

# Consultation

## Administration of the Bill Discount Scheme

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| Response deadline: | 8 September 2026 |
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We are consulting on our proposed administration of the Bill Discount Scheme for new and significantly upgraded transmission network infrastructure. We welcome responses from anyone with an interest in the scheme, such as electricity suppliers and transmission owners, as well as from other stakeholders and the public.

This document outlines the scope, purpose, and questions of the consultation and how you can get involved. Once the consultation has closed, we will consider all responses. We want to be transparent in our consultations. We may publish the non-confidential responses we receive alongside a decision on next steps on our website at www.ofgem.gov.uk/consultations. If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request. For example, a line in your email signature that says, "this email is confidential", will not be taken as a request for your response to be kept anonymous. You must explicitly request for your response to be anonymous in the body of your email or in the document with your response.

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# Executive summary

In summer 2023, the previous government commissioned research to identify how best to support communities hosting new electricity network transmission infrastructure. This research found that electricity bill discounts were among the most favoured measures, offering a practical way to share benefits locally and mitigate concerns about hosting large-scale transmission infrastructure. In March 2025, the government announced plans to introduce a bill discount scheme, enabled by the Planning and Infrastructure Act 2025. The scheme aims to provide financial benefits to households near new or upgraded infrastructure and support the government's net zero objectives.

The government has named Ofgem as the administrator of the bill discount scheme for new electricity transmission network infrastructure. Further to the government's consultation and response, and subsequent policy notice on the design of the scheme earlier this year, this consultation seeks stakeholder views on aspects of how Ofgem will deliver the scheme, including how we identify eligible households, set up the payment delivery mechanisms, and the scheme's compliance arrangements. The responses will inform the development required ahead of the first payments, expected from early 2027.

Electricity suppliers will be obligated to fund the scheme, and they are anticipated to recover these costs by passing them on to customers through an additional charge in their tariffs. This approach ensures that the scheme is industry-funded, while maintaining transparency and fairness. The government has provided further details on cost recovery and its impact on billpayers in the scheme's impact assessment. A final impact assessment will be published alongside the government's secondary legislation, expected later this year. Under the scheme, eligible households will receive discounts of up to £250 per year on their electricity bills for a period of ten years.

In the ***determining eligibility*** section (chapter 3), we set out our approach to identify households eligible for the automatic scheme who can be paid the discount via their energy supplier in the form of a discount on their electricity bill. Eligible households without a direct relationship with a domestic electricity supplier (such as those on commercial supplies or off-grid households) can opt in to the scheme and Ofgem will pay the discount directly to them.

In the ***payment process*** section (chapter 4) we outline the proposed payment methods, timeframes, and reconciliation process.

In the ***communications and appeals*** section (chapter 5), we describe how we will communicate with eligible households and scheme applicants, respond to enquiries, and set out the communication responsibilities of licensed energy suppliers and transmission owners. We also set out how we propose to administer a ***right of review*** process, enabling scheme participants to appeal if they believe an error has been made in a determination we have made.

In the ***audit and compliance*** section (chapter 6), we set out proposed audit and compliance measures for licensed suppliers, transmission owners and scheme participants.

Ofgem will publish annual reports as part of the ***scheme reporting and data handling*** requirements (chapter 7).

While we have provided context on the government's position in this document, stakeholders should refer to the government response and subsequent policy notice for a comprehensive overview of the policy framework.

This consultation seeks views on the detailed administrative implementation of the government's final policy position for the bill discount scheme, as set out in the relevant policy documents and to be given legal effect through the Electricity Transmission Infrastructure Benefit Scheme Regulations 2026. This consultation does not revisit core scheme design decisions, including roles, obligations, and enforcement mechanisms, which have been determined by the government.

# 1. Introduction

## Purpose of this consultation

1.1. This consultation seeks feedback on our proposed administrative approach to the bill discount scheme. The scheme is intended to recognise the role of communities in hosting new electricity transmission network infrastructure. We expect households to start receiving discounts from early 2027. We welcome responses from anyone with an interest in the scheme, including electricity suppliers, transmission owners, community groups, other stakeholders and members of the public.

1.2. In this document we use 'we', 'our', and 'us' interchangeably with Ofgem when describing our activities.

1.3. The consultation involves our administration of the future Electricity Transmission Infrastructure Benefit Scheme Regulations 2026. The government has set out policy in its response to the consultation on scheme design and in a subsequent policy notice, which will inform the regulations. If the final regulations differ in a way that materially affects the scheme administration, we will consider whether further stakeholder engagement is necessary.

1.4. The scope of this consultation is limited to operational and administrative delivery. It does not seek views on elements of scheme design which are fixed by government policy and legislation.

1.5. In each section of this consultation, we summarise the government position under the heading 'Summary of government position.' These summaries reflect the government's policy position as set out in the government response and subsequent policy notice. They are provided for context only. In the event of any inconsistency between this consultation and the governing legislation or official government publications, those documents take precedence.

1.6. In each section we then set out our proposed administrative approach which outlines our administrative interpretation of the government's policy and how we intend to administer the scheme in line with this.

## Related publications

Some useful links related to this consultation are:

- Government Consultation on scheme design for bill discounts for new transmission network infrastructure
- Bill discounts for transmission network infrastructure: scheme design update
- Final Stage Scheme Impact Assessment
- Government Electricity Bill Discount Scheme for transmission network infrastructure: policy position

- Proposed methodology for Electricity Bill Discount Scheme cost allowance
- Planning and Infrastructure Act 2025

## Consultation stages

1.7. This consultation outlines the way we plan to administer the bill discount scheme for new transmission network infrastructure. The consultation will be open for 6 weeks and will close on Tuesday 8 September 2026.

1.8. If there are minor changes between this consultation and when the pending Electricity Transmission Infrastructure Benefit Scheme Regulations 2026 are laid in Parliament, we will consider whether further stakeholder engagement is necessary.

1.9. As soon as the consultation closes, we will start analysing responses and drafting guidance, which are scheduled to be published in late 2026.

## How to respond

1.10. We want to hear from anyone interested in this consultation. Please send your response, using the template published alongside this document, to the Bill Discount Scheme Team.

1.11. We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can. Please send us your responses using the response template published alongside this consultation.

1.12. We may publish non-confidential responses on our website.

## Your response, data, and confidentiality

1.13. You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

1.14. If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request. For example, a line in your email signature that says, "this email is confidential", will not be taken as a request for your response to be kept anonymous. You must explicitly request for your response to be anonymous in the body of your email or in the document with your response.

1.15. If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix B. Privacy policy.

1.16. If you wish to respond confidentially, we will keep your response confidential. We will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

## How to track the progress of a consultation

1. Find the web page for the consultation you would like to receive updates on.
2. Click ‘Get emails about this page’, enter your email address and click ‘Submit’.
3. You will receive an email to notify you when it has changed status.

A consultation has three stages: ‘Open’, ‘Closed (awaiting decision)’, and ‘Closed (with decision)’.

## *2.* Glossary

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| **Eligibility zone** | The eligibility zone is 500 metres from the limit of deviation of qualifying linear works or from the external boundary of the security fence surrounding qualifying non-linear infrastructure works at the time of construction commencing. |
| **Construction commencement** | The construction commencement date is the start of construction on main transmission infrastructure that is in scope of the scheme (e.g. new lines, substations, switching/converter stations), and not preparatory works (e.g. access roads, site clearance, temporary compounds, archaeological investigations, or utility diversions). |
| **Geospatial vector data** | Geospatial vector data is a coordinate-based data model used in geographic information systems (GIS) to represent real-world geographic features. |
| **Household** | For the purpose of the scheme a single household is defined as a house and its occupants regarded as a unit. |
| **Limit of Deviation (LoD)** | A Limit of Deviation refers to the maximum extent to which linear infrastructure can deviate from the original plans and specifications. |
| **Meter Point Administration Number (MPAN)** | A Meter Point Administration Number is a unique 21-digit identifier for electricity supply points in the UK. |
| **Obligated intermediary** | A person who receives a scheme benefit for an eligible property but does not live in the property and consume the electricity themselves, and who is required to pass the benefit on to the eligible household(s) in accordance with the scheme's passthrough requirements. |
| **Infrastructure boundary** | For non-linear works, such as a substation, the infrastructure boundary is the external boundary of the security fence surrounding the infrastructure at the time of construction commencing. |
| **Qualifying works** | Qualifying works are defined by the government as new onshore, overhead transmission lines (usually 275kW or 400kV, but also 132kV in Scotland) and the associated electricity transmission infrastructure (e.g. substations, converters, switching stations and sealing-end compounds). |

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| | Infrastructure that meets these criteria, is built by transmission owners, and starts main construction works from 10 March 2025 will be considered qualifying works. |
| **Unique property reference number (UPRN)** | A unique property reference number is a 12-digit code used to uniquely identify every addressable location in Great Britain. |
| **Unique reference number (URN)** | A unique number given by Ofgem to properties potentially eligible for the opt-in scheme. URNs can be found in the letters Ofgem will send to potentially eligible opt-in properties. |

# 3. Determining eligibility

This section covers how we will identify the households who are eligible for the automatic and opt-in routes in the scheme. We set out the opt-in process for non-automatic recipients and how we will notify them of the outcome of their application.

## Questions in this section

Q1. Do you agree or disagree with the roles and responsibilities of the various parties in identifying eligible projects? Please state why you agree or disagree.

