

Uswitch response to Ofgem call for input – future of domestic price protection

Executive summary

We believe that a base level of protection on default tariff is necessary to maintain consumer confidence in the market, but it must not come at the cost of restricting innovation or stifling the competition needed to drive consistently lower prices and better products.

Any model of price protection must offer consumers real incentives to actively choose more flexible energy consumption — reducing bills and carbon emissions — but it is obvious that the current price cap does not have the level of flexibility required to achieve this.

If the current price cap does not have the flexibility to support the transition to net zero then we must incentivise suppliers to offer and consumers to use tariffs that do. However, this will only retain the confidence of consumers if they are given an active choice to engage in the market and change their behaviour, meaning we should not force Time of Use (ToU) tariffs on customers before they are sufficiently engaged and receive the benefits of doing so.

In the same way that price protection is necessary to maintain consumer confidence in the market, so too is unlocking genuine and active choices about how to use energy and what tariff to adopt.

For the default tariff we need a principles-based, flexible approach that ensures the default tariff is seen as a backstop — rather than a permanent default — with principles-based regulations on suppliers to guarantee a fair deal for consumers. This approach — an Energy Fairness Charter, which we have laid out in more detail below — would mandate that suppliers must offer a default tariff at a fair and reasonable price, that is easy for consumers to understand, and that is backed by an appropriate and prudent hedging strategy.

Alongside this new approach to regulating default tariffs, the Government should provide additional support for the most vulnerable by using the existing infrastructure of Universal Credit, to quickly roll out targeted support through directly discounted household bills to those already identified by the Government as most in need.

If we are to move towards a retail energy market that supports the transition to net zero and allows customers to actively engage in a way that reduces their bills, then we need to accept that the default tariff should not be the best option for all households. Instead, we must reach a point where households understand that they will be paying a premium for the flexibility that the default tariff provides them by allowing them to use energy at any time regardless of pressures on the grid. This premium would not take the form of excess profit for suppliers, but instead would reflect the cost of not contributing to a more flexible grid and therefore using energy when it is both more expensive and more polluting to do so.

This principles-based approach to regulating default tariffs fits within the three parameters that Ofgem has used to examine the options in this call for evidence.

- First, default tariffs — and the protection around them — should be universal but not exhaustive, with customers incentivised to move onto other tariffs and targeted support for the most vulnerable.
- Second, they should be relatively, but not always entirely, flat, by allowing for some suppliers to introduce limited ToU provisions within a principles-based regulatory framework that ensures fair outcomes for consumers. However, this should not take the form of the regulator simply imposing a particular type of ToU tariff on the market as a whole.
- Third, the default tariff should not be stringent, and should allow for genuine flexibility from suppliers in the default tariffs that they choose to offer, provided that they do so in keeping with a principles-based regulatory framework, offering a fair price at a reasonable margin.

Evaluating the cap today

1. Do you have any reflections on our list of the cap's successes and challenges?

The price cap was brought in to limit how much energy suppliers can charge per unit of electricity and gas, by capping profit margins above costs modelled on a hypothetical supplier at a certain level of efficiency with an inferred hedging strategy, with a particular view to protecting disengaged customers. While the cap has, in a narrow sense, succeeded in ensuring default rates at any given time are capped, we do not believe it has been a success generally, and do not agree with many of the cap's supposed successes.

In particular, we do not believe that it is accurate to say that the price cap 'protected customers without stifling competition for engaged customers.' Indeed, it was the cap's interaction with the energy crisis — with its inflexibility to respond to the wholesale market and a lack of sufficient hedging by some suppliers — that actively led to the failure of many suppliers and a resulting consolidation to larger players.

As it stands, the cap prevents more competitive pricing in the market. The sheer number of households on the default tariff — 24m including those on prepayment meters — demonstrates the lack of alternative, competitive options.

Before the introduction of the cap, responsible suppliers would hedge a significant proportion of energy needs up to two years in advance, allowing them to offer more competitive deals, and offer a lower frequency of default tariff price changes. According to Cornwall Insight, the cap forces all suppliers to hedge in the same way, driving prices up for consumers and undermining competition, risking 'turning back the clock to an oligopoly retail supply market'.¹

Ofgem itself has recognised that the price cap is not a long-term solution and it needs an option that 'better meet[s] customer needs in a world where prices may continue to be highly volatile'. The ongoing consultation on default tariffs is a further reflection of the fact that the price cap is no longer fit for purpose.

