

MoneySavingExpert.com

Submission to the Energy Crisis Commission

Background

MoneySavingExpert (MSE) has been campaigning on injustices highlighted by the energy crisis from the outset. Alongside, our website and weekly email helped millions to understand what was happening to energy prices, their options (which were minimal), and how to cut back on energy use. Devastatingly, we eventually reached a point where many consumers had done all they could, and we published a guide we never wanted to write – [‘Heat the human, not the home’](#). This guide was read by unprecedented numbers, reflecting the true scale of devastation caused by the global crisis in the UK.

In 2022, MSE welcomed the call to introduce price mitigation measures, at a time when more and more people were facing the choice between starving and freezing. This included the Energy Price Guarantee, Energy Bills Support Scheme and other targeted help. We also asked the then-Chancellor to create what became the Household Support Fund, to capture those who were most vulnerable to fuel poverty and heavy inflation more generally. In early 2023, MSE successfully led a campaign joined by over 100 charities and consumer organisations, which called to postpone the planned rise in the level of the Energy Price Guarantee.

During this time, MSE was one of a number of consumer advocacy groups engaging deeply and effectively with Government departments to support the delivery of these schemes – sharing insights, identifying people falling through the cracks and preventing immediate and emerging issues from becoming critical. This approach enabled Government to swiftly deal with any access issues to this support. To give just one example, it quickly passed legislation to ensure tenants with bills included in rent received the help on offer. Since then, these working groups have been wrapped up – perhaps to the detriment of the most vulnerable energy consumers.

The energy crisis is by no means over. Consumers are now part of a very different energy market which does not work well for many.

The following is a summary of our position on various aspects of today’s broken energy market, alongside some further reading with previously published policy and research from MSE.

Market competition

The default tariff price cap has always been a well-intentioned halfway house between regulated prices and competition. It has been too susceptible to shocks, and additional costs have repeatedly been levied onto it. Today the price cap acts more like regulated pricing, with the vast majority of UK consumers sitting on the default tariff, and suppliers setting these at the maximum under the cap. There are few truly competitive switching tariffs available and almost none for prepay customers.

The cap does not solve wider affordability issues. At the time of writing, this is compounded by the coming 10% hike for winter 2024, alongside the loss of most energy and cost of living support – plus the severe tightening of Winter Fuel Payment eligibility.

MSE has called for affordability beyond the price cap, including the lifting of the ban on acquisition-only tariffs (BAT). We would not favour a loyalty penalty in normal times, but the ban now being extended to March 2025 means there is even less chance of a competitive switching market in the near future.

Lack of competition and limited money-saving potential has also left huge swathes of consumers with record levels of 'bad' energy debt. Suppliers are having to aggressively chase this debt – risking the wellbeing of those affected. Meanwhile we are also seeing increases to the supplier recovery cost allowances for bad debt, socialised across all consumers, with little clear evidence this approach helps to solve the problem at all.

Comparison challenges

Ofgem does not publish forward guidance on the price cap changes – this is a consumer mis-selling nightmare. When offering any new tariff, energy firms (and many price comparison websites) can state your possible savings looking at only the current price cap, even when they know it's very likely the price cap will change each quarter through the annual period. That means the savings in reality will be over or underestimated (right now savings will be lower than what is shown). The price cap is a published algorithm, with published underlying data dictating most of it. Ofgem should publish forward guidance and mandate firms to include it in explanations.

Further, time-of-use tariffs are innovative but tough to compare – this needs careful thought before they become commonplace. Firms also don't have to publish their existing-customer only tariffs, making it harder for the likes of MSE to help people save. Transparency rules are needed.

Standing charges

MoneySavingExpert continues to aggressively campaign to reduce the high levels of standing charges, which are a moral hazard. Users who are desperate and trying to cut back their energy usage are left battling a strict floor of minimum payment they just can't go below. It also works against wider energy-saving objectives, as consumers who cut back see little benefit in their bills.

Today, standing charges represent typically £334 a year before a single unit has been used – and this continues to rise from October. Ofgem should reduce standing charges, in conjunction with the Government and/or Ofgem introducing a safety net to protect vulnerable consumers – especially those who need to use a lot of energy – from higher unit rates.