Q2. What else should we consider when developing the process for transmission owners to share geospatial vector data with us?

Q3. Do you agree or disagree that our proposed approach to identify eligible properties is the most efficient and effective way to use the data available? If you would like to propose an alternative method, please suggest it here.

Q4. Do you agree or disagree with our proposed approach to determine domestic MPANs? Please state why you agree or disagree. Are there any other considerations you think we should take account of when determining if an MPAN is domestic?

Q5. Do you agree or disagree with our proposed approach and timeframe for sharing eligible property data with suppliers 30 days in advance of the payment window? Please state why you agree or disagree.

Q6. Do you agree or disagree that our proposed approach to identify and contact potential opt-in applicants is the most appropriate, effective, and efficient? Please state why you agree or disagree.

Q7. Do you agree or disagree with our proposal to not contact obviously non-residential properties? Please state why you agree or disagree.

Q8. Do you agree or disagree with the obligation for opt-in households to confirm their continuing eligibility and our proposal to reverify this annually to ensure only eligible households receive the scheme benefits? If you would like to propose an alternative method, please suggest it here.

## Eligible projects and properties

**Summary of government position**

Eligible properties

3.1. Eligible infrastructure for the scheme will include transmission owner-built projects.

3.2. Eligible asset types include overhead transmission lines, pylons, substations, converters, switching stations and sealing-end compounds. The government will explore options to potentially expand the scheme to transmission infrastructure not built by transmission owners (such as onshore substations or interconnectors and offshore windfarms) in the future.

3.3. Transmission owners are responsible for identifying eligible infrastructure that qualifies for the scheme within their upcoming works, in accordance with the eligibility criteria set out by the government.

3.4. Transmission owners will provide Ofgem with a pipeline of eligible infrastructure projects due to begin construction within the next year every 6 months.

3.5. The construction commencement date will be defined as the point at which work has started on site for the full main works contract (i.e. when main works commence, as set out in the planning application, and all pre-commencement conditions have been completed). This does not include any initial public access or scoping work (i.e. site preparation works that take place prior to work under the main construction contract, such as site clearance, archaeological investigations, temporary compounds, upgrading existing public roads, access roads, or using specialist equipment to access the construction site).

3.6. Where the construction commencement date for an eligible project is earlier than the date that the scheme Regulations comes into force, then transmission owners should provide this information to the scheme administrator, as soon as practicable and no later than 60 days of the Regulations coming into force.

3.7. Existing residential properties within the eligibility zone for each project at the time an eligible project begins construction will be eligible for the scheme.

3.8. Only properties that are used primarily for a residential purpose will be eligible.

3.9. Businesses with a non-domestic electricity supply are **not eligible** for the scheme. Some businesses with a domestic supply may inadvertently benefit from the automatic scheme due to the inability to identify them as businesses.

3.10. At scheme launch, vacant properties, second homes and holiday lets are eligible for the automatic scheme provided they have a live supply in place for domestic electricity supply. The government is considering the feasibility of identifying and excluding vacant properties on the automatic scheme, second homes, and holiday lets after the scheme has launched. Vacant properties will not be eligible for the opt-in scheme as opt-in applicants must reside at the property they are applying for.

3.11. Properties built, assigned an MPAN, or extended into the eligibility zone after the infrastructure begins construction will **not** be eligible. Additionally, premises that undergo a change in use from commercial to domestic after the infrastructure begins construction will **not** be eligible.

3.12. If a household is living in an eligible property without a connected electricity supply (e.g. they are off grid) or is supplied by a commercial meter, they may be eligible and can apply through the opt-in scheme.

3.13. Only the resident living in the property or responsible for paying the electricity bill on the qualifying date will be eligible for the payment. Partial payments will not be provided if a resident moves in or out of a property before or after the eligibility date.

3.14. For recipients on the automatic scheme there will be no opt-out function.

3.15. Where works are discontinued, transmission owners must notify Ofgem in writing as soon as possible and no later than 60 days after the date of discontinuation.

3.16. TOs will be responsible for ensuring that the information provided is complete, accurate, and up to date, is provided within the timeline requested by the scheme administrator, and does not include geospatial vector data for ineligible works beyond what was requested. If TOs become aware of any inaccuracies in the data they provide, this should be highlighted to the scheme administrator as soon as practicable, and the scheme administrator will remeasure the eligibility zone if deemed appropriate.

Identifying the eligibility zone

3.17. The 500m radius is defined as the 'eligibility zone', which is measured from the limit of deviation or infrastructure boundary of the qualifying works. The infrastructure boundary can take a different meaning depending on whether the eligible infrastructure is linear or not:

- For non-linear infrastructure, such as substations and converter stations, the zone will be measured once construction has started as 500m from the external perimeter of the security fence surrounding the infrastructure.
- For linear infrastructure (for example an overhead line) this zone will be 500m from the edge of the infrastructure's limit of deviation specified in the grant of planning permission.

3.18. This will be mapped based on geospatial vector data provided by transmission owners.

3.19. Ofgem will identify eligible households in accordance with the requirements of the pending Regulations.

**Proposed administrative approach**

Determining the zone of eligibility

3.20. **Step 1:** Transmission owners will create and maintain a list of their eligible infrastructure within the scope of the scheme. Transmission owners will share the list of projects due to commence construction within the next year with us every 6 months. This list will include the expected start date of each project as specified in the planning permission application. We will work with transmission owners to produce guidance that will set out a standardised format and content expected in data submissions from transmission owners.

3.21. **Step 2:** For each project, the responsible transmission owner will submit geospatial vector data to us, containing only eligible works/asset types, within 60 days of the project beginning construction. The geospatial vector data will show the LoD or infrastructure boundary of the new eligible infrastructure or upgrade works. At the same time as submitting the geospatial data, transmission owners will submit the confirmed construction commencement date for the project to us via an online form that we will provide.

3.22. **Step 3:** We will create a map of the eligibility zone using GIS processing software to identify all properties within a 500m radius of the LoD or infrastructure boundary of the project. The geospatial vector data, showing the LoD or infrastructure boundary of the eligible infrastructure project, will be overlaid onto a map and will capture properties within the zone and their corresponding Unique Property Reference Number (UPRN). This does **not** include gardens, driveways, and outhouses.

Where the eligibility zone cuts through a property, properties that have all or part of their physical boundary of the primary building within the eligibility zone will be captured and may be eligible, provided they are in an eligible property type.

3.23. **Step 4:** We will export a list of all UPRNs within the eligibility zone.

Identifying eligible properties

3.24. **Step 5:** Once we have identified all UPRNs within the eligibility zone, we will then use industry data to identify the meter points associated with each UPRN. This involves matching UPRNs to the primary Meter Point Administration Number (MPAN) associated with them. These MPANs are the datapoints required by suppliers to be able to make payments to eligible customers.

3.25. We will not be able to identify eligible domestic properties without an MPAN for the automatic scheme (e.g. properties that are off grid), or those with a non-domestic MPAN or electricity supply. Properties that cannot benefit automatically may still be eligible for the opt-in scheme.

Changes or discontinuation of works

3.26. Where construction for an eligible project is permanently discontinued before a project is completed, transmission owners must inform us as soon as possible and no later than 60 days after the discontinuation. We will then stop future payments to households in the eligibility zone for the discontinued project.

3.27. Where transmission owners identify that the location of the infrastructure has deviated during construction from the data initially submitted, they must inform us and send corrected geospatial data as soon as possible. We will then remap the eligibility zone based on the new data. Properties that fall within the revised eligibility zone will become eligible and receive backdated payments where appropriate. Properties that were previously eligible but fall outside of the revised eligibility zone will not receive any future payments. We will not seek to recoup any payments already made to those households during the period when they were eligible under the original eligibility zone.

**Questions:**

1. Do you agree or disagree with the roles and responsibilities of the various parties in identifying eligible projects? Please state why you agree or disagree.
2. What else should we consider when developing the process for transmission owners to share geospatial vector data with us?
3. Do you agree or disagree that our proposed approach to identify eligible properties is the most efficient and effective way to use the data available? If you would like to propose an alternative method, please suggest it here.

## Identifying domestic Meter Point Administration Numbers (MPANs)

**Summary of government position**

3.28. If a property has multiple MPANs, only the primary MPAN(s) registered to the UPRN will receive payment.

3.29. If a single MPAN has multiple households/UPRNs, then the household which is registered to a supplier receives a discount. Any subsequent households sharing the MPAN will need to apply via the opt-in route and prove they are a separate household with a distinct UPRN.

**Proposed administrative approach**

3.30. We will use industry data to identify MPANs that are eligible for the automatic scheme and their associated supplier. We will upload a list of domestic MPANs, split by supplier, to a secure online sharing platform where it can be accessed by suppliers. The list will also contain the number of payments each MPAN has received so far. Each supplier will pay the discount to the relevant households associated with their MPANs within the allocated payment window. At the end of this window, suppliers will update the list of MPANs to confirm each household has been paid the discount and upload this to the same online platform. If the supplier has been unable to apply the discount to an account, they will provide an explanation for this.

3.31. If the customer has since switched supplier, the original supplier (who supplied the customer on the qualifying date) must still make payment to their account.