While Ofgem has argued that the cap has succeeded in protecting customers from price exploitation, the reality is that the price cap fails to protect the most vulnerable, as it is not designed to, nor should be expected to. Over the past two years, the number of households in fuel poverty has risen from 3.26m (13.4% of households) in 2021 to 3.53m (14.4% of households) in 2023 — an increase of over 250,000. With

¹ [The default tariff cap and the law of unintended consequences. Cornwall Insight](#)

the price cap at £1,834, this makes up 13% of the median disposable income of the poorest 20% of households and 8% of the next 20%. The high cost of energy for the most vulnerable and rising fuel poverty both demonstrate that the market is currently failing to protect these groups.

On the challenges Ofgem suggests face the cap, we particularly agree that the inflexible nature of the cap is slowing down the transition to net zero. This includes slowing down the full implementation of the market-wide Half Hourly Settlement (MWHHS) — one of the key drivers towards net zero in the retail market — and, more broadly, creating a market in which there is no meaningful competition between suppliers on the quality of their products and deterring the investment needed to drive innovation.

The price cap also removes incentives for consumers to reduce their usage, or use energy at a time when there is less pressure on the National Grid. This means that consumers are not incentivised to use energy at a time when their bills could be lower or when a greater amount of their electricity mix could be provided through clean and renewable sources, ultimately slowing progress towards net zero.

Whatever one's position on the relative successes and failures of the price cap in the past, it is important to recognise that it is not suited for the retail market needed in the future, particularly as we make the transition to net zero. The price cap does not incentivise suppliers to drive innovation in the market, which is necessary to create the room for more flexible tariffs, smarter energy use, and less pressure on the grid.

Evaluating the current cap for the future

2. Do you believe that the growing diversity of electricity consumption patterns will make it challenging to retain a flat, universal and stringent price cap? How quickly do you think this will materialise and with what impacts? What evidence can you provide to support your view?

Yes, we agree that the growing diversity in how households consume electricity means that we are at the point where the existing price cap is not fit for purpose.

There are clear benefits — in terms of both lowering bills and supporting the transition to net zero — for households to engage in smarter energy use, including in particular using energy when there is less demand on the grid. However, a flat, universal, and stringent price cap means that there is not enough incentive for consumers to actively choose tariffs that reward them for smart energy use, and therefore no incentive for suppliers to offer the tariffs that would make it possible.

To support this transition, we must reach a point where the default tariff is a backstop — rather than the norm for most households — with consumers incentivised to make active choices to support the transition to net zero and reduce their bills. This is not only about responding to the diversity of consumption patterns, but also encouraging new consumption patterns in order to aid the transition to net zero. Therefore, active choice by consumers in the energy market takes on greater importance than it has had in the past.

To create a retail energy market that reflects the needs of consumers, the Government, the regulator, and suppliers must incentivise consumers to make active choices in the retail energy market by rewarding decisions to use energy in a smarter way.

One example of the price cap's failure to adapt for changing electricity consumption patterns is the barrier it creates to suppliers who might otherwise offer more innovative tariffs. Because the vast majority of consumers are on a default tariff covered by the cap, suppliers are not encouraged to innovate through green-friendly policies such as time of use tariffs, green tariffs, and increased heat pump uptake.

The default tariff needs to act as a genuine backstop, with consumers rewarded for making active choices that support the transition to net zero. This will only be possible if the market rewards decisions to use energy in a smarter way, but that is not possible under a flat, universal and stringent price cap.

Existing barriers to innovation and competition have considerably contributed to the rise in the cost of living. At the lower end of estimates, The Department for Business, Energy and Industrial Strategy's (BEIS) own research has estimated that £2.7bn a year can be saved in electricity system costs by 2050 by consumer engagement in energy flexibility, largely through time of use tariffs - but barriers to innovation, in particular the default tariff cap and the Ban on Acquisition-only Tariffs (BAT), have made this impossible.

These challenges will ultimately only be addressed with a new approach to price protection, and a significant element of such reforms should be rewarding customers who make an active choice to make smart decisions about how they use energy.

With more innovation in the market, more flexible tariffs would reward consumers who change their behaviour — for instance by reducing their energy use or using energy when demand is lower — reducing bills, making the grid more flexible, and therefore help accelerate the transition to net zero.

3. How quickly and at what scale do you expect customers, especially those with large flexible loads such as EV and solar/battery users, to take up ToU tariffs once MHHS is implemented?

