

Mr Jonathan Brierley, CEO  
Ofgem  
10 South Colonnade  
E14 4PU

22 August 2022

Dear Mr Brierley,

It is appalling that yet again Ofgem is punishing low income customers for its own failed regulation and the upside down priorities of the energy industry. You claim that forcing all customers to pay for the costs of failed energy suppliers through the standing charge is necessary to protect people who use a large volume of electricity, due to health or disability needs, or other circumstances. **You assume that if these costs were not added to the standing charge, they would need to be added to the charge per kWh, without regard to customers' needs or situation.** This is consistent with the blinkered approach that has led you to give "too much benefit to companies at the expense of consumers", in the words of Christine Farnish, the Ofgem director who resigned last week.

You do not deny that low income users suffer the most from the costs loaded onto the standing charge. You know that people are being punished for market failures while the regulators and the profiteers in failed companies walk away free and in many cases, enriched. You say nothing about the fact that people on prepayment meters must often find huge sums to pay standing charges for periods when they used little or no power, before they can even turn on a light.

**You insist that this is the only way to protect high users. It is not.**

As you know, Fuel Poverty Action has been advocating **Energy For All (e4a)** - a new pricing framework where each household would be entitled, free, to enough energy to cover their basic needs, but people would pay a higher tariff for what they use above that amount. This would offer much needed security to all - including those who need more because of their health, disabilities, housing conditions, or family size. It would be paid for by the higher per-unit tariff on excess use, by ending the millions of pounds of public money being invested every day in fossil fuel subsidies, and by far more effective windfall taxes. It would incentivise a mass insulation programme and a switch to cleaner, cheaper, renewable energy sources. It would reverse the perverse, unjust, and regressive status quo where the less energy you use, the more you pay per unit.

Yet we have had no reply from you to this proposal. Please can you reply to it now.

**As well as, or while working towards Energy For All, the following measures could be implemented:**

- Any increase in volumetric charges could be offset by guaranteed relief for the high users that you claim to be protecting, for example by extending and increasing the Warm Home Discount.

- Better, a social tariff could be brought in to ensure that those whose needs are greatest and whose resources are lowest are not the ones to pay the highest price for energy.
- Homes of the people you class as “vulnerable” could be urgently repaired, draught-proofed, and retrofitted with good, safe insulation and alternative forms of heating.
- The balance between electricity and gas bills in the allocation of supply costs, and the pricing of electricity according to the volatile price of gas, are punishing for people who heat by electricity and must be urgently changed.
- Disability benefits must be restored, extended and increased, including those in the support package for energy costs, and punitive sanctioning of benefit claimants must end.
- As the crisis mounts, it is urgent to address inequalities that mean people in some parts of the UK pay much more than others for their energy, through no fault of their own.
- Companies that cannot fulfil their purpose of providing the energy people need at a cost they can afford, could - and must - be taken over by the state: *not* subsidised by the state while they continue to line the pockets of millionaires.

These measures are not unrealistic – like Energy For All they are practical and urgent.

Instead, you have chosen to perpetuate a system which hits low income users harder than affluent neighbours, and which means that however much they cut down their usage, many people will still be unable to pay their bills.

As you say, “Ofgem has a statutory duty to have regard to the interests of persons who: have a disability or are chronically sick, have a low income, are of pensionable age, or reside in rural areas.” (1)

**That inviolable duty must not be abused. It is not an excuse to further impoverish energy users, with and without disabilities. who are already in danger of joining the thousands who die, every year, because they cannot heat their homes.**

Sincerely,

Anna Taylor and Ruth London for Fuel Poverty Action (FPA)  
Bob Ellard and Paula Peters for Disabled People Against Cuts (DPAC)

(1) <https://www.ofgem.gov.uk/publications/follow-our-review-arrangements-recovering-costs-supplier-failure>