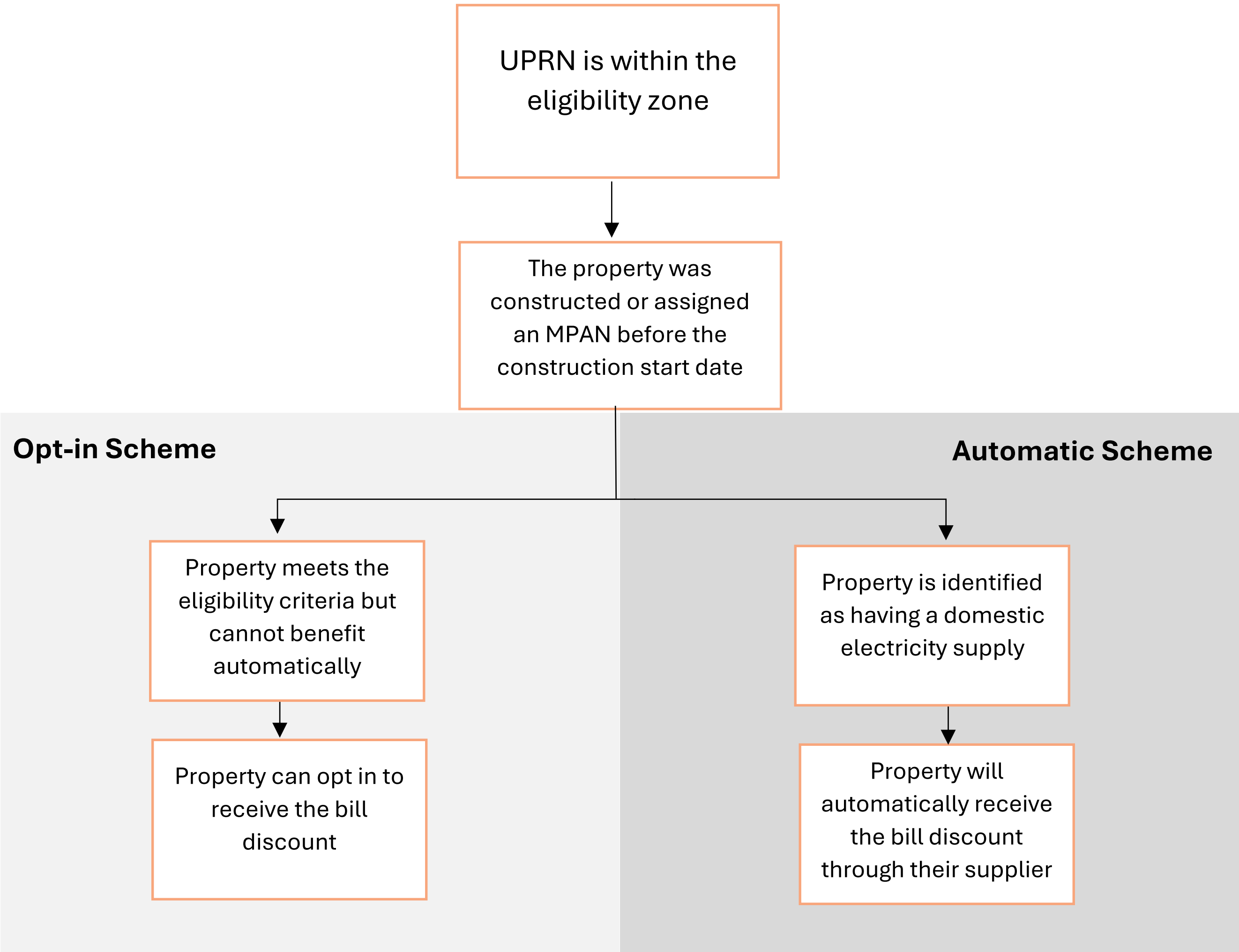
3.32. We will finalise the list of properties identified as eligible to receive the discount automatically from their supplier on the qualifying date. The qualifying date will occur twice a year for the automatic scheme. We will send the list of properties and their corresponding MPANs to the respective suppliers of those MPANs 30 days before the start of the payment window and suppliers will have 14 days to verify the list, noting any inaccuracies or challenges and reporting these to us (see Figure 1: Automatic and opt-in scheme routes).

3.33. The MPAN lists and their corresponding suppliers are expected to be accurate as of the date they are generated. We will generate the MPAN lists at 6-monthly intervals to ensure they are up to date.

3.34. For eligible properties where industry data shows they are supplied by a non-domestic/commercial supply, we will send communications inviting them to opt in to the scheme if we believe them to be a domestic property with an energised meter. Properties that are identified as not having an electricity supply (e.g. they are off-grid) may still be eligible and will be contacted by Ofgem informing them of the opt-in scheme.

3.35. Where an eligible property switches between a domestic and commercial supply during the scheme but remains a domestic premises, we will assess their continued eligibility on a case-by-case basis.

**Figure 1: Automatic and opt-in scheme routes**




**Questions:**

**4.** Do you agree or disagree with our proposed approach to determine domestic MPANs? Please state why you agree or disagree. Are there any other considerations you think we should take account of when determining if an MPAN is domestic?

**5.** Do you agree or disagree with our proposed approach and timeframe for sharing eligible property data with suppliers 30 days in advance of the payment window? Please state why you agree or disagree.

## Opt-in applications

### Summary of government position

3.36. Households within the eligibility zone who cannot receive automatic bill discounts such as residential households with a non-domestic supply, properties that are off-grid, or households whose intermediaries have been removed, may be eligible for the scheme and can opt in to receive bill discounts.

3.37. We expect the following property types to be eligible for the opt-in scheme (this is a non-exhaustive list):

- Houseboat residents with permanent residential mooring
- Residential park home residents on authorised sites
- Households living on permanent pitches on authorised sites, such as Travellers
- Farmhouses (sharing a connection with a farm)
- Houses of Multiple Occupation (HMO) on commercial meters
- Flats above a commercial premises (sharing a connection with the premises below)
- Social housing residents on commercial meters
- Residents living in a separate dwelling on someone else's land e.g. a self-contained annex or caravan (provided they have their own UPRN)

3.38. We expect the following property types to be ineligible for the opt-in scheme (this is a non-exhaustive list):

- Holiday park homes
- Continuous cruiser houseboats
- Traveller transit sites/temporary stopping places
- Campsites
- Purpose built student accommodation
- Care homes and nursing homes
- Properties housing religious communities, except for housing cooperatives
- Any properties not authorised for permanent residential use
- Vacant properties

3.39. We plan to contact households that are potentially eligible to opt in to the scheme.

3.40. We may request opt-in applicants provide evidence that they are living in an eligible residential dwelling.

3.41. Successful applicants will be obliged to provide an update to Ofgem when a change of circumstances occurs, meaning they are no longer eligible for the scheme (for example, they have moved out of an eligible property).

3.42. Residents of larger multiple occupancy buildings on commercial meters designed for specialist use will **not** be eligible for the scheme. These larger multiple occupancy buildings are care homes, nursing homes, purpose-built student accommodation, and buildings occupied by religious communities. This is an exhaustive list of excluded multi-occupancy buildings.

3.43. Households not living on permanent authorised sites/pitches/moorings, such as transit pitches and temporary stopping places on Traveller sites and continuous cruiser houseboats, as well as people staying in, and owners of, holiday park homes will **not** be eligible for the scheme.

3.44. Opt-in recipients must complete an annual declaration to confirm their ongoing eligibility.

**Proposed administrative approach**

Identifying opt-in recipients

3.45. We will attempt to contact properties that are within the eligibility zone but do not automatically receive the benefit to inform them that they may be eligible to receive the discount.

3.46. We may conduct a further filter to manually identify UPRNs that belong to commercial/non-residential premises, such as supermarkets or offices, and exclude these from lettering to minimise scheme costs.

3.47. When we contact potentially eligible opt-in properties, we will provide them with a unique reference number (URN). We will ask applicants to provide this URN when they apply. This will help us to match applicants to eligible properties in a more efficient way. If an applicant has not received a URN, has lost or forgotten their URN, or is moving into a property mid-way through the scheme, they will still be able to apply.

Making an application

3.48. As part of the application process, we will ask for personal details such as name, address, date of birth etc. We will then conduct an identity verification through a third party to confirm the applicant's identity and link to the address. If we require further validation, we will ask for photo ID (such as passport or driving licence) and proof of address (such as a utility bill, council tax, personal bank statement or tenancy agreement). We may ask for proof that the property is being used for a residential purpose. We will publish a list of acceptable evidence in our scheme guidance for opt-in applicants.

3.49. We will inform applicants of the outcome of their application. We will contact applicants via their preferred method of communication with the outcome. For rejections, this will include the reason for rejection and how to challenge the decision if desired.

3.50. We will consider requests from applicants who have requested communication in a different format due to accessibility requirements (e.g. braille, large print, non-digital communication, phone service) or have requested communication in Welsh. We will provide the online application form in Welsh where requested and all posted letters within Wales will be in both English and Welsh by default.

Change of circumstances

3.51. When an opt-in participant has a change of circumstances which means they are no longer eligible (e.g. they have moved out of the property), they must inform us by writing. The annual reverification process will also help us to identify if an opt-in participant has moved out of the property.

Reverification - Automatic recipients

3.52. We will reverify MPANs identified as eligible for the automatic scheme ahead of every payment window. We will re-issue the lists of eligible MPANs to suppliers to ensure up-to-date information is being provided. This process will identify any properties that have changed supplier since the last payment window.

