



Department for
Energy Security
& Net Zero

Regulating Third-Party Intermediaries in the Retail Energy Market

Summary of consultation responses



© Crown copyright 2025

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gov.uk.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at:
tpiconsultation@energysecurity.gov.uk

Contents

1. Executive summary	4
2. Introduction	5
3. Policy context and objectives	6
4. Overview of respondents	7
5. Summary of responses by theme	8
5.1 Market developments, transparency and risks	8
5.2 Vulnerable consumers	10
5.3 Objectives and Regulatory Model	12
5.4 Regulatory scope	14
5.5 Dispute resolution and enforcement	16
5.6 Small and medium enterprises (SMEs)	18
5.7 Market impacts	19
5.8 Design principles	21
6. Areas of consensus and divergence	22
Areas of consensus	22
Areas of divergence	22
7. Next steps	23
8. Annex: Consultation questions	24

1. Executive summary

This consultation sought views on regulating Third-Party Intermediaries (TPIs) in the retail energy market, such as energy brokers, aiming to strengthen consumer protection and support the move towards a more efficient and more sustainable energy system. The consultation presented the rationale for intervention to address concerns including transparency, mis-selling, dispute resolution, vulnerable consumers and customer service. It also set out a range of policy options for regulation of this market, including a preferred option: the 'General Authorisation' regime model.

The department received 85 responses from stakeholders representing consumers, suppliers, the wider energy market and intermediaries themselves. Responses strongly supported direct regulation of this market to improve transparency, protect consumers and create a more trustworthy and competitive intermediary market.

Responses painted a picture of an evolving market since the previous 2021 call for evidence, but one with similar foundational risks and concerns which have remained unaddressed. Responses commented on increased consolidation, the rise of digital-first TPIs, the increased role of claims management firms, and AI-driven tools. These developments were viewed to have both opportunities and risks for the parties involved.

Responses noted some, incremental, progress on long standing issues through voluntary codes of practice and supplier license conditions. However, responses agreed that the key risks of transparency, mis-selling, dispute resolution, support for vulnerable consumers and poor customer service remained.

Responses strongly endorsed the majority of the proposed design principles, especially those on transparency, treating customers fairly, and dispute resolution.

Responses were divided on their preferred model for regulation with the general and specific authorisation models both having support among responses. There were also varied views on the correct scope of regulation, including any considerations or exclusions for smaller brokers. Responses focused on energy brokers operating a commission payment model as the core scope of regulation but offered differing views on the merits of including other entities. A number of responses supported an activity-based scope.

The government will continue to engage with stakeholders on this policy area and intends to issue a full response to the consultation later this year.

2. Introduction

The government wants to see an energy sector that puts consumers first, ensuring they benefit as Great Britain becomes a clean energy superpower. This vision aims to reduce economic inequality and tackle the climate crisis, with a strong focus on protecting and empowering consumers during the shift to clean energy.

Supporting this vision, the government has considered the increasingly prominent role played by TPIs, such as energy brokers, energy consultants, and price comparison websites (PCWs). Consequently, on 20 September 2024, the government published a consultation on regulating TPIs in the energy market, which closed on 14 November 2024.

This consultation sought views on potential regulation of TPIs in the retail energy market, aiming to strengthen consumer protection and support the move towards a more efficient and more sustainable energy system. The consultation and any potential regulations are part of the government's wider commitment to creating a competitive, innovative and pro-consumer market for non-domestic customers, including charities and small and medium sized enterprises (SMEs). This work is being conducted in collaboration with regulators and builds on the outputs from Ofgem's 'Non-domestic market review' (published April 2024).

The consultation set out the case for regulation and outlined the government's thinking around regulation for TPIs. It highlighted known risks in the current market, issues with the existing regulatory landscape and the vision for a future TPI market which empowers consumers and acts as a catalyst for improvements in consumer outcomes in an evolving retail energy market. It also included potential design principles, and proposed potential approaches to regulation, including a general or specific authorisation regime.

The consultation included 28 questions covering all aspects of potential regulation, and included annexes with further, supplementary analytical considerations.

This publication summarises the written responses received, with questions grouped into common themes. Followed by highlighting questions or ideas with either a strong consensus or a particularly striking level of divergence in views.

