

moneyadviceScotland

Scotland's Money Charity

Ofgem Future Price Protection Discussion Paper

Money Advice Scotland is Scotland's money charity. We exist to help people in debt, support money advisers, and influence policy. Our mission is to be the driving force towards financial wellbeing for the people of Scotland.

Money Advice Scotland welcomes the opportunity to comment on this discussion paper.

We agree that some form of price protection needs to be maintained in the retail market; however, we believe that a full impact and equalities assessment needs to be completed and published before determining whether we support a move to another model of price cap.

While we appreciate that moving to a time of use model will be beneficial for some households, we do not believe it is appropriate to make this the default for the whole retail market. Rather, households should be on the type of cap tariff that is most appropriate for them and their energy use. For example, households that require their heating to be on for longer time periods may not find a time of use cap suitable for them. Likewise, a time of use cap will be better suited for households that have an electric vehicle for example, and these households tend to be more financially comfortable. Similarly, having a smart meter and smart appliances can help households make the best use of a time of use tariff, which many low income households will not have. As a debt charity, our concern is with lower income households and the importance of having adequate protections in place to mitigate against unaffordable energy, which can result in substantial arrears and/or self-disconnection. As the discussion paper highlights, the price cap alone does not tackle the problem of affordability for low income and/or vulnerable households. We therefore urge Ofgem to work with the UK Government to introduce a social tariff.