3.53. The information is expected to be accurate as of the day the list is generated and suppliers will have 14 days to notify us of any inaccuracies or challenges.

Reverification - Opt-in recipients

3.54. Opt-in applicants will be required to submit evidence as part of their application and to complete an annual declaration to confirm their ongoing eligibility for the scheme.

3.55. If an opt-in recipient fails to complete the annual reverification, we will suspend payments and a continued lack of response to information requests may result in the recipient's eligibility being revoked. This is to ensure that we do not issue payments to households that are no longer eligible.

3.56. If a new applicant takes over residency and successfully opts in, payment to the original recipient will cease.

3.57. If a recipient fails to complete the reverification for a scheme year, they will not be paid the discount for that year.

**Questions:**

**6.** Do you agree or disagree that our proposed approach to identify and contact potential opt-in applicants is the most appropriate, effective, and efficient? Please state why you agree or disagree.

**7.** Do you agree or disagree with our proposal to not contact obviously non-residential properties? Please state why you agree or disagree.

**8.** Do you agree or disagree with the obligation for opt-in households to confirm their continuing eligibility and our proposal to reverify this annually to ensure only eligible households receive the scheme benefits? If you would like to propose an alternative method, please suggest it here.

# 4. Payment Process

This section covers how automatic and opt-in recipients will receive payments, the requirement for intermediaries to pass payments on to the end user(s) and the reconciliation process.

## Questions in this section

Q9. Do you agree or disagree with our proposed approach for automatic recipients to receive payment, including payment timeframes? Please state why you agree or disagree.

Q10. Do you agree or disagree that we have provided sufficient payment options for different meter types? Please state why you agree or disagree.

Q11. Do you agree or disagree with our proposed approach to pay opt-in applicants, including payment timeframes? Please state why you agree or disagree

Q12. Do you agree or disagree with our proposed reconciliation process? Please state why you agree or disagree.

Q13. Do you agree or disagree with our proposed approach to forecast the cost of opt-in payments? Please state why you agree or disagree.

## Automatic recipients

**Summary of government position**

4.1. Most eligible households will receive an automatic discount on their bill from their electricity supplier. For customers on traditional pre-payment meters the primary delivery route will be energy vouchers issued by their supplier. However, suppliers will have flexibility in delivery methods depending on individual customer needs and supplier arrangements.

4.2. For customers on smart pre-payment meters the expected delivery method is through credit applied to the customer's meter.

4.3. Suppliers will be required to report to Ofgem the number and value of redeemed and unredeemed vouchers, credit, and payments they have made to eligible recipients and the proportion of automatic scheme recipients with traditional pre-payment meters.

4.4. Eligible households that are part of the automatic scheme are paid £125 every six months with a maximum of 20 payments over a 10-year period.

4.5. The supplier that an MPAN is registered with on the qualifying date is responsible for payment, even if the customer switches during the payment window.

4.6. If an eligible household under the automatic scheme misses a payment due to an error on behalf of the supplier or Ofgem, this missed payment will be delivered as a backdated payment scheme in the next payment window.

**Proposed administrative approach**

4.7. Eligible properties with a domestic electricity supply will receive the bill discount automatically from their energy supplier. The payment should preferably take the form of a discount on their bill or credit added to a smart electricity meter, or energy credit voucher, however alternative payment methods may be used where needed. Regardless of the payment type, suppliers are expected to clearly indicate the reason the customer is receiving the payment. We expect supplier communications with recipients to explain that the payment is a bill discount for communities hosting eligible transmission infrastructure and signpost to relevant Ofgem or DESNZ publications where appropriate.

4.8. The payment will be made twice a year during the relevant payment window. We will publish a reconciliation schedule and dates for payment windows later in 2026 with supplier guidance. We anticipate 3-month payment windows twice per year commencing at the start of each 6-month eligibility period (see Figure 2: Payment and reconciliation timeline).

4.9. Once the list of MPANs has been created, we will filter these by supplier and upload them to a secure online sharing platform for suppliers to access. Suppliers are then responsible for making payment to the customer associated with an MPAN, even if the customer switches supplier after the qualifying date.

4.10. The MPAN list provided to suppliers will state how many payments each property has already received, making suppliers aware of how many more payments to process.

4.11. Suppliers will have 14 days after receiving the list of eligible properties to review the list for accuracy and inform Ofgem of any inaccuracies.

4.12. After the payment window has closed, suppliers will update the list of MPANs with confirmation of successful payment, and we will record this in our central system. If they have been unable to pay an associated MPAN, they will provide a reason for non-payment.

4.13. Back payments will only be possible in instances of an administrative error by us, transmission owners, or suppliers that means a household has not been paid when they should have been. Where a supplier is required to make back payments to a household, we will contact the supplier directly to advise what is required before providing the list of MPANs.

4.14. If a customer has switched supplier between the qualifying date and the payment being delivered, the supplier must find an alternative way to deliver the benefit to the eligible customer even if the account has closed. This should be through a credit to their account (if the account is still active), BACS transfer, or cash vouchers.

### Figure 2: Payment and reconciliation timeline

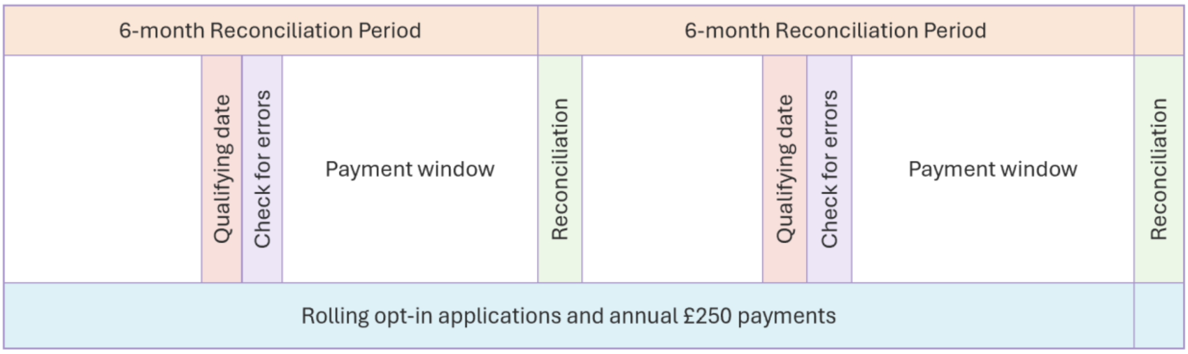



*Image is not to scale*

**Qualifying date:** Ofgem finalises the list of eligible MPANs and informs the associated supplier

**Check for errors:** Suppliers check the list of MPANs and notify Ofgem of any errors

**Payment window:** Eligible automatic customers receive a £125 bill discount from their supplier

**Reconciliation:** Reconciliation of the 6-month period that has just finished

<u>Alternative payment methods</u>

4.15. For households on traditional pre-payment meters that will not receive the discount on their account, we expect suppliers to issue the discount via energy credit vouchers in denominations appropriate to the customer's circumstances/credit limits. Energy vouchers should have at least a 6-month redemption window. In cases where this is not possible, suppliers may issue a BACS transfer or cash vouchers. Regardless of the payment type, suppliers are expected to clearly indicate the reason the customer is receiving the payment.

4.16. We will consider energy credit vouchers to be delivered once the supplier has sent them to the recipient. Once the vouchers have been delivered, suppliers will have fulfilled their obligation and there will be no further obligation on the supplier to encourage the customer to redeem their voucher.

4.17. For households on smart pre-payment meters, we expect suppliers to issue the discount via applying credit to the customer's account.

4.18. Vouchers must have at least a 6-month redemption period.

4.19. Suppliers will not be able to claim for the value of unredeemed vouchers during the reconciliation process.

**Questions:**

9. Do you agree or disagree with our proposed approach for automatic recipients to receive payment, including payment timeframes? Please state why you agree or disagree.
10. Do you agree or disagree that we have provided sufficient payment options for different meter types? Please state why you agree or disagree.

## Opt-in recipients

**Summary of government position**

4.20. Ofgem will make a single annual payment of £250 to eligible opt-in recipients with a maximum of 10 payments over a 10-year period. A single annual payment of £250 has been chosen to balance the administrative complexity of delivery with the relatively small scale of the opt-in scheme.

4.21. BACS payment will be the primary delivery method for successful opt-in applicants.

4.22. Cash vouchers can be provided to those who are unable to receive BACS payments.

4.23. Cheques are excluded as a delivery method due to associated fraud risks.

**Proposed administrative approach**

4.24. Once an eligible project begins construction, eligible households within the eligibility zone who cannot benefit automatically because they do not have a direct relationship to a domestic electricity supplier will have the opportunity to opt in to the scheme. For the opt-in scheme the date that construction begins on a project is the qualifying date for that project. There will be one qualifying date per year, which will reoccur on the same day each year.

4.25. Opt-in applicants will be able to opt in at any point after the qualifying date, but they must opt in within one year of the qualifying date to receive the payment for that year. Payments will only be made for 10 years after the first qualifying date. If an opt-in household applies after the first year of the scheme, they will only be eligible for the remaining years of the scheme. For example, if a household opts in 3 years after the first qualifying date, they will only be eligible for 7 years' worth of payments.

