

10 February 2025

FWP@Ofgem.gov.uk

Dear Ofgem team

Response to Draft Forward Work Programme 2025-26

CSE is an independent national charity, working to tackle climate change and end the misery of cold homes. We undertake practical work to support households and communities to act on energy, alongside original research and analysis to inform local and national policy.

At a headline level we support Ofgem's planned work programme areas and strategic priorities for the year ahead but would make the following comments in relation to each.

Clean Power 2030

In reforming the connections queue to deliver projects that are ready and needed and in regulating NESO and networks to deliver timely connections, there is a significant risk that the local and community benefits afforded from community energy projects and local authority led generation schemes is not sufficiently recognised (e.g. social value in the form of local support, jobs and retained local income). This seems contrary to the government's ambition and commitment to support the development of locally developed and owned schemes through its Local Power Plan.

Ofgem is in a key position in terms of oversight of the connections reform process and should be working to ensure that such projects (which often take longer to bring to fruition than commercial developments) are not disadvantaged by these reforms. We would even suggest that, due to the public support they tend to bring, community energy and local authority led schemes should be able to claim some 'social value' uplift in the reformed process over a simple commercial project seeking to access the same grid connection capacity.

We welcome the statement that Ofgem will work with government and NESO to set up transparent, integrated government and reporting arrangements in relation to your own clean power 2030 related projects. But would urge you to consider going further and work together as three organisations to make it far more transparent where the different responsibilities lie between Mission Control, NESO and Ofgem for delivery of Clean Power 2030 (and energy system decarbonisation more generally) and where joint ownership and accountability lies. As a stakeholder, we would like to know which organisation is tracking our progress towards a decarbonised energy system and what indicators are being used to measure our progress, costs to consumers and fairness in this vital transition.

Strategic Priority 1: Shaping a retail market that works for consumers

We have responded separately to your consultation on changes to Ofgem's Consumer Vulnerability Strategy¹ and will not replicate the detail here. But in the context of working to improve customer services and trust, in addition to the Consumer Confidence programme, we would urge you to undertake work in the year ahead to improve the way that energy suppliers operate their Priority Services Registers (e.g. how they communicate with PSR customers, providing preferential access to customer support etc).

We would urge Ofgem to commit to working with suppliers to improve the system for trusted intermediaries (like CSE and other professional energy advice providers) to advocate on our clients' behalf with energy suppliers. Establishing and maintaining a list of suitably qualified and experienced energy advice organisations that are approved by Ofgem as trusted intermediaries, is an essential and key action that Ofgem should take in the year ahead.

We note that Ofgem consulted in 2024 on the future of domestic price protection and received multiple responses expressing concern over the way Economy 7 rates are set within the current price cap methodology, and the resulting significant regional variations between day and night rates, resulting in many customers overpaying. We would urge you in the year ahead to explicitly explore how this issue for Economy 7 customers might be resolved through future price protection, e.g. changes to the price cap legislative framework to enable maximum rates to apply in each period rather than the current approach of a weighted average set at the discretion of suppliers.

Strategic Priority 2: Enabling infrastructure for net zero at pace

We welcome the confirmation that the governance and methodology for national and regional energy spatial planning will be confirmed in the year ahead and would urge you to bring the timescales forward for this as much as is practical. So much of the delivery of Clean Power 2030 rests on the development of SSEP and RESP and ongoing uncertainty over the governance and methodology risks slowing the pipeline of projects needed.

We have responded separately in detail to your consultations on RESP² and ED3³ and welcome the commitment to publishing draft and final determinations on RIIO-3 in the year ahead and on consulting on the methodology for network investment planning for 2028-2033.

However, we note that there is no mention in this section of the vital role of Distribution System Operators in enabling net zero infrastructure in the interim. Now DSOs are established and reporting their performance, we would urge Ofgem to consider what is needed to improve consistency and comparability of different regional DSO delivery e.g. through the development of agreed key performance indicators and to require them to demonstrate how infrastructure investment (as well as flexibility services) is being facilitated in the near term.

¹ CSE response to Ofgem Consumer Vulnerability Strategy - www.cse.org.uk/news/ofgems-consumer-vulnerability-strategy-refresh/

² CSE response to Regional Energy Spatial Plan consultation - www.cse.org.uk/news/regional-energy-strategic-plan/

³ CSE response to Electricity Price Control Consultation - www.cse.org.uk/news/electricity-distribution-price-control/

Strategic Priority 3: Establishing an efficiency, fair and flexible energy system

Our main comment in relation to this work programme area is that the market is becoming far more complex for domestic consumers as we move towards a more flexible and decarbonised energy system, and fairness will not simply emerge without purposeful monitoring and action.

Therefore, we suggest that in addition to consumer insight and behavioural science research, Ofgem need to develop a method of distributional impacts assessment to understand not only the uptake of products and services, but the outcomes and wider impacts of system change on different households, particularly those in vulnerable circumstances. We would particularly like to see Ofgem evidence and model how the costs and benefits of a hugely increased electricity system are spread across different consumer groups and for a method to be developed for achieving this in the year ahead.

The successful rollout of smart meters is crucial for a flexible, decarbonized energy system and ensuring all customers benefit from smart tariffs and products. However, many smart meters remain non-functional, with issues often unresolved. We would like to see energy providers robustly regulated to ensure that broken smart meters are fixed promptly. Suppliers should be required to report on how many of their smart meters are functioning correctly and how many are broken or faulty – and to provide this breakdown by meter type (Economy 7 or standard) and payment type (credit or prepayment). Broken/faulty smart meters cause a lot of harm for vulnerable customers, erode trust in the technology and delay the smart energy transition.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Janine Michael'. The signature is fluid and cursive, with a large initial 'J'.

Janine Michael
Chief Executive