The government would like to thank all those who have contributed to and responded to this consultation from across the energy sector and wider society. The government appreciates the time and effort dedicated to crafting detailed responses, attending stakeholder events and otherwise providing input to support our work to improve the market.

3. Policy context and objectives

The government is committed to creating a retail energy market that works for consumers, ensuring robust consumer protections and empowering consumers to seize the benefits of a more dynamic and decarbonised energy system. In this context TPIs can play a vital role, enabling engagement, improving consumer knowledge, increasing competition and helping ordinary households and businesses get the best outcomes from the energy system. But this ideal is undermined by evidence of harmful practices from a subset of TPIs, particularly some energy brokers with small and micro business customers.

Evidence from stakeholder engagement, a previous Call for Evidence and the Alternative Dispute Resolution (ADR) scheme all suggest that many brokers provide a good service for their customers at a fair cost. But this evidence base also suggested misaligned incentives in their commission-based funding model, combined with poor transparency has allowed less scrupulous firms to exploit customers. Issues include high pressure sales tactics and numerous behaviours to maximise commission revenue, including: providing biased advice; limiting market searches and favourable relationships with certain suppliers, such as indirect funding agreements or preferential contract terms.

In the domestic market, price comparison services are by far the most frequently used type of TPI. Available evidence suggested these services were viewed more favourably and were at lower risk for commission and transparency related harms. However, all domestic focused TPIs were included in the scope of potential regulation due to risks around vulnerable consumers, and historical instances of anti-consumer behaviour by supplier commission driven 'auto-switcher' services.

While some indirect, partial or voluntary regulatory measures have been implemented previously, there is no comprehensive TPI regulatory framework and no entity with direct responsibility for overseeing TPI conduct. The government wants to ensure a fair, equitable, and sustainable energy future for all; in the consultation, we set out the case for regulating TPIs under an independent regulatory body, which would enhance consumer protection and foster competition and innovations for a greener market.

The government's policy objectives, as set out in the consultation, were that any regulations would: deliver consumer protections, be credibly enforceable, remain coherent with other initiatives, accommodate varied TPI business models and enable innovation and competition.

4. Overview of respondents

The consultation received responses from 85 organisations and individuals, including:

- TPIs from all of the ‘Types’ included in scope of the consultation:
 - Energy Brokers & Sub-Brokers
 - Price Comparison Websites/Services
 - Auto-Switchers
 - Bill Splitters
 - Resellers
 - Independent Advanced Meter Data Agents
 - Aggregators (for TPIs)
 - AI Enabled TPIs
- Energy suppliers and their representatives
- Consumer advocates and customer industry bodies
- Energy Industry bodies
- Legal, data, and technology service providers

Responses reflected both domestic and non-domestic market perspectives, though the majority focused on the non-domestic market. Many responses were extremely detailed and evidenced, citing and showing familiarity with recent research, consumer complaint data and their own market experiences, adding empirical weight to the feedback.

5. Summary of responses by theme

5.1 Market developments, transparency and risks

Relevant consultation questions

Q1: Since the launch of our Call for Evidence on TPIs in the retail energy market in August 2021, have you observed any significant developments in the TPI market that could inform potential regulatory decisions?

Q2: Are there any further harms and risks stemming from TPI behaviours that you believe warrant our attention? Please provide examples and any relevant specific figures, if available.

Q3: What are the main challenges with improving price transparency?

Q12: Do you have any views on how the number of TPIs within the market might change in the coming years?

Q13: How might the TPI market evolve in the next 5 years, particularly in the context of Market-wide Half Hourly Settlements, Net Zero ambitions and more innovative tariffs and low carbon technologies being introduced to the market?

Business models

Respondents reported a range of developments since the 2021 Call for Evidence. These included market consolidation, reduced competition following the energy crisis, and an expansion of TPI roles in non-domestic markets. Several respondents noted the entry of organisations with new business models, for example ‘energy claims management firms’ and ‘AI-driven platforms’. Responses also highlighted the growth of ‘digital-first’ TPIs (online non-domestic brokers where low complexity customers are served entirely through forms and email). On aggregate, this conveys an experience of a more complex and fragmented market, with blurred boundaries between brokerage, advisory services, automation tools, and switching platforms.

Looking ahead, respondents expected growth in TPIs offering value-added services such as carbon advice or real-time tariff tracking. However, they stressed that regulation must be flexible enough to support such innovation without weakening consumer protection. Some responses also suggested that these new services (particularly when linked to switching or procurement) should fall within regulatory scope to ensure consistent standards.