4.26. We will pay successful opt-in participants a single annual payment of £250.

4.27. We will aim to pay successful opt-in participants within 8 weeks of their application or annual reverification. We will publish a monthly payment schedule with opt-in payment dates and application deadlines for each scheme year.

4.28. If someone else takes over occupancy of the property they will be eligible to opt in and will receive payment in the next applicable scheme year. Only one payment will be made to each property per year to the household that is living in the property on the qualifying date. The payment will not be proportional to the length of time a participant has been occupying the property within a scheme year.

4.29. BACS will be the primary payment method for successful opt-in applicants, with cash vouchers being provided to those who are unable to receive BACS. Cheques will not be offered.

4.30. Back payments will only be possible in instances of an administrative error by us, transmission owners, or suppliers that means a household has not been paid when they should have been. Where a supplier is required to make back payments to a household, we will contact the supplier directly to advise what is required before providing the list of MPANs.

**Questions:**

**11.** Do you agree or disagree with our proposed approach to pay opt-in applicants, including payment timeframes? Please state why you agree or disagree.

## Intermediaries

**Summary of government position**

Obligated intermediaries

4.31. An obligated intermediary is an individual or organisation who will receive the scheme benefit under the automatic scheme but does not reside in the qualifying property or consume electricity there, and who holds a formal tenancy or lease agreement with the eligible residents.

4.32. There will be a mandatory pass-through requirement where:

- A landlord, estate agent, management company or other intermediary pays the electricity bill on behalf of end-user;
- There is a formal tenancy or licence arrangement, or formal sub-contract, in place;
- The end-user(s) are consuming electricity supplied to a property that's eligible for the scheme; and
- The end-user is occupying the property on the date the intermediary receives the scheme benefit.

4.33. The passthrough will also apply in situations where there is a chain of multiple intermediaries, or sub-intermediaries, between the eligible recipient and the supplier, meaning the benefit will need to be passed on more than once.

4.34. In cases where there is more than one resident entitled to the scheme benefit, the amount will be divided equally between them by the intermediary, except for cases where residents are joint tenants, joint licensees or tenants in common of the same part of the qualifying household, in these circumstances they will be treated as a single resident.

4.35. The passthrough must be enacted by:

(a) a bank transfer to the eligible household's nominated bank account. The bank transfer must include a payment reference which identifies that the payment has originated from the scheme. This must be completed within 30 days of the intermediary receiving the scheme benefit.

Or

(b) a reduction in the amount of service charge/rent demanded by the intermediary from the eligible household. This must be accompanied by a written statement specifying the amount of the reduction and the reason for it. This must be completed as soon as is reasonably practicable after the intermediary receives the scheme benefit.

4.36. Obligated intermediaries will be required to keep records and evidence that they have passed the scheme benefits to eligible residents. Ofgem will be given powers to request this. These records must be retained for the period of 10 years beginning with the date on which the first scheme benefit was received by the intermediary.

<u>Non-obligated intermediaries</u>

4.37. Intermediaries will not be obligated to pass through the benefit in the arrangements listed below. However, where possible we still expect scheme benefits to be shared equally between anyone living in eligible properties:

- The end-user occupies the qualifying premises under an oral or implied lease/sub-lease or licence/sub-licence.
- The end-user lives in the same property as the intermediary; e.g. they are a lodger or they hold a sub-tenancy agreement but reside in the same household.
- Tenanted properties such as HMOs, where one tenant pays bills on behalf of other tenants.
- Informal agreements, such as family members paying bills on behalf of residents.

4.38. The pass-through requirement does <u>**not**</u> apply in any form where the property is being used for holiday or short-term accommodation where there is no formal lease or licence in place.

4.39. Detailed legal obligations relating to pass-through will be defined in the pending Regulations.

**The obligation on intermediaries to pass through the scheme benefit will be set out within government's legislation and we do not have administrative discretion, so we are not consulting on the topic. We are consulting on our proposed compliance measures for intermediaries, which can be found in chapter 6: Audit and Compliance.**

## Reconciliation

### Summary of government position

4.40. A reconciliation process will be carried out every 6 months by Ofgem that will "balance the books" between what a supplier should pay (based on their share of supply to the GB energy market and the costs incurred in administering the scheme to their proportion of traditional pre-payment meters served) versus what they actually pay towards the total cost of the scheme.

4.41. Both domestic and non-domestic licensed electricity suppliers will have an obligation to fund the scheme.

4.42. There will be an obligation on suppliers to provide information to Ofgem to allow them to conduct the reconciliation process. Ofgem will use this information, as well as other data sources, to calculate the total scheme cost and the proportionate contribution of each supplier.

4.43. Suppliers who have paid out less than their calculated share (including those that have not provided any bill discounts) will need to pay into the reconciliation process. Suppliers who have paid more than their calculated share will receive payment as part of the reconciliation process.

4.44. Suppliers are allowed to recover their reasonable administration costs for the scheme. To manage the impact on billpayers, a maximum limit will be set for what administration costs a supplier can recover. Suppliers will be able to claim a fixed amount per customer, with one fixed amount per non-traditional pre-payment meter automatic scheme customer and another, higher amount per traditional pre-payment meter customer. The exact amounts will be set out by the government and will rise with inflation.

4.45. The reconciliation process will also allow for Ofgem to collect money to pay scheme benefits to eligible opt-in households and Ofgem's allowable scheme administration costs. A reconciliation period will cover 6 months.

4.46. However, an initial reconciliation will be required to allow administrative cost recovery of Ofgem that was incurred during scheme set up and the early stages of the scheme. This will cover the costs from when the regulations come into force until the end of the 26/27 financial year. Suppliers will not be able to recover administration costs during this initial reconciliation. This initial reconciliation period is intended to occur ahead of the first payments to eligible recipients.

**Proposed administrative approach**

Calculating supplier contributions and reconciliation

4.47. The reconciliation process is the mechanism by which the total cost of the BDS is apportioned across Licensed Electricity Suppliers. The cost will be apportioned based on each supplier's share of the Great Britain electricity market whilst taking into account any contributions they have already made towards this scheme and the total cost of the scheme.

4.48. There will be two reconciliation periods per year, and reconciliation will take place every 6 months. We will publish a schedule for when these reconciliations will occur including the key dates and deadlines of the reconciliation process alongside our guidance for suppliers. A table of indicative timeframes is included below:

**Table 1: Reconciliation process**

| Reconciliation steps | Indicative number of working days from end of reconciliation period |
|---|---|
| End of 6-month reconciliation period | Day 0 |
| Suppliers submit reconciliation data to Ofgem, including:<br>• Volume of electricity supplied<br>• Number of automatic and traditional pre-payment meter customers supplied with the discount<br>• Value of scheme benefits (payments made)<br>• Administrative costs | By day 9 |
| Ofgem commences reconciliation exercise | Day 10 |
| Ofgem sends out invoices / credit notices to relevant suppliers | By day 19 |
| Suppliers submit payments to reconciliation fund | By day 29 |
| Ofgem makes relevant payments from the reconciliation fund | By day 37 |

Market Share contribution

4.49. Suppliers will be required to submit their electricity supply volume data, including their Energy Intensive Industry (EII) supply data, to us twice a year as part of the reconciliation process. The electricity supply figures will be based on the electricity supplied during the preceding six-month reconciliation period. As part of the reconciliation process, we will subtract suppliers' EII exemptions from their total supply to calculate their supply on which the scheme obligation will be based on.

4.50. During the reconciliation process, we intend to source industry data on each supplier's supply from Elexon and each supplier's EII supply from EMRS (Electricity Market Reform Settlement) with the intention to verify the accuracy of suppliers' submissions.

4.51. We intend, as far as possible, to align the reconciliation period for electricity supply volume data with supply volume submission dates in other schemes. This is to help streamline the process for electricity suppliers where the same information is required for more than one scheme.

Total Scheme costs

4.52. The total cost of the scheme will include:

- The total value of the automatic scheme benefits delivered by electricity suppliers
- Suppliers' allowable administrative costs as determined by DESNZ by customer type
- Scheme Administrator costs
- Costs of discounts for opt-in applicants

Supplier scheme contribution

4.53. Alongside electricity supply volume data, suppliers will be required to provide information to Ofgem on:

- The number of bill discounts paid during the reconciliation period,
- The number of automatic and traditional pre-payment meter customers supplied with the discount.

4.54. Suppliers will be required to provide information on the number of bill discounts paid during the reconciliation, as well as information on the number of redeemed and unredeemed vouchers. Suppliers can only include the cost of vouchers within the reconciliation process once they have been redeemed by the eligible household.

4.55. Suppliers will be required to submit the number of automatic and traditional pre-payment meter customers they supplied the discount to so that we can calculate their administration costs as set out by the government.

<u>Scheme administrator costs</u>

4.56. The costs of Ofgem as scheme administrator will be funded through the scheme and will be included as part of the total costs in the reconciliation calculations. We intend to take out the funds required to administer the scheme in the first reconciliation within a financial year. These will primarily be based on a forecast of expected costs within that financial year. The first reconciliation in the following financial year will be adjusted to account for the differences between actual costs and the forecasts.

<u>Opt-in discounts</u>

4.57. Ofgem will administer the opt-in process and make payments to those eligible households. We will forecast the number of payments that will need to be paid to opt-in households ahead of each reconciliation process and include this in the total costs within the reconciliation process. We will adjust the opt-in forecast against actuals during each reconciliation.

