



Department for  
Energy Security  
& Net Zero

# Future default tariffs

Summary of Responses to the Call for  
Evidence



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# Introduction

The Default energy tariffs for households: call for evidence<sup>1</sup> was issued by the Department for Energy Security and Net Zero on 23 February 2024 and closed on 22 April 2024. In the Call for Evidence (CfE), we asked questions about how default tariff arrangements for households could evolve in the future.

## Outline of the Call for Evidence (CfE)

The CfE sought stakeholder perspectives on three principles for the design of default tariffs and explored how default tariffs could evolve in the future following the implementation of Market-wide Half-Hourly Settlement (MHHS). The CfE also sought views on how households could be protected from unnecessary complexity as default tariffs evolved. There were also questions on how best to incentivise and protect customers so they can benefit from more innovative default tariffs, and on what default tariff a customer should be moved onto when rolling off a fixed-term tariff.

The CfE discussed the role of the default tariff cap (also known as the price cap) and if, following the implementation of MHHS, it should be reformed or replaced, and what price protections would be needed in the future. This was explored more fully in Ofgem's Future Price Protection Discussion Paper<sup>2</sup> which was published on 25 March 2024. Finally, the CfE also sought views on whether reform of the gas network would also be required.

## Number of responses

We received 36 responses from a wide range of stakeholders including consumer groups, energy suppliers, other market participants, and think tanks. As part of the CfE process, we also spoke with a wide range of stakeholders, holding numerous online meetings with individual stakeholders and stakeholder groups. These meetings were attended by over 40 stakeholders and will be used alongside written responses to inform our next steps.

## Broad themes from the call for evidence

Evidence received through stakeholder engagement and responses to the CfE identified the following themes:

- **The regulatory framework should provide sufficient incentives for customers to engage with the retail energy market and for suppliers to innovate:** A broad range of respondents considered that a reasonable increase in the price of default tariffs was necessary to incentivise customers to engage with the market by choosing the tariff best suited to their needs, and encourage uptake of 'smarter products' (being these smart meters, dynamic pricing, automation) and for suppliers to have sufficient headroom to invest in new products.
- **Regulations should encourage customers (electric vehicle owners especially) to shift demand to when energy is least costly and carbon intensive:** Many respondents argued that barriers to using energy more flexibly should be removed. To

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<sup>1</sup> <https://www.gov.uk/government/calls-for-evidence/default-energy-tariffs-for-households-call-for-evidence>

<sup>2</sup> <https://www.ofgem.gov.uk/call-for-input/future-price-protection-discussion-paper>

facilitate and encourage off-peak consumption, price protection should evolve to incorporate Time of Use (ToU) into the price cap methodology.

- **The application of the price cap to evergreen tariffs:** A few respondents thought the price cap should not apply to non-default evergreen tariffs and is a barrier to suppliers offering ToU evergreen tariffs. They argued that those who actively choose to set and forget their chosen service, through an evergreen tariff, should be considered as 'engaged' customers and therefore do not need price protection.
- **Respondents were against mandating a specific type of tariff for low carbon technology users:** Whilst respondents supported the idea that some low-carbon technologies users could benefit from being placed onto a specific type of default tariff, mandating this could stifle innovation and also force suppliers into offering a tariff that may not be commercially viable. Additionally, some respondents flagged that customers who own low-carbon technologies may not necessarily get the most benefit from being on a ToU tariff, e.g. those who work in the nighttime economy.
- **Low income and vulnerable customers who can't engage with flexible tariffs need price protection and additional affordability support:** Most respondents thought additional affordability support for low income and vulnerable consumers was needed, either in the form of an enhanced rebate, a price cap targeted at this group or a social tariff. A large consumer charity also noted that a single-rate standard tariff remains an important safeguard for these customers while affordability and debt problems persist.
- **Many respondents felt that it is only appropriate to default a household onto a ToU tariff if they were previously on a ToU fixed-term tariff:** Consumer groups generally felt that defaulting a customer onto a tariff that most closely aligns with a tariff that they have proactively chosen would lead to the best outcomes for those consumers, as they would then be on a tariff structure that they are already familiar with. On the other hand, several suppliers were concerned that this would lead to a requirement for suppliers to offer specific tariffs, which may not be commercially viable, and could hinder innovation of new tariffs.