Domestic price comparison

Responses noted some suppliers withdrawing from price comparison services, leaving them unable to offer 'whole market' information. Also in the domestic market, use of auto-switching services was noted to have declined, driven by factors including the price cap and the now longstanding ban on 'acquisition only' tariffs. Some felt this left a gap in the market for procurement and switching for 'lower engagement consumers'. Respondents had mixed views on whether entities in this sector, including price comparison services and TPIs with significant AI elements were sufficiently transparent and if financial incentives aligned to consumer interests. Some responses stressed the importance of bringing tools within regulation if they influence consumers' decisions, particularly where there could be an incentive to promote particular contracts which is not visible to the consumer.

Transparency

Responses reinforced that price and procurement transparency are ongoing issues. The majority of responses mentioned poor commission disclosure and/or limited customer understanding of the suppliers surveyed by TPIs. Responses suggested many consumers assume TPIs survey the whole market and are unaware of how many quotes are obtained or which suppliers are considered.

Some responses also included a variety of concerns about supplier inducements or other 'indirect' payment/funding/ownership mechanisms which create incentives for TPIs (or TPI sales staff) to favour a particular supplier or contract. Some respondents felt that TPI payment structures were shifting, with these 'indirect' payment methods becoming more common, potentially to evade recent transparency rules. Responses also cited issues with commissions hidden within broader service charges or where funding arrangements were disclosed only after contracts were signed, making it harder for consumers to understand how TPIs are paid and how this could bias their procurement/recommendations. Some responses went further, suggesting the entire retail energy sector should have heightened commission transparency rules including sales teams for suppliers, mirroring Financial Conduct Authority (FCA) disclosure requirements.

Other risks

Around 40% of responses raised risks not explicitly covered in the original consultation, including leveraging overpaid commission, concerns around claims management firms and issues with engineering contract breaches with implications for exit costs and commission. These responses further highlight the extent of potential harms in the market.

Concerns were also raised over alternative contract types such as 'pass-through' and flexible/time-of-use contracts, with a greater risk of hiding or complicating costs and concerns over how clearly these were understood by consumers. Responses also mentioned inconsistent presentation of offers and limited access to market data as further obstacles to transparency.

5.2 Vulnerable consumers

Relevant consultation questions

Q4: Do TPIs currently identify consumers who are in vulnerable situations? If so, how do they do so?

Q5: Should the design principles for TPI regulation include a requirement to identify consumers in vulnerable situations? How could TPIs record and retain that information?

Most responses which addressed vulnerability agreed that many TPIs are not currently well equipped to identify vulnerable consumers. This was naturally more pronounced regarding potentially vulnerable non-domestic consumers, where there is no legally enshrined requirement or criteria. Responses did not surface a clear definition for vulnerability among non-domestic consumers and raised some concerns over applying vulnerability criteria to commercial entities. Though some responses supported the principle, citing similar levels of knowledge/capacity for vulnerable domestic consumers and some microbusiness owner-operators.

Vulnerable domestic consumers

Responses were mixed on TPIs' role in identifying vulnerable domestic consumers. Responses from TPIs noted that TPIs often do not have access to resources like the Priority Services Register, but also noted that, due to the sensitivity of the data, it may not be appropriate to widen access. Most responses from TPIs in the domestic market noted that they do take steps to support vulnerable customers, but these efforts tend to be ad-hoc and unregulated. This inconsistency and complexities around duplicating supplier responsibilities were seen as barriers to delivering equitable outcomes across the sector. Suppliers and consumer groups generally favoured a clear and proportional role for TPIs in this work.

Overall, the lack of consistency in the safeguards for vulnerable consumers in the contracting/procurement process was seen as a gap in consumer protection. Responses noted that vulnerable consumers are more likely to be influenced by poor or misleading advice and are less likely to know their rights or how to seek redress. TPIs working in the domestic market who responded to this consultation described systems and process they used to identify vulnerable consumers. However, they voiced concerns that this was not a legal requirement and that some consumers may not benefit from their full consumer protections when engaging with the market through some TPIs.

