
Appendix C – Proposed solutions for framework reform

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Appendix C – Proposed solutions for framework reform

Solutions for short-term framework reform

No.	Action:	Description of recommendation:	Access Impact	Quality Impact	Costs/Prices Impact	Description
1	Deliver consumer guidance	Working with Citizens' Advice, Ofgem can develop new Consumer Guidance explaining how current disconnections work and signposting consumers to correct information. Providing support for vulnerable consumers as appropriate.	Yes	Yes	No	Bridges informational gap to consumers as there is a lack of knowledge of the disconnection journey
2	Standardise supplier information	Working with Suppliers (including Energy UK), Ofgem can develop standardised information on consumer disconnections, so all consumers benefit from accurate advice from suppliers. If necessary, requirements to provide information can be incorporated into Supplier Licences; update Retail Energy Code (REC)	Yes	Yes	No	Bridges informational gap for Suppliers, as Suppliers may provide different information to consumers based on their knowledge of and/or involvement in the process(es)
3	Standardise supplier charging practices	Working with Suppliers (including Energy UK), Ofgem can settle a position on whether Suppliers should or should not be entitled to charge for providing or facilitating disconnections. This will ensure a more equitable consumer disconnection experience.	No	No	Yes	Resolves ambiguity in supplier charging, as Suppliers are charging different amounts for disconnections.
4	Standardise GDN / IGT disconnection information	Working with Transporters, Ofgem can develop standardised information on consumer disconnections to ensure all consumers benefit from accurate advice. If necessary, requirements to provide information can be incorporated into Transporter Licenses.	No	No	Yes	Bridges informational gap for Transporters, who may provide different levels of information based on their knowledge of and/or involvement in the process(es).

5a	Deliver IGT RPC	Ofgem has completed the IGT RPC review and introduced targeted reforms to the RPC framework to mitigate potential financeability risks in the IGT sector under net zero-aligned disconnection scenarios.	No	No	Yes	IGTs cannot recover costs in the same way as GDNs. The IGT RPC review supports gaining consistency in the sector, and ensures costs are not unfairly passed on to IGT energy consumers.
5b	Review IGT disconnections cost-recovery	To deliver 5b, Ofgem will work with IGTs to ensure IGTs are in scope with suggested amendments and are able to recover costs in line with GDNs, to ensure they are not unfairly burdened with additional costs as volumes of disconnections increase.	No	No	Yes	IGTs cannot recover costs in the same way as GDNs. This action supports consistency in the sector as disconnections scale up, and ensures costs are not unfairly passed on to IGT energy consumers.
6	Update energy bill projections with disconnections impact	Working across Ofgem, and with DESNZ consumer vulnerability team, Ofgem works to understand the broader impact to consumer bills based on the current socialisation framework, and support forward planning projections on potential cost-sharing scenarios, particularly beyond the next Price Control (2031).	No	No	Yes	Bridges knowledge gap between government and the regulator, and strengthens position to consider risks and benefits under various pathways regarding funding.
7	Review disconnections complaint handling practices	Working with Suppliers and Transporters, Ofgem can review existing complaint handling practices and ensure both Supplier, Transporter and the Energy Ombudsman complaint handling processes, practices and systems are capable of covering future disconnection complaints.	Yes	No	No	Bridges a process gap, as there is a lack of a clear and/or robust process for consumers to lodge complaints.
8a	Implement ongoing monitoring under the Volume Driver	Working with Transporters, Ofgem can implement new Disconnections Reporting requirements on Transporters, to understand the volume of disconnections taking place.	No	Yes	No	Extends existing monitoring requirements as disconnections are not

						effectively or consistently monitored by Ofgem.
8b	Implement improved sector monitoring	Working with Government and NESO, implement improved strategic monitoring of disconnections to support understanding system-impacts of disconnections now and forecast into the next Price Control (2031).	No	Yes	No	Broadens monitoring of disconnections to a strategic system-level approach to take disconnections into the next phase of achieving net-zero.