# How default tariffs should support households in the future

The Call for Evidence (CfE) explained how a smarter energy system could benefit all consumers, as the costs of generating and transmitting energy will reduce if more consumers use their energy more flexibly. However, not all consumers are willing or able to use their energy more flexibly, which will create trade-offs between different groups of consumers. The CfE suggested three principles to manage those trade-offs, in a fair and credible way:

- Principle 1 - The market should be free to reward households for using energy smarter.
- Principle 2 - Default tariffs should protect consumers from unnecessary complexity and costs.
- Principle 3 - Households should not be exposed to excessive costs from the inefficient use of high-consuming items by other consumers.

Most respondents broadly agreed with these principles, however some respondents thought they needed to be amended as they were too simplistic in their current form and should include reference to include how low-income and vulnerable consumers would be protected. Some respondents were also concerned that there was a possibility that the application of the proposed principles would benefit some consumers more than others. A few respondents noted that the CfE provided no detail on how the principles would be implemented and enforced. Respondents also provided specific feedback on each of the principles.

Regarding Principle 1, many respondents agreed that customers should be incentivised to use their energy more flexibly and shift their consumption to off-peak times. However, some respondents highlighted the potential outcome of higher prices for those who do not use energy efficiently. This may be for many reasons, but some respondents pointed out the risk to those customers who were unable to change their energy use and that these customers should not be forced onto a tariff that is not right for them. Additionally, there was discussion on the level of support that customers should receive, especially those who are unable to change their energy usage, and that government should provide some assistance to households following the transition to MHHS. Some responses highlighted customer engagement as a key element of this principle, and the current lack of options in the market disincentivised many consumers from engaging in the energy market.

On Principle 2, some respondents commented on the need to strike a balance between costs and complexity of tariffs and that this should be applied to all customers. There were also concerns that customers placed onto a complex default tariff could result in them receiving a higher energy bill. A few respondents commented on the ability of customers, especially vulnerable customers, to get a good outcome from their default tariff, especially if these customers are exposed to dynamic pricing and are unable to shift their energy usage to off-peak times. A few respondents commented that the current flat, stringent price cap is not appropriate for delivering energy bill support to vulnerable customers. Finally, a few respondents felt that this principle was ambiguous as it was not clear what is meant by 'unnecessary complexity and costs'. It was recommended that this principle should be clarified and be amended to include the avoidance of consumers who are unable to use their energy flexibly facing poor outcomes in the energy market.

A few comments were made on Principle 3 being primarily focussed on electric vehicles (EV) and did not mention, for example, the move away from gas as a heating source. Some respondents questioned the definition of an EV and urged the government and Ofgem to review the impact that EVs, particularly if many were charged during peak-hours, may have on the market. A few respondents commented on the importance of rewarding smarter energy use but cautioned against penalising those customers with low-carbon technologies who do not have a choice as to when they use energy, e.g. those that work in the nighttime economy. Some respondents pointed out that some vulnerable customers may be likely to use energy during peak hours and may need additional protections. There were mixed views provided by some respondents on the need for low carbon technology (LCT) to be on a ToU default tariff. They stated that those with a high, shiftable load are given the option to move to a smart tariff, but also said that these customers were more likely to have already chosen a competitive tariff. Some respondents felt that this principle implied that all LCT owners should be on a ToU tariff and commented on the practical issue of identifying LCT owners and that moving customers to a ToU tariff may need to be reviewed once more evidence on consumer behaviour was available following the transition to MHHS. A few respondents questioned if this principle was required, as it is not yet known if the risk of customers using LCTs inefficiently increasing bills for all consumers would materialise after MHHS.

The CfE also asked if there were any other key decisions concerning the future regulation of default tariffs that the proposed principles would not cover. A few respondents felt the principles should be amended to have a measure of a homes' "smartness" or the amount of low-carbon technology in use at a property, which may help incentivise property upgrades. Additionally, a few respondents said that, over time, all default tariffs should move to being static time of use. A few respondents suggested that the principles should include fair cost distribution, possibly by redrafting Principle 3. Another principle that was suggested by respondents was that default tariffs should support customers on their energy journey and, potentially, become more personalised. There were also suggestions for a principle to promote customer confidence trust and transparency in the market. Additional principles were suggested concerning the protection of vulnerable customers and impacts on them from unintended consequences, especially those that may exacerbate the impacts of fuel poverty. Some respondents suggested a new principle regarding the transition to Net Zero. Finally, it was suggested by one stakeholder that an additional principle could be included to reflect that default tariffs should be a backstop, not a first choice, and policy should first seek to promote customer engagement with their energy choices.