Almost all responses agreed that improved clarity on roles and responsibilities in this area would help to avoid duplication and confusion for consumers. The majority of responses to these questions supported the principle that TPIs should play a role in identifying vulnerable domestic consumers. However, opinions differed on how to do this. Some felt TPIs should take direct responsibility for identifying vulnerable customers. Others thought suppliers or regulators might be better placed, with TPIs acting as referrers. Some responses noted that TPIs with

limited customer contact, such as price comparison services may lack the information needed to assess vulnerability.

Non-domestic vulnerability

Some responses also provided reflections on applying or adapting vulnerable consumer definitions and/or protections to the non-domestic consumer market. These included a range of thoughtful responses around the additional pressures on some smaller businesses and other factors which could increase their risk of exploitation or other poor outcomes from the market. Responses in this area reflected a range of views. Responses representing consumers were more likely to favour greater consideration of non-domestic vulnerability, while TPIs' responses were most likely to be opposed. Across stakeholder groups there was a level of consensus on two broad ideas:

- It would be difficult to create more reliable criteria than current micro and small business definitions for potentially 'vulnerable' non-domestic consumers.
- Due to their customer relationships TPIs could play a role in identifying if *vulnerable domestic consumers* are the end user of a non-domestic contract.

Data and data sharing

Several responses proposed the use of data-sharing tools or access to indicators like Warm Home Discount eligibility but noted this must be balanced with data privacy. There was particular interest in better integration with the Priority Services Register (PSR). While some respondents saw value in TPIs having read-access to PSR data (where appropriate consent is given), others pointed out current limitations in sharing this information across market participants. Suggestions included a centralised system to flag vulnerability across the energy ecosystem.

Responses also raised questions around data recording responsibilities. If TPIs are to play a role in identifying or supporting vulnerable customers, many felt that clear obligations would be needed on how to record, store, and update that information, while ensuring compliance with data protection laws. Several called for specific guidance on how long such data should be retained, how it should be shared with suppliers (if at all), and how customer consent should be obtained.

5.3 Objectives and Regulatory Model

Relevant consultation questions

Q7: Are there further regulatory examples from other sectors that we should be learning lessons from?

Q14: Do you agree with the list of policy objectives?

Q15: Do you support the government's proposition to directly regulate TPIs via a general authorisation regime? If not, what regulatory approach do you prefer, and what are the reasons behind your choice?

Q26: What are your views on a preferred regulator if a regulatory framework was established?

Responses overwhelmingly agreed with the government's proposal to directly regulate the TPI market. Most responses from TPIs, suppliers and consumer groups all spoke in favour of direct regulation. There was also near unanimous agreement that the government's policy objectives captured the key considerations for designing any regulations. The majority of responses supported Ofgem as the preferred regulator for the market. Responses were more varied in their recommendation of a 'General Authorisation' or 'Specific Authorisation' model.

General vs specific authorisation

More responses favoured the proposed general authorisation model over specific authorisation, but this was not a consensus view. General authorisation was seen as a flexible and scalable approach to bring all TPIs under formal oversight. Respondents valued this model for its adaptability in a diverse market and the ability to set consistent standards, mechanisms for enforcement and routes for consumer redress. Responses emphasised that general authorisation must be underpinned by clear transparency requirements and powers to sanction and suspend non-compliant TPIs. Some also suggested maintaining a public register of prohibited firms/professionals.

Many responses went further and made the case for upfront registration requirements, as either an addition to general authorisation or advocating for the specific authorisation regime model. Responses often cited concerns around 'phoenixing' "*when businesses or directors trade successively through a series of limited companies which liquidate or dissolve leaving debts unpaid*"¹. Without a mechanism to monitor market entry, many responses were concerned that phoenixing could be used to evade or undermine enforcement penalties, sanctions and prohibitions, particularly noting the low capital costs for a new broker business.

¹ UK insolvency service definition - [Phoenix companies and the role of the Insolvency Service - GOV.UK](https://www.gov.uk/guidance/phoenix-companies)

The majority of responses from TPIs favoured general authorisation, all other stakeholder groups were roughly evenly split between favouring a specific or general authorisation approach.

Examples of similar markets

Respondents frequently drew comparisons with other sectors and regulators, particularly financial services. The FCA was the most cited example, with respondents highlighting its use of licensing, proactive supervision, enforcement powers, and its ‘fit and proper’ gateway for entry into the market. Some also pointed to the Prudential Regulation Authority’s (PRA) risk-based licensing approach, and to international models such as those in Australia and the United States. Multiple responses from TPIs, suppliers and consumer groups highlighted the FCA’s ‘Consumer Duty’ as a favourable element to consider as part of regulation design.