Winter Fuel Payments

In July 2024, the Government announced that the Winter Fuel Payment will be restricted to those on certain benefits, including Pension Credit. MSE founder, Martin Lewis, has urged the Government to include a wider group for the payments to ensure the vulnerable and disengaged do not have to choose between heating and eating.

We've seen many attempts to help improve take-up of Pension Credit (including the Government's and our own) struggle to engage the 800k missing out. Therefore, we propose that the Government needs to find another way of reaching pensioners on the lowest incomes or at greater risk of hardship. If it truly lacks the data to do this, using lower council tax bands could be a useful proxy for lower incomes.

Smart meters

The Government often points to the smart meter rollout as a way of helping consumers reduce energy use, costs, and pressure on the grid. But that can only happen if the smart meter rollout is a success.

Our research shows that the Government's assessment of the number of non-working smart meters is a severe under-estimate. Official statistics only look at smart meters operating in traditional mode. We include all non-working smart meter equipment in our definition of 'working' smart meters, as the meter itself, the in-home display and the digital connection all need to be functioning to access the full range of benefits consumers tell us they value (the same benefits highlighted by Smart Energy GB).

Concerning is what happens when a smart meter is not working – huge swathes who have an issue and who have reported it to the supplier told us they've waited over a year for a fix. There is also widespread dissatisfaction with the supplier's response when an issue is reported.

As we are reaching a critical mass of voluntary installations, the roll-out risks being stalled by smart meters' poor reputation, as those who have experienced poor after-care are not likely to recommend getting a smart meter to those who don't currently have one. While these problems persist, we do not think getting a smart meter should be mandatory, especially while consumers continue to pay for the scheme through their bills.

While there are a range of solutions along the chain, one effective top-down change would be to shift current legislative installation targets to focus on *working* smart meter targets. The regulator has the power to, and has, fined suppliers for not meeting these installation targets. The industry assures us that tweaking the targets in this way would allow it to refocus resources on repairs, replacements, reconnections and investments in customer service to support self-troubleshooting – while also conducting installations. This should have a marked impact on getting smart meters back 'online' – ensuring customers see the benefits, helping suppliers support customers more innovatively and improving the reputation of the scheme so that the rollout can be completed.

Our research on this is due to be published later this year.

In summary...

1. The Government should:
 - a. Support the stimulation of competition in the market.
 - b. Put in place a safety net for the most vulnerable.
 - c. Consider how future challenges with price comparison can be mitigated.
 - d. Shift smart meter installation targets to 'working' smart meter targets.
 - e. Review the current lack of regulation for heating network customers, and protect customers who use heating oil and LPG.
2. The regulator should:
 - a. Reduce standing charges.
 - b. Review whether the price cap continues to work well for consumer protection and seriously consider the case for reform.
 - c. Publish forward guidance on the three-monthly price cap changes and mandate suppliers use it when offering alternative tariffs.
 - d. Stimulate competition and tariff availability.

3. Among myriad issues covered by many consumer advocates, the retail energy industry must:
 - a. Improve competitive tariff availability.
 - b. Offer more targeted support for vulnerable customers.
 - c. Consider what more they can do to ensure smart meters are not only on the wall, but work.

Annex

Below are some source links which give more detail on our views for the Commission's consideration.

Documents

On the price cap: [MoneySavingExpert Response to Ofgem discussion paper: Future of domestic price protection - May 2024](#)

On standing charges: [MSE response to Ofgem Call for Input on Standing Charges - January 2024](#)

On customer protection and the energy market: [MoneySavingExpert submission, Energy Security and Net Zero Committee - August 2023](#)

Coverage

Winter Fuel Payments: [Martin Lewis: The Chancellor is restricting Winter Fuel Payment to just those on benefits – that's too narrow a group](#)

Price cap: [Budget 2023: Energy Price Guarantee to remain at £2,500 in win for Martin Lewis and MSE – here's what it means for your bills](#)

Energy crisis measures: [Martin Lewis: 'The cost of living crisis came to a head today' – watch the video explaining what happened and what it means for you](#)