# The types of future default tariff

## The evolution of default tariffs

The CfE asked for views on if, under current licence conditions, most domestic consumers would continue to default onto single-rate tariffs or if suppliers would consider using Time of Use (ToU) tariffs as default. A large proportion of UK domestic customers (~83%) are currently on a default tariff, with a large proportion of those being single-rate tariffs. Most respondents felt that those customers would continue to default onto a single-rate tariff as they may face detriment if they are moved to a more complex tariff that they are unfamiliar with. This is because supply Licence Condition (SLC) 22C.7 requires suppliers to move customers who are at the end of their fixed-term tariff onto the cheapest evergreen or default tariff according to their meter type. Additionally, some respondents felt that the current price cap currently makes it difficult for suppliers to offer ToU default tariffs.

Most respondents believed that post-MHHS, suppliers would likely offer both single-rate tariffs and ToU tariffs as default, with some citing that this is currently done in Spain, Italy and parts of the USA. However, some respondents felt that a default ToU tariff should only be offered to consumers who were rolling off a fixed-term ToU tariff. Some respondents added that consumer engagement will be important in encouraging consumers to move onto a ToU default tariff, while a minority of respondents thought that suppliers should use the consumption profiles of their customers to determine whether a single-rate or ToU default tariff would be most appropriate for them. Some respondents also felt that suppliers should not be mandated to offer ToU tariffs as default. It was felt by those respondents that doing so could remove the incentive for suppliers to experiment with different tariff offerings, and potentially force suppliers to offer a tariff that is not commercially viable.

The CfE also asked if protections should be placed on the type of default tariffs that suppliers use for their customers. Most respondents support current rules that stipulate that consumers can be moved onto a default tariff (including a ToU default tariff) that is most closely aligned with the fixed-term tariff that they are rolling off, if they have not chosen a new tariff. The majority of respondents also said that they support price protection being applied to all default tariffs as the loyalty penalty would still exist post-MHHS. When asked if there was a case for limiting default ToU tariffs to static rather than dynamic pricing, the majority of respondents agreed with this because a static ToU tariff is much simpler and easier for consumers to understand.

Views were sought on if there should be different default arrangements for consumers identified as being vulnerable, the majority of respondents felt that targeted default arrangements are not the most appropriate mechanism for achieving good outcomes for consumers classified as vulnerable and various reasons were given for this. One reason was that there are different degrees of vulnerability and so it is not possible to design one default tariff that could provide sufficient protection for all vulnerable consumers. Other respondents pointed out that some vulnerable consumers may be able to flex their energy usage, and could benefit from being on a static ToU tariff. Therefore, it wouldn't be fair to automatically exclude all vulnerable customers from default ToU tariffs. The most common reason given by respondents is that default tariffs are designed to ensure continuity of energy supply and the default tariff cap is designed to combat the loyalty penalty. Therefore default tariffs must be universal and applied in the same way across all consumers. Instead of specific default tariff arrangements for vulnerable consumers, most respondents said that it would be most



appropriate to have additional protections in place for vulnerable consumers, for example the implementation of a social tariff, an enhanced Warm Homes Discount, taxpayer funded government support, and additional policies to help vulnerable customers with the upfront costs of low-carbon technologies (e.g. heat pumps) and other home retrofits. Some respondents felt that different arrangements should exist for pre-payment meter (PPM) customers.

The CfE included a question asking what rights domestic consumers should have over the type of tariff that they default onto. While a minority of respondents answered that consumers should give their supplier consent prior to being moved to a default tariff, most respondents felt that as the majority of consumers who are on default tariffs are disengaged (they are on a default tariff because they have not proactively chosen a tariff) these consumers would be unlikely to actively consent to being placed on a specific default tariff arrangement. Some respondents added that suppliers should be required to inform their customers on default tariffs about other tariffs that would be better suited to them, in order to encourage consumers to make active choices about the tariff they are on. However, it was acknowledged that customer engagement is an ongoing challenge for suppliers to establish and maintain.

The CfE asked for views on if there are specific default tariff arrangements that industry of public bodies should trial. The majority of suppliers who answered this question stated that they are already trialling new smart tariffs and intend to continue doing so, but that they did not believe that trialling new smart tariffs should be mandated. On the usefulness of conducting trials, most respondents said that piloting default tariff schemes would be a good way of assessing their effectiveness, fairness and consumer satisfaction. Some respondents also suggested that trials could be used to understand the risks and benefits of different types of default tariffs, for example assessing the benefits and risks of moving consumers currently on a single-rate tariff to a static ToU tariff.

