



Consultation response

National Energy Action response to Ofgem's Proposed Forward Work Programme for 2026 to 2027

About National Energy Action

National Energy Action¹ works across England, Wales and Northern Ireland to ensure that everyone in the UK² can afford to live in a warm and safe home. To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

Background to the response

Over the last year, National Energy Action has worked with Ofgem and provided submissions on key areas for domestic consumers, including the Debt Strategy and the Debt Relief Scheme (DRS), the Consumer Outcomes and wider Consumer Confidence programme, the review of Guaranteed Standards of Performance (GSOPs), the Cost Allocation and Recovery Review and Ofgem's work on standing charges, prepayment protections and preparations for consumer protection in heat networks.

The year ahead is one in which Ofgem moves from scoping to delivery across many of these strands, doing so in a context of record domestic energy debt and persistent affordability pressures for low-income households. This makes timely, practical delivery and firm backstop protections for low-income households even more vital.

While wider affordability decisions ultimately sit with government, Ofgem has levers that can improve outcomes for domestic consumers this year. Our response therefore focuses on actions within Ofgem's remit: delivering the Debt Relief Scheme and strengthening debt standards; retaining prescriptive safeguards in high-detriment areas as the retail market evolves; pushing ahead with work to address the impact of standing charges and other fixed costs on low-income households; and maintaining, and preparing for, robust protections as the market broadens to new services and intermediaries.

Summary of our response

This response focuses on several priority areas where the programme can have the greatest impact on affordability, consumer protection, and outcomes.

For 2026 to 2027, the key areas that National Energy Action believes Ofgem should focus on are as follows:

- **Reducing and preventing household energy debt**

- **Retail market reform and the price cap**
- **Consumer protection in an evolving market**
- **Standing charges, charging reform, and fixed-cost fairness**

We expand on each of these areas in the sections that follow.

Reducing and preventing household energy debt

We welcome Ofgem's concerted efforts to address energy debt on the consumer side and support the clear prioritisation of debt within the Forward Work Programme. In particular, the move away from approaches that primarily manage debt on supplier balance sheets toward interventions that directly reduce debt on customer accounts is a significant and necessary shift. The publication of the Debt Strategy and progress toward a Debt Relief Scheme (DRS) represent important steps toward reducing and preventing debt, rather than simply containing its impacts within the market.

We are supportive of the Debt Relief Scheme proceeding in both proposed phases. Given the scale and persistence of the household energy debt mountain, it is essential that these interventions swiftly move from consultation to delivery and are not delayed or diluted.

However, delivery alone will not be sufficient. The design, implementation, and outcomes of the scheme must be monitored and assessed in depth. The levels of domestic energy debt at present are unprecedented, and so too is Ofgem's welcome and necessary intervention through the DRS. As such, transparent reporting, clear success metrics, and comprehensive evaluation are essential, both to demonstrate the impact of the scheme and to build a credible evidence base. This will be critical for informing future decisions by government, including the case for longer-term or Treasury-funded debt intervention, which we believe will ultimately be required.

Retail market reform and the price cap

The price cap continues to play a vital role in protecting disengaged consumers, particularly those on low incomes who are least able to navigate a changing retail market. As the market evolves, including through Market-Wide Half-Hourly Settlement and the increased proliferation of new tariff structures, it is reasonable for Ofgem to consider how the cap remains fit for purpose.

At the same time, protection against the loyalty penalty should remain a core feature. Any material changes to the design of the price cap should be accompanied by clear equality and distributional assessment, setting out who is likely to benefit, who may face higher costs, and how risks for low-income and vulnerable consumers will be mitigated. Transparency at the early stages of price cap reform is important both for accountability and for maintaining trust as the workstream formalises and progresses.

In addition, previous work identified the premium faced by standard credit customers, reflecting differences in payment method risk and debt likelihood. While further work on this issue appears to have fallen away, the underlying question has not been resolved. As was demonstrated through the welcome removal of the prepayment meter premium, differential pricing linked to perceived risk can entrench disadvantage rather than reflect consumers' ability to pay.

While the Debt Relief Scheme will play an important role in reducing energy crisis-linked arrears, we do not consider it a substitute for examining whether remaining payment method differentials remain justified. We would therefore welcome further consideration of the standard credit premium as part of wider work on retail market fairness.

Consumer protection in an evolving market

In an essential service, clear rules and time-bound minimum standards remain the foundation of effective consumer protection, particularly where detriment is acute and foreseeable. Prescriptive

licence obligations and GSOPs have played an important role in securing consistent delivery and timely redress, especially for consumers in vulnerable circumstances.