<u>Initial reconciliation</u>

4.58. An initial reconciliation will be conducted prior to the first payments to eligible households being made. This will be to recover part of Ofgem's administrative costs during scheme set up in 2026/27. It will incorporate Ofgem's administration costs after the regulations come into force and include a forecast for opt-in payment costs ahead of receiving the first opt-in applications. This initial reconciliation is expected to take place in the last quarter of the financial year 2026/27.

4.59. The initial reconciliation will not include any costs related to suppliers' scheme contributions.

**Questions:**

**How the scheme is funded and the obligations on suppliers will be set out within government's legislation and we do not have administrative discretion, so we are not consulting on the topic.**

**12.** Do you agree or disagree with our proposed reconciliation process? Please state why you agree or disagree.

**13.** Do you agree or disagree with our proposed approach to forecast the cost of opt-in payments? Please state why you agree or disagree.

# 5. Communications and appeals

This section covers how we will process enquiries, complaints, and appeals from recipients and how we expect suppliers to handle communications with their customers on the scheme.

## Questions in this section

Q14. Do you agree or disagree with our proposed approach for suppliers to handle queries and complaints from automatic recipients? Please state why you agree or disagree.

Q15. Do you agree or disagree with our proposed approach to contact potential opt-in recipients? Please state why you agree or disagree.

Q16. Do you agree or disagree with our proposed approach to handle queries and complaints from opt-in recipients? Please state why you agree or disagree.

Q17. Do you agree or disagree with our proposed administration of the right of review? Please state why you agree or disagree.

## Communications

**Summary of government position**

<u>Ofgem</u>

5.1. As Ofgem will be responsible for processing opt-in applications and managing the digital opt-in application portal, we will have a communication role to inform opt-in households on the outcome of their application to the scheme.

5.2. We will send communications to potential opt-in households where possible (noting it is unlikely we will be able to identify all opt-in households upfront). Ofgem will also send communications to successful opt-in households to make them aware of any upcoming reverification processes and notify any new residents living at the address of the opt-in scheme.

5.3. We will have a role in responding to scheme enquiries, including a telephone application option and a customer service function.

<u>Licensed electricity suppliers</u>

5.4. Suppliers must notify automatic households that they are eligible for the scheme and the method in which they will receive the scheme benefit.

5.5. Suppliers must notify recipients of the date on which the property receives its final scheme benefit.

5.6. Suppliers must include a notice on the recipient's energy bill or statement after the delivery of a scheme benefit to inform the household that the scheme benefit has been delivered under the bill discount scheme.

5.7. Suppliers should include in this information to their customers their obligations if they are an intermediary.

5.8. Suppliers will also respond to enquiries from their customers where they are best placed to do so.

<u>Transmission Owners</u>

5.9. Transmission Owners must engage with communities with an eligible project in their area on the community benefits package. This includes sharing scheme information on the bill discount scheme and the community funds scheme.

<u>The government</u>

5.10. The government will be responsible for national-scale communications which includes publishing scheme updates as the scheme progresses e.g. publishing a list of eligible projects which are provided by transmission owners.

<u>Local authorities and stakeholder groups</u>

5.11. The government is exploring targeting opt-in households through local authorities and trusted stakeholder representative groups who can cascade scheme messaging and materials through their existing channels.

5.12. The government will continue to work to understand how best to reach different types of households, including vulnerable households and those with poor digital connectivity or digital skills.

**Proposed administrative approach**

<u>Automatic recipients</u>

5.13. Suppliers will be required to communicate with automatic recipients to inform them they are receiving the discount. We expect this communication to include the scheme's purpose, how the payments will be delivered, the date in which the property will receive its final payment, and how recipients can find out more information about the scheme. We will provide a template for suppliers to communicate about the scheme to their customers.

5.14. Suppliers will handle queries and complaints from their automatic recipient customers relating to the payment, such as delays in receiving the discount or if the discount is the incorrect amount.

5.15. Escalation of any complaints about the conduct of the supplier will be conducted through the relevant supplier's complaints process, culminating in being referred for investigation by the Energy Ombudsman if required.

5.16. If an applicant believes they are eligible under the scheme, but their property was not included on the list of eligible properties given to their supplier, they can seek to opt in via the opt-in scheme.

5.17. We will handle general scheme enquiries and queries about our administration of the scheme from automatic recipients through our standard enquiries process.

Opt-in recipients

5.18. Once properties with a domestic electricity supply have been identified for automatic scheme payments, the remaining properties in the eligibility zone may be eligible to opt-in if they live in an eligible premises.

5.19. We will send communications where possible to potential opt-in properties informing them of the scheme, so households can opt-in if they believe they are eligible. We may work with the government, local authorities, and other stakeholder groups to target communications to opt-in households.

5.20. We will consider reasonable adjustments for applicants who require assistance to opt-in including a phone service and access to documents in accessible formats.

5.21. We will handle queries, complaints, and general scheme enquiries from opt-in recipients through our enquiries process.

**Table 2: Automatic scheme communication responsibilities**

| | Electricity suppliers | Ofgem | DESNZ |
|---|---|---|---|
| Enquiries on the legislation or scheme design | N | N | Y |
| Enquiries related to the general scheme administration | N | Y | N |
| Enquiries on participant eligibility | N | Y | N |
| Enquiries about the scheme payment such as a delay in payment or incorrect amount received | Y | N | N |
| Complaints about the payment process | Y | N | N |
| Appeals on:<br>- The removal and/or suspension of payment of a non-compliant participant<br>- Any decision made by Ofgem | N | Y | N |

**Table 3: Opt-in scheme communication responsibilities**

| | Electricity suppliers | Ofgem | DESNZ |
|---|---|---|---|
| Enquiries on the legislation or scheme design | N | N | Y |
| Enquiries related to the general scheme administration | N | Y | N |
| Enquiries on participant eligibility | N | Y | N |
| Enquiries about the scheme payment such as a delay in payment or incorrect amount received | N | Y | N |
| Complaints about the payment process | N | Y | N |
| Appeals on:<br>- The outcome of an application<br>- The removal of a non-compliant participant from the scheme<br>- Any decision made by Ofgem | N | Y | N |

**Questions:**

**14.** Do you agree or disagree with our proposed approach for suppliers to handle queries and complaints from automatic recipients? Please state why you agree or disagree.

**15.** Do you agree or disagree with our proposed approach to contact potential opt-in recipients? Please state why you agree or disagree.

**16.** Do you agree or disagree with our proposed approach to handle queries and complaints from opt-in recipients? Please state why you agree or disagree.

## Appeals

5.22. Applicants to the opt-in scheme, recipients of automatic discounts and intermediaries will have the right to review a decision Ofgem has made.

5.23. Review requests must be submitted to Ofgem within 28 days of being informed of the relevant decision (i.e. within 28 days of being informed that an application to the opt-in scheme is unsuccessful). They must set out the grounds for the review request, provide supporting evidence, and be signed by/on behalf of the person who wishes to request the review.

5.24. The review must not be carried out by a person who was involved in the decision that is being reviewed.

5.25. Once a decision has been made, Ofgem must send the decision within 21 days along with a decision notice setting out the decision with reasons.

5.26. Ofgem must carry out reviews in accordance with the procedures and timelines set out in the pending Regulations.

5.27. This includes requirements relating to:

- the submission of review applications;
- the independence of the reviewer;
- the provision of a reasoned decision within the specified timeframe.

**Proposed administrative approach**

<u>Automatic recipients</u>

5.28. If a household has not been identified for the automatic scheme and they believe this is a mistake, they can apply through the opt-in scheme and we will assess their eligibility.

<u>Opt-in applicants</u>

5.29. Applicants will have the right of review for decisions we make about their application.

5.30. Our decisions will be informed by a range of information. As part of our duties, we may ask for further information to help inform our decisions, and where we do this, we will set out clear deadlines in our communications with applicants.

5.31. We will provide a template that applicants may use when requesting a review of decisions made.

5.32. We will always endeavour to carry out the review in a timely manner and will keep the applicant updated on the progress of the request.

5.33. We will provide information publicly, in guidance and/or on our website explaining how to submit a request for a decision to be reviewed and how such a request should be made.

<u>Sanctioned payments</u>

5.34. Participants will have the right for our decision to be reviewed if we have stopped payments (or instructed a supplier to stop payments), recouped payments, or permanently banned participants from the scheme.

Review process

5.35. The review will be carried out by a person who was not involved in making the original decision.

5.36. The applicant should specify the grounds for review, and that they will be able to provide evidence to support this. Most reviews will be desk based.

5.37. If, following the review, applicants do not think we have handled the decision correctly or in line with the Regulations, they can contact the Parliamentary and Health Service Ombudsman, which carries out independent investigations into complaints about public bodies.

5.38. This consultation reflects the statutory review framework and does not introduce additional appeal rights beyond those that will be provided for in the pending Regulations.

**Questions:**

**17.** Do you agree or disagree with our proposed administration of the right of review? Please state why you agree or disagree.

# 6. Audit and Compliance

This section covers our audit and compliance powers within the scheme, and how we propose to monitor and reduce cases of fraud.

Questions in this section

Q18. Do you agree or disagree with our proposal to ensure suppliers and transmission owners comply with their obligations for the scheme? Please state why you agree or disagree.