Whilst there are currently EV tariffs in the market that offer significant savings on the price cap, this is currently being targeted to very defined higher value segments of early adopting customers. We would need a significantly greater scale of ToU offerings once MHHS is implemented.

Once MHHS is implemented, these tariffs will need to be offered on a much greater scale, but the current price cap prevents this by hindering incentives for consumers to make active choices at the level we need for net zero. While the MHHS — through the use of price signals in the electricity market — should incentivise suppliers and consumers to use energy in a way that is more cost and carbon-efficient, it may be unable to achieve this in the presence of the price cap.

Ultimately, the barriers to innovation that are created by the price cap are one of the main reasons that there are not a greater number of ToU tariffs currently on offer in the market, and will prevent their existence on the scale needed in the future. While it remains to be seen if the implementation of MHHS changes this and unlocks further innovation, we are concerned that this will not happen for as long as the price cap continues to essentially freeze the market. This is because it reduces innovation within both the current market and the market as it could be in the future.

In the current market the price reduces suppliers' incentives to innovate significantly — beyond a small number of higher value customers — and for the future market it is a barrier to the further investment

needed to unlock market entry at scale for potentially innovative new suppliers. Therefore, we believe that the pace and scale of takeup of ToU tariffs is likely to remain low even after MHHS has been implemented.

The energy retail market should be reformed to replace the existing price cap with a new requirement that all suppliers offer a default tariff with a fair and reasonable price, backed by an appropriate and prudent hedging strategy. This would set principles and stringent regulations on suppliers to ensure a fair deal for consumers, which is essential to unlock greater innovation and competition in the market.

By unlocking the investment needed to drive innovation in the market, we will create the room for more flexible tariffs in the system, leading to smarter energy use, and less pressure on the grid — speeding up the transition to net zero. Crucially, this will help to unlock the potential of MHHS by creating a genuine financial incentive for consumers to respond to the price signals that it creates and use energy in a smarter, cheaper, and more carbon-efficient way.

Energy users with large flexible loads — such as EV and solar/battery users — ultimately face a similar set of incentives, or lack of incentives as other energy users do. The prevalence of the price cap means that these users, who stand to benefit the most from smarter, more flexible energy use, may not do so. Moving beyond the price cap is, therefore, an essential complement to the implementation of MHHS if we are to use its potential to lower bills and accelerate the transition to net zero.

More broadly however, the end of the default tariff cap does not need to wait until a certain point in the implementation of MHHS — the price cap should be replaced as soon as possible in order to allow consumers to access cheaper, more innovative, and more flexible tariffs.

4. In addition to the factors set out in this chapter, are there any other important changes that might affect the ability of the current default tariff cap to achieve its objectives?

Yes, there are other, wider reforms to the retail market that are needed to achieve Ofgem's objectives. In particular, Ofgem has decided to extend the BAT beyond March 2024. Whilst it is positive that the regulator has signalled that it is minded to end the BAT, this should happen as soon as possible.

The BAT was introduced as an attempt to improve the financial stability of the retail energy suppliers, but the costs are passed on to consumers, artificially inflating energy bills. With wholesale prices stabilising, the BAT should not continue for longer than is absolutely necessary. Whilst the BAT appears to create a more even playing field, in reality it drives up prices for the entire market.

First, it gives energy suppliers no incentive to attract new customers, and no reason to offer more attractive deals so that consumers may stay. Suppliers have likely already hedged (bought energy in advance to match the demands of customers) for existing consumers' deals, and thus would likely make a loss if the same deals had to be offered to existing customers as new. As such, they are not incentivised to win new business as they have more to lose than to gain. This has meant that prices for the entire market remain higher at a time when they should be falling.

Second, the BAT fails to protect the most vulnerable consumers. Like the price cap, it is a blunt instrument that is not sufficiently targeted to those in need. Rather than protecting the most vulnerable and allowing

competition to drive down prices in the remainder of the market, it stifles competition and increases prices across the market.

Third, the BAT does not prevent future price spikes in the wholesale market impacting consumer prices. It is a measure that is only focused on preventing suppliers offering deals to attract new customers, and does nothing to prevent these tariffs increasing with a rise in wholesale prices.

Given the failings of the BAT, we share Ofgem's view that it should come to an end, and encourage the regulator to do this as a matter of urgency. In particular, Ofgem should publish its consultation — with the position that it is minded to end the BAT — as soon as possible, to give adequate time for consultation and planning before bringing the BAT to an end in October 2024.