Experience suggests that outcomes and principles alone do not land consistently in practice. In areas of high detriment such as debt, prepayment, billing failures, and access to redress, moving away from prescriptive risks weakening enforceability, increasing variability between suppliers, and placing a greater burden on consumers to evidence harm after it has occurred.

Outcomes-focused approaches can have a role in supporting better delivery and innovation where they are tightly defined, measurable and clearly evidenced. However, they should complement rather than replace clear rules or automatic compensation in areas of known risk. It is important that Ofgem is explicit about where prescriptive protections will be retained, how outcomes will be monitored and enforced, and how underperformance will trigger timely intervention and redress.

As the market evolves and the regulatory lens widens to include the expansion of heat networks and a growing range of intermediaries such as load controllers and aggregators, the potential sites of consumer detriment are likely to broaden rather than narrow. While we recognise the rationale for outcomes-focused tools in supporting innovation in this context, this reinforces the need for clear, enforceable rules and minimum standards to remain firmly in place as the baseline for consumer protection.

Prepayment safeguards

Prepayment users face higher risks of detriment, including self-disconnection and difficulty maintaining consistent access to energy. Monitoring is valuable, but monitoring alone is not sufficient given the severity of potential harm. Ofgem should retain clear, prescriptive protections in high-risk areas and set out in advance how and when safeguards would be strengthened if risks increase.

Ofgem should also keep a proportionate, regular view of supplier performance to surface emerging issues early, supported by targeted evidence checks and timely enforcement where delivery falls short. The emphasis should be on clarity, comparability and swift corrective action rather than expansive data requests.

National Energy Action would also like to see Ofgem reconsider options that would mean that accrued debt while a household is off supply is held at the 'back of the meter'. Standing charge debt should not have to be cleared before energy is accessed again and should instead be repaid gradually once supply resumes. Ofgem should consult on a practical route to deliver this within the existing framework and set a timebound plan aligned with charging reform to reduce barriers to reconnection for low-income and prepayment households.

Gas disconnections and electrification

The government's Warm Homes Plan and wider decarbonisation ambitions will accelerate the shift toward electric heating over the coming years. As this happens, more households are likely to disengage from the gas network, including through disconnections. Where disconnections occur outside defined safety routes, this can create additional costs and complexity for consumers, with implications for affordability, health and the pace of transition.

We would welcome further work to understand how gas disconnections interact with electrification pathways, particularly for low-income households and those in vulnerable circumstances, so that consumer outcomes and net zero objectives are aligned and unnecessary costs are avoided.

Additionally, Ofgem should consider the connections between this work and efforts to address debt. If a customer has a debt on their gas bill, they may be unable to disconnect and therefore access a key benefit of being an all-electric household (no gas standing charge).

Standing charges, charging reform, and fixed-cost fairness

Standing charges and other fixed costs continue to have a disproportionate impact on low-consumption households, including many people on low incomes and those using prepayment meters. As network investment increases and charging reform progresses, there is a risk that fixed costs become further embedded within bills, exacerbating existing affordability pressures and reducing the scope for households to manage costs through lower consumption in cases where it is safe to do so.

The Cost Allocation and Recovery Review opens an important conversation about how fixed costs are recovered and how their impacts are distributed across households. We welcome Ofgem taking this work forward and creating space to consider the longer-term implications of current charging approaches, particularly for low-income and low-consumption households. As this review develops, we would expect it to provide a clearer strategic direction on standing charges and other fixed costs, with explicit consideration of distributional impacts. We hope it will explore options that, over time, shift recovery of suitable cost elements away from flat daily charges and toward approaches that are less regressive, while remaining practical and deliverable within the existing regulatory framework. If pursued, this work could help avoid locking in charging arrangements that entrench regressive outcomes as system costs continue to grow.

In the near term, it remains important to address how fixed-cost recovery interacts with periods when households are off supply, particularly for prepayment users. Where standing charges continue to accrue during self-disconnection, this can create a practical barrier to reconnection and deepen affordability problems for households already under financial strain. National Energy Action would like to see Ofgem reconsider options that would mean that accrued debt while a household is off supply is held at the 'back of the meter'. This would ensure that standing charge debt does not have to be cleared before energy is accessed again and is instead repaid gradually, reducing barriers to reconnection for low-income and prepayment households.

References and notes

¹ For more information visit: www.nea.org.uk.

² National Energy Action also works alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK-wide reach.