## Default tariffs for low-carbon technologies

In the CfE, we explained how low-carbon technologies (LCTs), such as electric vehicle smart charge points, heat pumps, and heat storage systems, should make it easier for households to take advantage of a smarter energy system by giving households greater control over when they use energy. Consumers would also be able to make the most of the energy that they can generate and store at home, for example through rooftop solar panels. The CfE explains how it is envisaged that tariffs will increasingly become tailored to the range of low-carbon technologies that households have access to.

The CfE sought views on whether a Time or Type of use tariff should be the default for EV owners. Many respondents felt that this would help incentivise smarter energy use as they could be a large consumer within the suite of household appliances and the easiest to move to a ToU tariff in terms of network load. However, some thought that the issues of complexity and comparability would need to be addressed to help consumers make an informed choice as to the best default tariff arrangement for them. Some respondents felt that the ownership of an EV should not dictate the default tariff options available to a customer, and that default tariffs should not be designed for a particular consumer group. Another argument against the mandating of default tariffs for EV owners was the political feasibility of forcing some consumers onto certain default tariffs based solely on technological characteristics. A few respondents also raised issues concerning discrimination based on the type of technology a household owns. In addition, a few suppliers disagreed that EV users should be placed on a “smart” ToU tariff, many stating that the issue laid out in Principle 3 may not be as problematic

as thought. A few suppliers felt that those who already had a high but shiftable load and able to take advantage of a competitive smart tariff did so, negating the need for a default tariff specifically designed for EV owners. There were also some comments on the risk posed to non-EV owners by excessive loads generated by inefficient EV charging. However, some respondents felt that there was insufficient evidence and assessment of the risk posed by inefficient charging of EV's and that the design of default tariffs should be left to suppliers to better reflect their customer base, but also advocated care that the design of these tariffs, especially where more than one LCT item is present, is considered. A few respondents commented on the need for EV and EV ownership to be defined.

Regarding the question of protections to the type of tariffs that households with electric vehicles default onto some respondents agreed that protections should be in place for the type of tariffs that households with an EV default onto. The main form of protection suggested is that the default tariff set should be a static ToU, which would ensure consumers are not placed on a confusing tariff which could be detrimental to disengaged EV households. Respondents highlighted challenges in identifying those with EVs, making it difficult to determine which default tariff is most appropriate. Unless a consumer has been active previously, or actively informs their supplier, there is no real way to determine the best default tariff arrangement for EV households. There were no other suggestions for protections. Most respondents felt that it is only appropriate to default an EV household to a ToU tariff if they were previously on a ToU fixed-term tariff. A few respondents explained that devising protections for issues currently do not and may not exist in the future could stifle innovation from suppliers. Some respondents feel that EV users are likely to engage in the market, therefore current protections should be sufficient. A couple of respondents mentioned the requirement for suppliers to have control over the parameters of a potential static ToU default tariff, particularly the peak and off-peak time periods. The main argument for this is that suppliers have a deeper understanding of their customers and their load profile and are therefore better placed to determine when these time periods should be set for their customer base. There were comments on the need for active communication between supplier and consumer so that there is a clear understanding of the obligations, benefits and detriments of the customers tariff choice and the need for customers to share information on their specific technologies and use age patterns especially when the customer is being rolled onto a default tariff.

The CfE sought views on what default tariff is appropriate for electric vehicle owners without a smart meter or smart charge point. Most respondents believed that a single-rate default tariff is the only option for any consumer with a traditional meter to be defaulted to regardless of EV ownership. There will be EV owners who do not have access to a smart meter and therefore cannot benefit from ToU tariffs. Respondents felt that those who choose not to have a smart meter should be encouraged to install one. A few respondents suggested that Ofgem must enforce a requirement for suppliers to fix broken smart meters promptly because consumers on ToU tariffs could be financially impacted due to a broken smart meter.

The CfE also asked for views on if there are other technologies that should influence the default arrangements of households in future. Some respondents felt that consumers with storage heaters should be treated similarly to those with EVs with their situation being factored into further default tariff decision making. They should be offered similar bespoke tariffs so they could benefit from dynamic time of use, enabling them to save money through flexing their electricity use.