Options for evolving price protection for the future

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

Yes, even in a reformed retail energy market some form of principles-based price protection for consumers would be useful in maintaining consumer confidence, but Ofgem must move away from defining a specific price, which requires a particular hedging strategy for suppliers. Indeed, one of our concerns about the price cap, and rules-based price protection, is that it is currently failing to provide adequate price protection because it does not protect the most vulnerable, encourage competitive pricing in the market, or protect households from sharp spikes in energy prices.

We need a reformed approach to price protection, which should include a new approach to default tariffs. This default tariff price protection should take the form of a new requirement for all suppliers to offer a default tariff that is fair, reasonable, and easy to understand.

In practice, this principles-based approach would require Ofgem to mandate suppliers to offer fair and reasonable prices on tariffs with a limited amount of complexity, backed by an appropriate and prudent hedging strategy.

However, default tariffs should not create a barrier to a more flexible, more competitive energy market that encourages smarter energy use. To avoid this, the Government, the regulator, and suppliers must incentivise consumers to make active choices in the retail energy market to support the transition to net zero by rewarding decisions to use energy in a smarter way. Ultimately, these underlying principles of a reformed approach to default tariffs and genuine incentives for smarter energy use should shape the UK's retail energy market.

In practice, meeting this objective is likely to require the following. First, consumers should be incentivised to make choices that suit their needs and should be rewarded for choices that accelerate the transition to net zero.

Second, any 'default tariff' should provide a level of price protection for those who have not chosen a tariff that is more closely aligned with their needs. To achieve this, principles-led regulation is needed to ensure flexible protections persist during a period of innovation to deliver net zero. Ofgem should mandate

suppliers to offer fair and reasonable prices, with a limited amount of complexity, backed by an appropriate hedging strategy.

Third, there should be specific, targeted protections for the most vulnerable households, particularly those who either cannot meet the cost of a default tariff or are unable to engage actively in the energy market to align their tariff with their specific needs. We go into this specific issue of more targeted support for the most vulnerable in a later response.

6. 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?

We believe that the regulator will need to move beyond these parameters in order to deliver a system of price protection that is genuinely fit for purpose.

First, while there is a need for at least some universal protection in the form of regulation of default tariffs, this should not lead us to a system in which the cap is the single, universal form of price protection for all households. This is principally a challenge for the most vulnerable households – who struggle to meet the cost of energy even with the cap in place – and for all households when there are sharp spikes in prices that the cap ultimately passes on to households.

Second, the cap – and indeed any alternative form of protection on default tariffs – should not be dictated by the regulator as either flat or ToU, because this does not incentivise consumers to make active, smarter choices about energy use and for suppliers to improve and innovate their products. While there is scope for some ToU elements within a default tariffs, they should not be complex ToU default tariffs, as customers left on them will have not made an active choice and will be less likely to benefit from moving consumption. Whilst the approach taken to regulating default tariffs should be principles- rather than rules-based, we would expect the outcome to be that default tariffs have limited ToU for the reasons outlined.

Third, the cap should not be as stringent as it currently is. The reality is that the price cap has become a form of Government price setting, with over 90% of households on tariffs that are covered by the cap. Encouraging innovation and competition is essential if we are to accelerate the transition to net zero and give consumers access to tariffs that better suit their needs.

There must be meaningful choices for consumers over the kinds of tariffs they need, rather than a market frozen in place around the price cap. The default tariff should act as a backstop rather than a norm for most households, and should incentivise consumers to make active choices to encourage behaviour change to facilitate the transition to net zero. It is only by making this an active choice for consumers – something that is incentivised rather than forced upon them – that we can ensure there is genuine consent in the decision to change consumption behaviours to accelerate the transition to net zero.

We propose an Energy Fairness Charter to replace the price cap, which would set principles-based regulations on suppliers to ensure a fair deal for consumers. Specifically, this would mandate that suppliers must offer a default tariff at a fair and reasonable price, backed by an appropriate and prudent hedging strategy, and that is easy for consumers to understand.

A fair and reasonable pricing structure would be enough for suppliers to operate default tariffs at a fair margin, with regulatory action for those that don't abide by these rules. This will ensure suppliers offer a better product and better prices, driving down household bills. An appropriate period of consultation and regulatory oversight will ensure a smooth transition to the new system.