Q19. Do you agree or disagree with our proposal to ensure opt-in recipients comply with their obligations for the scheme? Please state why you agree or disagree.

Q20. Do you agree or disagree with our proposal to ensure intermediaries comply with their obligations for the scheme? Please state why you agree or disagree.

Q21. Do you agree or disagree with the actions we intend to take against anyone found to be, or suspected of, accessing the scheme fraudulently? Please state why you agree or disagree.

Q22. Do you agree or disagree with our proposed approach if an obligated supplier fails during the scheme? Please state why you agree or disagree.

Q23. Do you agree or disagree with our proposed mutualisation process? Please state why you agree or disagree.

Q24. Do you agree or disagree with our proposed approach to set and update the de-minimis threshold? Please state why you agree or disagree.

## Scheme monitoring, audits, and compliance

**Summary of government position**

6.1. Ofgem will be responsible for monitoring non-compliance and fraud through audit, compliance, counter-fraud and enforcement controls.

Licensed parties

6.2. As a regulator of licensed parties, in this case electricity suppliers and transmission owners, Ofgem in its role as regulator has existing compliance and enforcement powers to ensure these parties fulfil their scheme obligations. If a relevant licensed party fails to meet scheme obligations, Ofgem may exercise its compliance measures and potentially enforcement controls.

6.3. Ofgem will have the power to request information and conduct audits to ensure electricity suppliers and transmission owners are carrying out their scheme obligations.

6.4. Where a party is found to be non-compliant, Ofgem may take compliance and enforcement action using powers granted under the Electricity Act 1989.

Opt-in recipients

6.5. By signing up to receive scheme benefits, successful participants will be adhering to the scheme rules. Failure to do so, or misconduct, may result in compliance action.

6.6. The scheme Regulations will give Ofgem the following powers to assist with detecting and deterring potential non-compliance:

- To request additional information from participants to verify compliance with the eligibility criteria and participants are continuing to adhere to the relevant scheme rules.
- Suspend benefits where it is suspected a participant is non-compliant or committing fraud.
- Recoup benefits, via civil debt, where we deem the participant has received benefits to which they are not entitled to.
- To refuse any subsequent benefits or applications where a participant is non-compliant, does not take corrective action when required, or is suspected to be committing fraud.

Intermediaries

6.7. Paragraphs 4.31–4.36 set out the definition of obligated intermediaries and the legal obligations for pass-through mechanism.

6.8. Obligated intermediaries will be required to keep records and evidence for 10 years after the first payment that they have passed the scheme benefits to eligible residents. Ofgem will be given powers to request this.

6.9. If a tenant or other resident whose bills are paid for by an intermediary suspects non-compliance, they can flag this to the administrator who will assess whether the issue should be investigated.

6.10. The scheme Regulations will give Ofgem the following powers to assist with detecting and deterring potential non-compliant intermediaries:

- To request additional information from automatic recipients to determine whether they are an intermediary and request evidence that they have passed through the benefit.
- Suspend benefits where it is suspected a participant is non-compliant or committing fraud.
- Recoup benefits, via the electricity supplier, where we deem the automatic recipient or intermediary has received benefits to which they are not entitled

to. However, the electricity supplier may not recover any benefits which an end-user has recovered from an intermediary via civil courts.

- To refuse any subsequent benefits, via the removal of MPANs associated with the participant from future MPAN lists, where a participant is non-compliant, does not take corrective action when required, or is suspected to be committing fraud.

6.11. Eligible households will have the right to recoup any payments not delivered via small claims court.

6.12. If an intermediary is removed from the automatic scheme due to failure to pass-through the benefit, the end-user will have the opportunity to opt-in for future payments, but missed payments will not be backdated.

**Proposed administrative approach**

Licensed parties - Suppliers

6.13. We will have the power to request information from licensed suppliers to ensure that they are carrying out their obligations, including having appropriate controls in place and communicating with automatic recipients.

6.14. We reserve the right to carry out audits. Where we decide to carry out an audit we will supply a terms of reference document to the supplier which will set out the information we are requesting, the format they must supply it in, and the date they must supply it by.

6.15. Where evidence of potential non-compliance is identified, we will engage with the supplier to understand the underlying causes, assess the nature and extent of any consumer or scheme detriment, and consider the supplier's actions to remedy the issue and prevent recurrence. We reserve the right to take compliance and enforcement action under the Electricity Act 1989.

6.16. Potential non-compliance will be assessed on a case-by-case basis, taking account of factors such as the nature and seriousness of the issue, any actual or potential detriment or harm, whether the conduct was deliberate or repeated, the supplier's level of cooperation, and the actions taken to rectify the issue. Any compliance or enforcement response will be guided by our enforcement guidelines.

Licensed parties - transmission owners

6.17. Transmission owners will be expected to meet defined standards for data submission, including accuracy, completeness and timeliness. Clear expectations, through early engagement, will be set with all transmission owners and failure to meet these standards will be treated as non-compliance. We will also be requesting details of transmission owner processes and controls prior to the first payment going out.

6.18. When submitting project data to us, we will ask transmission owners to submit a formal declaration that confirms the data they have supplied to us is correct and accurate.

6.19. We reserve the right to carry out audits on the information submitted to us by transmission owners. Where we decide to carry out an audit we will supply a terms of reference document to the transmission owner which will set out the information we are requesting, the format they must supply it in, and the date they must supply it by.

6.20. Where a transmission owner is found to be non-compliant, we reserve the right to take compliance and enforcement action under the Electricity Act 1989. Any non-compliance will be treated on a case-by-case basis.

6.21. Transmission owners could be non-compliant in the following areas:

- Incorrect eligibility data being provided to Ofgem.
- Deadlines for providing eligibility data being missed.

6.22. Our initial route to rectify the non-compliance will be through discussion. Following a discussion, a plan, with deadlines, will be agreed to bring the transmission owner in line with expectations. This would be actively monitored by the Compliance team.

6.23. In cases where enforcement action is deemed necessary, this decision will be taken in line with our enforcement guidelines.

<u>Scheme participants – Opt-in recipients</u>

6.24. We will store data on all eligible properties on the automatic scheme to identify any properties attempting to opt-in when already in receipt of an automatic payment.

6.25. We reserve the right to carry out audits of successful opt-in applicants. We will have the power to request additional information from successful opt-in applicants to ensure the eligibility requirements are being met.

6.26. Any information related to high-risk applicants/suspected fraud referrals will be stored in a Counter Fraud database for future monitoring and prevention.

6.27. Investigations will be carried out where concerns of potential non-compliance or fraud have been identified. If required, payments will be paused temporarily while we investigate, and we will provide notices to participants within 21 days of our decision to do so. Participants will be notified that payments have been temporarily paused, the reason for the pause in payments, and the next steps while we investigate.

6.28. If we are satisfied that a case of non-compliance or fraud has been detected, we will determine what appropriate action should be taken on a case-by-case basis.

The possible actions are set out above in paragraph **Error! Reference source not found.**.

6.29. Following the conclusion of the investigation, the participant will be informed of the outcome. Where compliance action is taken, the participant has a right of review. Where compliance action is not taken, any benefits paused will resume and any withheld will be issued as soon as reasonably practicable.

Scheme participants – Intermediaries

6.30. Guidance for intermediaries will be included as part of communications to relevant households so that they are aware of their obligations. Intermediaries must keep records to evidence that they have passed the benefit on to the eligible household for 10 years after the first payment. Intermediaries will be required to provide us with this evidence if requested.

6.31. In a scenario with multiple intermediaries – i.e. a building management company and a landlord – where the benefit must be passed through multiple intermediaries before reaching the eligible household, all intermediaries must retain evidence that they have enacted the passthrough.

6.32. If an eligible recipient suspects that an intermediary has not complied with the passthrough requirement, they can report this to us. We may open an investigation into the intermediary, and we will have the power to request additional information from them.

6.33. If we are satisfied there has been non-compliance, we will decide if/what appropriate compliance action should be taken. The possible actions are set out above in paragraph 6.10.

6.34. Where Ofgem decides not to recoup the payments from a non-compliant intermediary, eligible recipients can attempt to recover these as civil debt through the small claims courts.

6.35. Eligible recipients can opt-in to the scheme if an intermediary is found to be non-compliant and is removed from the scheme. The applicant may be eligible for future payments but not for unpaid past payments.

Fraud

6.36. If fraudulent activity is suspected, we may share relevant information with appropriate parties to investigate further and take appropriate action as set out in the scheme Regulations.

**Questions:**

**18.** Do you agree or disagree with our proposal to ensure suppliers and transmission owners comply with their obligations for the scheme? Please state why you agree or disagree.

**19.** Do you agree or disagree with our proposal to ensure opt-in recipients comply with their obligations for the scheme? Please state why you agree or disagree.

**20.** Do you agree or disagree with our proposal to ensure intermediaries comply with their obligations for the scheme? Please state why you agree or disagree.

**21.** Do you agree or disagree with the actions we intend to take against anyone found to be, or suspected of, accessing the scheme fraudulently? Please state why you agree or disagree.

## Supplier failure

**Summary of government position**

<u>Supplier of Last Resort</u>

6.37. In the event of supplier failure, the Supplier of Last Resort (SoLR) mechanism will be used to ensure continuity for customers.

