

Mencap’s response to Ofgem’s Future Price Protection Call for Evidence

May 2024

About Mencap

Mencap’s vision is for the UK to be the best place in the world for people with a learning disability to live happy and healthy lives. We do this by supporting the 1.5 million people with a learning disability in the UK and their families, improving access to health and care services, education, and employment.

A learning disability is caused by the way the brain develops before, during or shortly after birth. It is always lifelong and affects intellectual and social development.

Summary

Whilst we understand the projected change in diversity of consumer demand and Ofgem’s motive for changing the price cap, we are concerned about the impact of proposed alternatives on people with a learning disability. Many people with a learning disability cannot flex their electricity use to the same extent as non-disabled households. We are not against price cap reform, as it could bring benefits to people with a learning disability too; however, it needs to be done with disabled people front of mind and with sufficient mitigations in place. Any future price protection would also need to be implemented alongside a suite of affordability measures, such as a social tariff.

Response

We have limited our response to questions 6-9, as these are most relevant to people with a learning disability.

Q6. Do you agree that we need to retain some form of price protection in the retail market?

Yes, we agree that some form of price protection is necessary. As electricity prices become more dynamic, price protection will need to play a big part in ensuring the transition to a flexible, net zero energy system that works for disabled consumers and their households.

Q7. Do you have views on which of the three key parameters – the cap being flat, universal and stringent - should be relaxed when considering future price protection options? Q8. What are your views on options discussed? Do you have any preferred options or combination of options?

In our view, there are considerable risks associated with changing the core principles of the price cap:

Flat

If the price cap is not flat then certain cohorts of disabled people will likely lose out, most notably people who need to use medical equipment such as oxygen concentrators, ventilators, sensory mats that detect seizures, feeding pumps, saturation monitors, or dialysis machines, which require constant charging. These consumers have disproportionately high energy needs and are typically unable to flex their consumption time or amount.

A move away from a flat price cap principle would also impact other groups of people with a learning disability. Mobility and hygiene needs might require constant use of electricity, for example, to run electric wheelchairs and scooters, or frequent use of washing machines and tumble driers. Many people with a learning disability may also have vital sensory needs that involve significantly increased use of electrical devices. Other people with a learning disability need their homes to be heated to a high temperature for longer because they receive 24-hour support from carers.

Exposing all electricity consumers to dynamic pricing would likely cause significant issues for disabled consumers and is only appropriate for consideration in combination with wider affordability measures which identify vulnerable consumers.

Universal

Relaxing the universality principle and targeting the cap to vulnerable customers, would inevitably miss some disabled people. Most notably, Ofgem uses the Warm Home Discount as an example of a possible source of data to identify vulnerable customers. However, 290,000 PIP and DLA recipients were removed from automatic WHD eligibility in 2022¹ and would therefore be excluded from a targeted price cap. Ofgem also cites the Priority Services Register as an existing proxy, however this is not a robust data source and awareness amongst some groups of disabled people is low.

Stringent

Before the energy crisis, Ofgem's own research evidenced that disabled people switched energy supplier less often. As a result, we are concerned that if the stringent principle is lifted, they will face disproportionate levels of harm.

Q9. In particular, which options or combination of options do you think would best protect vulnerable customers?

Explorations of the most favorable alternative are limited, due to the lack of equality impact. Ofgem must centre the experiences of disabled people in this debate and publish a comprehensive equality and impact assessment so that all stakeholders are able to fully assess the facts.

Fuel poverty rates for disabled households are 60% higher than for households that don't contain a disabled resident² and over 8 in 10 low-income households with a person who has a learning difficulty or cognitive disability went without essentials such as energy from November 2022-May 2023.³ Furthermore, Mencap survey evidence shows the drastic action that people with a learning disability have been forced to take because of energy affordability issues; over a third (38%) of survey respondents said they hadn't put their heating on despite being cold and over a quarter (26%) reported not switching the lights on to save money.⁴ These figures show the pre-existing vulnerability of this group and the need to ensure that any price cap reform protects them from harm.

¹ DESNZ, Warm Home Discount Scheme, <https://www.gov.uk/the-warm-home-discount-scheme> [Accessed 3/05/24]

² DESNZ. Fuel poverty detailed tables 2023 (2022 data). Department for Energy Security and Net Zero. [Online]. Available at: <https://www.gov.uk/government/statistics/fuel-poverty-detailed-Table-26>. [Accessed 3/05/24]

³ Joseph Rowntree Foundation, <https://www.jrf.org.uk/blog/our-social-security-system-must-support-households-disabled-person-afford-essentials> [Accessed 3/05/24]

⁴ Mencap, Cost of Living web survey, Dec 2022 [Accessed 3/05/24]