We must move away from the idea that the vast majority of households should all be on a form of default tariff, and reach a point where it is a backstop, with consumers incentivised to make active choices to support the transition to net zero and reduce their bills, and the market needs to reward decisions to use energy in a smarter way.

As default tariff protection under this system would be based on a fair and reasonable pricing structure but would not be dictated by the regulator as it currently is, it would be less stringent and less flat than the current system. It would be designed to incentivise consumers to make choices on tariffs that suit their needs, and reward them for active choices that aid the transition to net zero, and therefore would ideally be suited for a limited segment of the market who are unable to make this active choice.

7. What are your views on options discussed? Do you have any preferred options or combination of options?

We do not believe that any of the options discussed are fully viable for a variety of reasons, but the one consistent issue is the proposed level of regulatory involvement. The regulator should set the framework for the retail market without dictating the price or exact design of the default tariff cap. We have gone into more detail on several of these below.

We believe that the targeted cap based on vulnerability would potentially be viable alongside other measures — such as our proposed Energy Fairness Charter — and agree that an ideal form of targeted protection for the most vulnerable requires a greater amount of joined-up data than is currently available. However, we believe that a regulated default tariff as a backstop should be kept separate from protection from the most vulnerable, and believe our proposed Energy Credit is the best immediate option for much needed support for the most vulnerable.

Additionally, whilst we believe that in a more flexible, principles-based model of default tariff regulation there would be a positive role for some static ToU tariffs, the regulator must not dictate a ToU model for default tariffs, as it would in the proposed static and dynamic ToU caps.

To deliver the best outcomes for consumers and accelerate the shift to net zero, the market needs to find the model that actually incentivises consumers to change their consumption and behaviour, which is highly unlikely to come from the regulator imposing a single approach on the market.

All default tariff price protection should be fair, reasonable, and easy to understand, meaning that Ofgem should mandate suppliers to offer fair and reasonable prices on tariffs with a limited amount of complexity, backed by an appropriate and prudent hedging strategy.

We believe that there should be some scope for suppliers to compete on the quality of their default tariff within these criteria, instead of all following a single price cap at a level chosen by the regulator, whether ToU or not.

Whilst default tariffs are not suited to fully dynamic pricing — this should be reserved for 'active choice' tariffs so that consumers are making an informed decision — there is still some scope for them to include some simple ToU provisions. If default tariffs do have ToU elements they need to be kept to a minimum and be easy for consumers to understand.

Overall, our position is to give suppliers a choice over how they determine their default tariff, as long as it's fair and reasonable.

We believe that a margins cap is too stringent to work effectively as default tariff price protection — the regulator should not dictate the level of profit a supplier can make, provided the price offer can be considered fair and reasonable. Instead, it should be for the regulator to set the framework in which suppliers operate — in this case requiring that suppliers set a fair and reasonable price, outlined in Ofgem guidance, as in our proposed Energy Fairness Charter. While margin would be an implicit element of consideration whether a price was fair and reasonable, it would not be the only criteria.

There is already some indication of other regulators understanding that there is an appropriate way to achieve this type of framework. The FCA's Consumer Duty offers a model of how a regulator can set a regulatory principle of fair value that regulated providers are required to follow — implicitly including consideration of profit margin whilst placing obligations on the supplier to justify its position — without imposing a set margin.

Using such a principles-based approach would mean Ofgem could review a supplier's position and ensure they are offering fair value for consumers — and take further regulatory intervention where this is not the case — without setting a specific profit margin that must be met.

More widely, the most effective way to drive efficiency for suppliers and ensure that their profit margins are fair and represent genuine value for consumers is in a competitive market. When suppliers are required to compete on the price and quality of their offer, with consumers who are actively engaged in the market to find the tariffs that are best for them, there will be significant pressure on profits, ultimately ensuring fairer pricing. Relying on any form of price control to achieve this is deeply suboptimal, and the experience of the price cap in the current market should serve as a reminder that it is not the best way to achieve the right outcomes for consumers.

Using the Ban on Acquisition-only Tariffs (BAT) as price protection is not a viable option. Although the BAT appears to create a more even playing field, in reality, it drives prices up for the entire market by giving energy suppliers no incentive to attract new customers, and no reason to offer more attractive deals so that consumers may stay. Rather than protecting the most vulnerable and allowing competition to drive down prices in the remainder of the market, it stifles competition and increases prices across the market.