Gas Disconnections Framework Review

Solutions for medium-term framework reform

No.	Action:	Description:	Access addressed?	Quality addressed?	Cost/ Prices addressed?	Description
9	Implement disconnections funding arrangements	Prior to the next Price Control (2031), Ofgem can work with Transporters and DESNZ to explore and finalise the 'who pays' question on disconnections.	No	No	Yes	Reviews the issue of continued subsidisation of H&S route; what might be a sustainable approach as volumes grow.
10	Explore disconnections incentives (spatial)	As part of the next Price Control (2031) process, Ofgem can explore tailored incentives for Transporters to incentivise disconnection in areas where coordinated disconnections could reduce network costs and eventual decommissioning costs.	No	No	Yes	Reviews the inefficiency and high costs associated with individual disconnections for a strategic approach.
11	Explore disconnections incentives (service quality)	As part of the next Price Control (2031) process, Ofgem can explore incentives for Transporters to provide high-quality or timely disconnections at lowest cost.	No	Yes	Yes	Supports delivery to higher quality and may support lower prices for the consumer.
12	Implement new interim GSOP service standards (transporters)	Ahead of the next Price Control (2031) process, Ofgem can update Transporter GSOPs to ensure they align with any potential service incentives and also guarantee consumer protection.	Yes	Yes	No	GSOPs do not fully cover disconnections and are not aligned with core Ofgem duties.
13	Implement new interim GSOP service standards (suppliers)	Ahead of the next Price Control (2031) process, Ofgem can review and update Supplier GSOPs to ensure they align with any potential service incentives and also guarantee consumer protection.	Yes	Yes	No	Fills regulatory gap as there are limited GSOPs for Suppliers re meter removal.

14	Implement new interim charging arrangements (fee-for service)	In tandem with the next Price Control (2031) process, Ofgem can review Condition 4B of the Charging Methodology and consider implementing new Disconnections Charging Objectives that are better aligned to our Net Zero Goals.	No	No	Yes	Fills regulatory gap as there currently are no charging objectives for disconnections which impacts
15	Regulate prices on disconnection charges	Exploring within RIIO-GD3 process for implementation in RIIO-GD4, and subject to funding arrangements, investigate regulation of disconnection price growth.	No	No	Yes	Fills regulatory gap as there is no limitation on prices.

Solutions for long-term framework reform

No.	Action:	Description:	Access addressed?	Quality addressed?	Cost/ Prices addressed?	Description:
16	Influence Future Scheme Development	Ofgem can continue to advocate for consideration of disconnections costs in existing schemes (BUS) or alternative schemes	No	No	Yes	There is limited long-term consideration of system impacts of disconnection costs as volumes increase. This will support understanding of how to address these rising costs and ensure an equitable solution.
17	Explore long-term disconnections regulation (through new Ofgem powers or as licensable activity)	Ofgem can work with government to explore options/feasibility of enabling cross-system collaboration between Suppliers, Gas Transporters and DNOs.	Yes	Yes	Yes	Potentially introduces new service bundles which allow greater efficiencies to be realised, better coordination of resources and cost savings to accrue to energy consumers.
18	Energy legislation change to enable disconnection at scale and also net zero ambitions	Ofgem will continue to engage with Government on whether future legislative changes may be necessary to Gas Act (Transporter Duties, Determinations Power, Connections Obligations) to better facilitate disconnections in future.	Yes	Yes	Yes	Amends issues emerging out of regulatory ambiguity, which will better support bespoke and/or more strategic service delivery.
19	Work with HSE to implement legislation change if necessary	Ofgem will continue to engage with Government and HES on reasonable amendments to GSIURs and PSRs to support more efficient delivery of disconnections	Yes	Yes	Yes	Amends issues emerging out of regulatory ambiguity, which will better support bespoke and/or more strategic service delivery.