6.38. As the SoLR would take on the failed supplier's customer base, it would therefore take on any bill discount scheme obligations associated with the eligible customer base. This will include any payments missed or partially made by the failed supplier, to ensure eligible customers continue to receive payments.

6.39. Relevant information about a failed supplier's scheme obligations should be made known to any potential SoLR as part of the bidding process.

<u>Mutualisation process</u>

6.40. In situations where a supplier fails to pay their reconciliation amount, mutualisation may be triggered, whereby non-defaulting obligated suppliers make up the shortfall based on their calculated contributions to the scheme.

6.41. The mutualisation process will cover reconciliation payments that a supplier has failed to pay. Remaining obligated suppliers would make up the shortfall through mutualisation payments.

6.42. There will be a mutualisation threshold, whereby if the amount "missing" exceeds this level then mutualisation is triggered. Below this limit is deemed too burdensome to conduct mutualisation and instead any missing payments will be absorbed within reconciliation.

6.43. The mutualisation threshold will be set by the government.

<u>De-minimis threshold</u>

6.44. A de minimis threshold will be set for the bill discount scheme, whereby charges that fall under the threshold would not be payable.

6.45. The de minimis threshold will only apply to administrative and operational payments (including reconciliation and mutualisation payments) that are required for scheme operation.

6.46. The de minimis threshold will not apply to the discount paid to households.

6.47. Ofgem, as the scheme administrator, will be responsible for setting the de-minimis threshold.

6.48. The threshold can be periodically updated by Ofgem to maintain flexibility and ensure the scheme's cost effectiveness.

6.49. The government will set a maximum limit that the de minimis threshold should not exceed.

**Proposed administrative approach**

Supplier of Last Resort

6.50. Where a SoLR is appointed, responsibility for any outstanding scheme obligations associated with the failed supplier's customer base will transfer to the SoLR. We will reflect these transfers within future reconciliation calculations to ensure scheme obligations continue to be allocated appropriately.

Mutualisation

6.51. The mutualisation process will have specific trigger points which will be published by the government.

6.52. A shortfall below this trigger would not cause mutualisation and instead suppliers would be expected to absorb the shortfall.

6.53. If triggered, mutualisation obligations will be based on market share.

De-minimis threshold

6.54. The de-minimis threshold will be set and published by us. The threshold will be updated when we deem it necessary.

6.55. The threshold is likely to be a low value amount with the intention being to simplify administration of the reconciliation process.

**Questions:**

**22.** Do you agree or disagree with our proposed approach if an obligated supplier fails during the scheme? Please state why you agree or disagree.

**23.** Do you agree or disagree with our proposed mutualisation process? Please state why you agree or disagree.

**24.** Do you agree or disagree with our proposed approach to set and update the de-minimis threshold? Please state why you agree or disagree.

# 7. Data and Reporting

This section covers our approach to reporting for the scheme and our approach to collect, retain, and share data between delivery parties.

## Questions in this section

Q25. Do you agree or disagree with our proposed approach and frequency to reporting the progress of the scheme? Please state why you agree or disagree.

Q26. What information would you like to see included in the reports? Do you have any suggestions for the format of the reports?

Q27. Do you agree or disagree with our proposed approach to data protection, sharing, and retention in the scheme? Please state why you agree or disagree.

## Scheme reporting

**Summary of government position**

7.1. Ofgem will provide the government with regular reports relating to the cost of exercising its functions in relation to the scheme.

7.2. These reports will include forecasts ahead of future financial years, cost incurred after the end of each financial year, and the relevant cost incurred from the start of the current financial year and before the end of the financial year.

7.3. The government also intends for Ofgem to provide any other information that Secretary of State may reasonably require in relation to exercising its functions on the scheme.

**Proposed administrative approach**

7.4. Reports will be published with relevant information as required by the government in suitable formats and will meet accessibility requirements.

7.5. We will publish a reconciliation report twice a year after the reconciliation process has taken place.

7.6. We will also publish an annual report on the scheme.

**Questions:**

**25.** Do you agree or disagree with our proposed approach and frequency to reporting the progress of the scheme? Please state why you agree or disagree.

**26.** What information would you like to see included in the reports? Do you have any suggestions for the format of the reports?

## Data sharing and protection

**Summary of government position**

7.7. All parties must comply with UK GDPR legislation.

**Proposed administrative approach**

7.8. Participant data will be held for 7 years after the scheme end date.

7.9. All data sharing will be conducted under statutory powers conferred by the pending Regulations or other applicable legislation.

7.10. Data sharing agreements and data protection impact assessments will be completed between all parties where personal data is being shared.

**Questions:**

**27.** Do you agree or disagree with our proposed approach to data protection, sharing, and retention in the scheme? Please state why you agree or disagree.

## Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this consultation. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.

# Appendix A. List of consultation questions

Q1. Do you agree or disagree with the roles and responsibilities of the various parties in identifying eligible projects? Please state why you agree or disagree.

Q2. What else should we consider when developing the process for transmission owners to share geospatial vector data with us?

Q3. Do you agree or disagree that our proposed approach to identify eligible properties is the most efficient and effective way to use the data available? If you would like to propose an alternative method, please suggest it here.

Q4. Do you agree or disagree with our proposed approach to determine domestic MPANs? Please state why you agree or disagree. Are there any other considerations you think we should take account of when determining if an MPAN is domestic?

Q5. Do you agree or disagree with our proposed approach and timeframe for sharing eligible property data with suppliers 30 days in advance of the payment window? Please state why you agree or disagree.

Q6. Do you agree or disagree that our proposed approach to identify and contact potential opt-in applicants is the most appropriate, effective, and efficient? Please state why you agree or disagree.

Q7. Do you agree or disagree with our proposal to not contact obviously non-residential properties? Please state why you agree or disagree.

Q8. Do you agree or disagree with the obligation for opt-in households to confirm their continuing eligibility and our proposal to reverify this annually to ensure only eligible households receive the scheme benefits? If you would like to propose an alternative method, please suggest it here.

Q9. Do you agree or disagree with our proposed approach for automatic recipients to receive payment, including payment timeframes? Please state why you agree or disagree.

Q10. Do you agree or disagree that we have provided sufficient payment options for different meter types? Please state why you agree or disagree.

Q11. Do you agree or disagree with our proposed approach to pay opt-in applicants, including payment timeframes? Please state why you agree or disagree

Q12. Do you agree or disagree with our proposed reconciliation process? Please state why you agree or disagree.

Q13. Do you agree or disagree with our proposed approach to forecast the cost of opt-in payments? Please state why you agree or disagree.

Q14. Do you agree or disagree with our proposed approach for suppliers to handle queries and complaints from automatic recipients? Please state why you agree or disagree.

Q15. Do you agree or disagree with our proposed approach to contact potential opt-in recipients? Please state why you agree or disagree.

Q16. Do you agree or disagree with our proposed approach to handle queries and complaints from opt-in recipients? Please state why you agree or disagree.

Q17. Do you agree or disagree with our proposed administration of the right of review? Please state why you agree or disagree.

Q18. Do you agree or disagree with our proposal to ensure suppliers and transmission owners comply with their obligations for the scheme? Please state why you agree or disagree.

Q19. Do you agree or disagree with our proposal to ensure opt-in recipients comply with their obligations for the scheme? Please state why you agree or disagree.

Q20. Do you agree or disagree with our proposal to ensure intermediaries comply with their obligations for the scheme? Please state why you agree or disagree.

Q21. Do you agree or disagree with the actions we intend to take against anyone found to be, or suspected of, accessing the scheme fraudulently? Please state why you agree or disagree.

Q22. Do you agree or disagree with our proposed approach if an obligated supplier fails during the scheme? Please state why you agree or disagree.

Q23. Do you agree or disagree with our proposed mutualisation process? Please state why you agree or disagree.

Q24. Do you agree or disagree with our proposed approach to set and update the de-minimis threshold? Please state why you agree or disagree.

Q25. Do you agree or disagree with our proposed approach and frequency to reporting the progress of the scheme? Please state why you agree or disagree.

Q26. What information would you like to see included in the reports? Do you have any suggestions for the format of the reports?

Q27. Do you agree or disagree with our proposed approach to data protection, sharing, and retention in the scheme? Please state why you agree or disagree.

# Appendix B. Privacy policy

## Personal data

The following explains your rights and gives you the information you are entitled to under the UK General Data Protection Regulation (UK GDPR).

Note that this section only refers to your personal data (your name, address, and anything that could be used to identify you personally) not the content of your response to the consultation.

**1. The identity of the controller and contact details of our Data Protection Officer**

The Gas and Electricity Markets Authority is the controller (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk.

**2. Why we are collecting your personal data**

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

**3. Our legal basis for processing your personal data**

As a public authority, the UK GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest, i.e. a consultation.

**4. With whom we will be sharing your personal data**

Your personal data may be shared with other government departments such as DESNZ, to reach a wider audience for the stated purpose of the consultation. We will publish your response to our consultation on our website, unless you have requested for it to be kept confidential. If your response includes personal information, we may publish your response as is, unless you tell us you wish to have any names on the document redacted.

**5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for seven years after the scheme end date.

**6. Your rights**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it

- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at https://ico.org.uk/, or telephone 0303 123 1113.

**7. Your personal data will not be sent overseas.**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure government IT system.**

**10. More information.** For more information on how Ofgem processes your data, click on the link to our "Ofgem Privacy Promise".