Indeed, Ofgem has rightly said that it is minded to bring the BAT to an end. We hope that the proposed consultation on ending the BAT will be published shortly, to give the sector time to respond to the consultation and plan for the BAT coming to an end by October 2024.

Similarly, both the Market Basket Cap and the Within Supplier Relative Cap would drive prices up across the market because the incentive to attract new consumers would not be sufficient to stop suppliers raising prices for both new and existing consumers in parallel.

Suppliers would not be incentivised to reduce their lowest-priced tariffs as this would require them to proportionally reduce their higher-price tariffs, ultimately leading to higher prices for all customers. In addition, this lack of incentive to compete to attract new customers ultimately means that suppliers will not face the required pressure to become more efficient, and therefore more profitable.

Finally, the Bottom-Up Cap excluding certain customers is not a viable option for several reasons. Offering excluded customers a ToU version of the price cap or leaving them to access competitive deals incentivises customers towards the default tariff, rather than away from it. As recognised in the Call for Input, this will likely disincentivise consumers from making active choices that support the transition to net zero, because they will see themselves as being excluded from price protection as a byproduct of their choice, rather than actively choosing a tariff that works for them.

Our preferred option is the combination of an Energy Fairness Charter, which would set principles-based but stringent regulations on suppliers to ensure a fair deal for consumers, and the Energy Credit, as discussed in other responses.

We believe that this would strike the best balance between creating a backstop of protection for those households using default tariffs, giving targeted additional support to the most vulnerable, and unlocking the competition and innovation needed to drive down bills and accelerate the transition to net zero.

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

As discussed earlier, we believe that the default tariff cap is not an appropriate way to protect vulnerable customers, and attempting to use it to do so has the byproduct of stifling innovation in the market.

As energy is at once an essential service and one with a cost that creates challenges around affordability, there is a need for targeted support for the most vulnerable consumers. By appropriately targeting this support, we can create room for innovation in the rest of the retail market while supporting those who would otherwise be unable to pay their bills.

We have called for a new Energy Credit, reducing bills before they are paid, to provide targeted support by protecting households on the lowest incomes from high energy costs.

By using the existing infrastructure of Universal Credit, such a reform could be rolled out quickly and give the Government confidence that it is appropriately targeted. This would give energy suppliers the information they need to directly discount household bills, getting support to those already identified by the Government as most in need.

While the benefits system is not a perfect targeting mechanism, it is the most efficient one available to quickly and effectively reach the households in the greatest need. This would allow the Government to

quickly identify and support the five million households currently in receipt of Universal Credit and therefore most in need of support.

This approach can also help to unlock greater competition and innovation in the energy market. With the most vulnerable households no longer reliant on the price cap for protection, suppliers will be able to offer a greater range of deals to the rest of the market. Energy suppliers will then be forced to compete on both the price and quality of their offer to customers, reducing prices to households and, by unlocking greater flexibility and smarter energy use through innovative tariffs, driving the transition to net zero

9. How should consumers with large flexible loads, mainly EV and solar/ battery users, be treated with regards to future price protection?

As outlined in a previous answer, we believe that there is room for suppliers to offer static ToU tariffs, which would allow consumers with large flexible loads to apply less pressure on the grid at peak times.

If default tariffs do have ToU elements they need to be kept to a minimum, be easy for consumers to understand, and must be offered under a principles-based framework, not based on a predetermined ToU design by Ofgem.

Overall, our position is to allow suppliers to have a choice over how they determine their default tariff, as long as it's fair, reasonable and easy for consumers to understand.

Energy users with large flexible loads — such as EV and solar/battery users — ultimately face a similar set of incentives, or lack of incentives, as other energy users. The prevalence of the price cap means that these users, who stand to benefit the most from smarter, more flexible energy use, may not do so. Consumers should be incentivised to move off the default tariff onto a tariff that helps them utilise their energy in a way that best suits them, and best allows them to support the transition to net zero.

10. Are there any additional options that we haven't, but should be considering?

As discussed elsewhere, our preferred option is the combination of an Energy Fairness Charter, which would set principles-based but stringent regulations on suppliers to ensure a fair deal for consumers, and the Energy Credit. This should be accompanied with Ofgem delivering on its previous commitment to bring an end to the BAT.

Taken together, we believe that these measures would strike the best balance between creating a backstop of protection for those households using default tariffs, giving targeted additional support to the most vulnerable, and unlocking the competition and innovation needed to drive down bills and accelerate the transition to net zero.