

To: Domestic electricity and gas suppliers, price comparison websites, consumer groups and other interested parties

Date: 2 June 2021

Dear Stakeholder,

### **Decision on postponing the update of the Typical Domestic Consumption Values for gas and electricity and Economy 7 consumption split**

On 19 April 2021, we published an open letter on our proposal to postpone the update of the Typical Domestic Consumption Values (TDCVs) and Economy 7 consumption split.<sup>1</sup> As explained below, we have now decided to proceed with our proposal to provide us with time to fully assess the impact of the COVID-19 pandemic on domestic consumption. This letter explains the main reasons for our decision, how we have taken into account responses to our open letter and sets out what will happen next.

#### **Approach**

Following the 2013 TDCV review, we said we would look to revise the TDCVs every two years, if the latest consumption data results in materially different values.<sup>2</sup> Since then, domestic consumption has been on a consistent decreasing trend. The previous update took place in April 2020, with the next update due in April 2022. However, early evidence suggests there has likely been an increase in domestic consumption since the beginning of the first national lockdown in March 2020 to present.<sup>3</sup> The consumption data used to calculate the TDCVs, currently does not include a significant proportion of the lockdown period.<sup>4</sup>

Given the exceptional circumstances of the COVID-19 pandemic and uncertainty around domestic consumption, we used a different approach from the 2013 review and proposed to postpone the TDCV update. This would also reduce the administrative burden placed on industry when updating the TDCVs.

---

<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/review-typical-domestic-consumption-values-2021>

<sup>2</sup> Material in this context means changes to the TDCVs of at least 100 kWh for electricity and 500 kWh for gas when rounded.

<sup>3</sup> Analysis of Q2 - Q4 2020 Elexon NHH data (based on Annualised Advances and Estimations of Annual Consumption).

<sup>4</sup> Department for Business, Energy and Industrial Strategy's (BEIS) sub-national energy consumption statistics: <https://www.gov.uk/government/collections/sub-national-electricity-consumption-data>

## Decision

We have decided to proceed with our proposal to pause the TDCV update until we can fully assess the impact of the COVID-19 pandemic on domestic consumption. Following our April 2021 open letter, we received feedback from one stakeholder. The respondent fully supported our proposal to postpone the update.

The stakeholder also mentioned that given the ongoing nature of the pandemic, it may be some time before we can use post-lockdown data to assess whether it was a 'one off' event or if it has structurally changed consumption. Due to the uncertainty around when the pandemic will end, we can't say with confidence when suitable data will become available and when we will be able to carry out the postponed update of the TDCVs. However, keeping in line with our 2013 framework, we will continue to carry out a review of the TDCVs every two years with the next due in 2023.

As a result of this decision, we will continue to use the current TDCVs in our reports and publications, including our retail indicators, to communicate energy prices for a 'typical' dual fuel consumer.<sup>5</sup> We request that industry, price comparison websites and other stakeholders also continue to use these TDCVs.

If you have any questions about this letter please contact [MarketMonitoring@ofgem.gov.uk](mailto:MarketMonitoring@ofgem.gov.uk)

Yours faithfully,

Amy O'Mahoney

**Head of Monitoring and Evaluation**

---

<sup>5</sup> Medium TDCVs are currently 12000 kWh for gas, 2900 kWh for electricity profile class 1 and 4200 kWh for electricity profile class 2.