Responses from some suppliers stated that the current Economy 7 (E7) tariff is adequate for those with storage heaters. An E7 default tariff is therefore most appropriate for these consumers as this is already offered and there is a risk that changing what is currently in place could unnecessarily confuse consumers. An E7 default tariff also allows suppliers to offer more

competitive bespoke tariffs to consumers with storage heaters, in line with what is being offered to EV owners. However, a few respondents argued that E7 tariffs should be replaced, where possible because of the risk that E7 consumers pay higher prices during the day for electricity, regardless of the type of usage. A default tariff that reflects the E7 tariff is likely to be the best solution, however these consumers may not be able to benefit from bespoke ToU tariffs if they are unable to have a smart meter installed, which could be highly likely as E7 tariffs are commonly found in remote areas of the UK where smart meter penetration is relatively low compared to other regions of the UK.

Some respondents also mentioned heat pumps should be considered when it comes to the future default tariff arrangements, as those using electric heat pumps should be permitted to benefit from flexible energy usage.

Regarding the question on the impact of default tariff types using or exporting the power they generate at home with equipment like rooftop solar panels, many respondents agreed that the default tariff would have little impact on households exporting energy. They felt that consumers with production and storage technology will not be greatly affected by the future of default tariffs. Ultimately, these consumers are likely to be engaged in the market and have chosen a bespoke tariff that enables them to get the most out of this technology. Many suppliers have highlighted that these consumers will already understand how to receive the most benefit from their storage and exportation. However, one respondent countered this point by explaining that if one of these consumers is defaulted to an unfamiliar tariff, this could leave them dealing with significant detriment.

There were some counter arguments with some respondents claiming that the makeup of default tariffs could dissuade consumers to take up this technology. If those with production and storage technology are placed on a specific default tariff that is unfamiliar or complex, potential adopters of these technologies may choose to stay on a simpler traditional tariff. Additionally, there were comments on wider aspects of the households' circumstances such as the type of equipment, the time at which they may choose to sell energy to the grid. A few respondents mentioned that this may not be an option for those in rented accommodation.

## Default tariffs for when fixed-term tariffs for low-carbon technologies end

The CfE asked for views on the potential for an electric vehicle (EV) owner to suffer detriment when moving from their current tariff onto a different default tariff structure. Most respondents agreed that EV owners would suffer detriment from being moved onto a tariff that reduces their benefits from their previous tariff. However, issues were raised by these respondents over the feasibility of identifying EV users, with a few claiming that using half hourly data could be perceived as difficult and invasive.

Many respondents pointed out that choosing an EV tariff is an active choice. If an EV customer "rolls over" on to a default tariff that is different from their previous tariff, they may be worse off, especially if this happens unknowingly. Respondents highlighted the need for government to manage this risk. The need for the active promotion of market engagement was a key theme in many responses as well as the need for clear information from suppliers, and communication between suppliers and their customers. Some respondents pointed out the need to incentivise consumers to use energy more efficiently and that an analysis of the customers preferences and usage profile may help.

Some respondents pointed out that there is sufficient flexibility in the licence conditions to protect EV customers but that there are risks of those being switched from a flexible to a fixed tariff may suffer detriment. This may be especially prevalent if the supplier has not provided sufficient notification and options to the customer and commentators called for some form of communication requirement so consumers can reap the benefits of the new electricity system. Others made the case for an amendment to the Standard Licence Conditions (SLCs) to allow for suppliers to provide consumers with a suitable tariff, potentially based on analysis of the customers previous consumption patterns, but with the design of the tariff left to the supplier. Additionally, some respondents felt that all default tariffs should have a ToU element.

## The price level of default tariffs

Considering the transition to Market-wide Half Hourly Settlement (MHHS) the CfE sought views on reforming the current default tariff cap (also known as the price cap) to provide more flexible price regulations. Stakeholders were also asked to consider if there was a need for reform to default price regulations to support a greater diversity of tariff types to help secure lower long-term bills and meet households' different energy needs.

Overall, most respondents thought that the default tariff cap should be reformed as the market transitions to MHHS and a flexible energy system. The cap's 'one size fits all' methodology was considered to be unsustainable in an increasingly diverging market and price protection needed to evolve to protect those who can't engage and encourage customers to use energy more flexibly. Some energy suppliers noted that the cap methodology created 'winners and losers' among suppliers, and excessive profits for some suppliers. Additionally, it was noted by some suppliers that existing differences between energy suppliers would be exacerbated by the transition to MHHS, as suppliers would be exposed to the real costs of serving their customers. It was noted by some respondents that suppliers with a 'peaky' customer base would likely face higher hedging costs post-MHHS compared to suppliers whose customer base is predominately able to flex their energy usage. Respondents therefore argued that default tariff cap will need to evolve accordingly, potentially with the cap remaining for single rate and static ToU default tariffs.

Some respondents argued that if the default tariff cap remained unchanged, the transition to Net Zero and smarter energy use would only bring lower bills to those who can engage and flex their energy consumption. Consumers who are not willing to or able to engage and use their energy more flexibly would face higher costs. However, there was no consensus on how the default tariff cap should be reformed. Some respondents thought reform was urgent, whilst other respondents thought change should be gradual to allow for the effects of MHHS to be understood and that further debate on potential reforms was required. It was noted by some respondents that the need for a wider smart-meter rollout and data sharing consent would help with the design of a new tariff framework and associated protections.

Some respondents thought that default tariffs should continue to be subject to price protection and that changes to the default tariff cap should be incremental. Some respondents who thought reform should be gradual, argued that, in preparation for MHHS, Ofgem should review the cap methodology for setting wholesale and network cost allowances, which are currently based on assumed consumption profiles rather than the actual Half Hourly wholesale cost associated with certain customers.

Other respondents argued for greater pricing freedom and looser forms of price protection, including a relative cap (which was considered too complex by others), or replacing the cap with the Ban on Acquisition Tariffs or with a principled-based regime. A few respondents commented on how the tariff structure may support pre-payment meter and vulnerable customers as the market transitions to MHHS. Comments from responders suggested that pre-payment meter customers would benefit from a move away from the standing charge, while a few respondents suggested that all charges and levies in the retail market should be reviewed. Many respondents said they would provide more detailed responses on default tariff cap reform options to Ofgem's [Future Price Protection Discussion Paper](#).

A few respondents stated that Government should focus its efforts on protecting those vulnerable consumers that cannot engage in the market, are on a low income or are unable to

shift the time of their use. There were also some comments on customers who could, but chose not to, engage in the energy market. Some respondents pointed out that customers should not pay for protections for those that can engage but choose not to. Additionally, some respondents highlighted the need for clear communication between suppliers and their customers and that there could be a role for government to inform the public about the energy market and how efficient energy usage could help the UK meet its Net Zero target.

Overall, respondents recognised that price regulation and tariff design needed to balance price protection vulnerable consumers with incentives to use energy flexibly and the longer-term goal of achieving a 'just and fair transition' to Net Zero at least cost.

## The future regulation of default gas tariffs

Finally, the CfE asked for views on if regulations for default gas tariffs should also be updated. Many respondents felt that some form of reform was necessary but pointed out the substantial differences between the gas and electricity network, with the latter being less flexible. Some pointed out that, while reform was necessary, any changes should not be prioritised over, nor interfere with the changes to the electricity network.

Some respondents argued for the retention of price protections for gas users but that there was little need for a ToU tariff structure for the gas market. Some respondents pointed out the reliance on gas by vulnerable customers, and a need for potential protections similar to those in the electricity market. A few respondents pointed out the need for reduction of gas use to fulfil commitments to Net Zero.

## Next steps

Our stakeholder engagement and responses received to the CfE provided a diverse range of views. Stakeholders broadly agreed with the proposed principles for the future design of default tariffs, but questioned how these would be applied in practice. Some respondents suggested amendments, however there was no clear consensus as to how the principles could be refined. We will continue to consider how to improve the proposed principles and will provide further updates in due course.

We will also work closely with Ofgem to ensure that the future default tariff framework protects consumers. To help consumers get the most out of a smarter and more flexible market, it is important that consumers are placed on the most appropriate default tariff arrangement, whilst also ensuring that those who are unable to use energy more flexibly are not unfairly penalised.

There was agreement amongst stakeholders that some form of price protection is required to prevent a reoccurrence of the 'loyalty penalty', but that the default tariff cap needs to be reviewed in light of the upcoming transition to MHHS. However, there was no consensus on options for the future of price protection. This issue was explored in more detail in Ofgem's Future Price Protection discussion paper, and Ofgem's summary of responses sets out stakeholder views on the different options for future price protection.

The Government recognises the importance of having the right regulations in place to protect household's interests and the crucial role a price cap can play in delivering support to consumers, such as during the energy price crisis in 2022. Government is committed to retaining the default tariff cap and will continue to work closely with Ofgem to ensure that the regulatory price protection framework provides adequate protections in a smarter, more flexible energy market.



This consultation is available from: [www.gov.uk/government/calls-for-evidence/default-energy-tariffs-for-households-call-for-evidence](https://www.gov.uk/government/calls-for-evidence/default-energy-tariffs-for-households-call-for-evidence)

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