Other comments on approaches

A number of responses noted and supported work on voluntary mechanisms such as the Retail Energy Code Company (RECCo) TPI Code of Practice but expressed concerns over their level of adoption in the market, mainly due to its voluntary nature.

Some respondents supported segmented or modular regulatory approaches, particularly to manage differences between consumers’ sophistication. Responses suggested gradually expanding requirements over time, or segmenting obligations based on TPI activity type, customer base, or on a matrix of risk. A modular approach was also seen to support innovation while maintaining core protections.

Preferred regulator

Ofgem was by far the most common stated preference for a potential regulator. Many responses highlighted their existing sector engagement, the value of consistency with the regulation of the supplier market and the benefits of cross-sector investigation and enforcement.

A small number of responses raised concerns with Ofgem’s suitability. They tended to suggest that FCA might be more appropriate for regulating TPIs due to the market’s size and similarity to mortgage brokering and other sectors under FCA jurisdiction. Responses supporting Ofgem often noted the need for a significant expansion in Ofgem’s capacity to oversee regulation effectively.

5.4 Regulatory scope

Relevant consultation questions

Q8: What are your views on the types of TPIs included in the first section of the scope table?²

Q9: Do you think any further types of TPIs should be explored? If yes, do these match with any of the expanded scope category and if they do not, why not?

Q10: Are the existing regulations for resellers currently set at the right level to prevent consumer harms?

Q11: Are energy suppliers aware which of their customers are resellers and, how many end-consumers the resellers serve?

Regulation by activity

The majority of responses backed approaching the scope of regulation based on the activities conducted by TPIs, rather than by business model or legal structure. Although there was widespread support for activity-based regulation, views differed on whether some types of entity should be brought into or excluded from the scope of regulation. Some respondents felt that bringing less prevalent business models or less common activities (bill validation, lead generators /referral partners etc.) into scope was less important than effectively regulating energy brokers, which represent the vast majority of the non-domestic TPI market.

Responses tended to propose regulating the activities of ‘energy procurement’, ‘advising on energy supply contracts’ or similar. The focus being on activities which influence consumer decision making and could create incentives for bias. Some responses warned that regulation by ‘type’ of TPI could allow firms to restructure operations to evade regulation, flagged as a particular risk for bundled services.

The consultation responses also acknowledged the evolving nature of the market, especially with the rise of digital platforms, app-based services, and new business models linked to low-carbon technologies. Respondents highlighted TPI activity in novel areas, referencing automated switching, peer-to-peer energy trading, and dynamic pricing. There was broad agreement that the regulatory scope must be flexible enough to accommodate innovations without creating loopholes.

² Energy brokers and sub-brokers, price comparison websites/services, auto-switchers, bill splitters, resellers, independent advanced meter data agents, aggregators (for TPIs), AI enabled TPIs.

Independent advanced meter data agents

This category was not precisely defined in the consultation document. It was intended to cover entities who: manage customer energy data, interact directly with consumers and suppliers, and might have reason to influence a consumer's contracting/metering decisions.

Where responses addressed this market, they generally felt that the activities of 'Independent advanced meter data agents' were outside the natural scope of this policy. Responses noted that data agents generally do not undertake the energy procurement activity central to many of the TPI risks and are not typically paid indirectly via commission, they also noted the difficulties of applying any regulations other than high level principles to activities which are relatively distinct from the work of brokers/PCWs.

Resellers

Resellers were noted as a complex area and there was no clear majority view on if they should be in scope for TPI regulation. However, most responses commenting on resellers agreed that existing regulations were not sufficient to prevent consumer harms. The primary area of disagreement was if TPI regulation was the appropriate mechanism to improve this.

Responses raised several issues under existing rules. These included: consumers being unaware of their licenced supplier and/or tariff rate, poor access to redress against resellers and barriers to both resolving issues and seeking redress against suppliers. Reflecting this, some suppliers noted they are not always aware of which of their customers are resellers or how many end consumers are being served through them.

Some responses from across all stakeholder groups felt resellers should be in scope as they share some behaviours and risks with high priority TPI types. They noted that, similar to brokers, resellers engage with the supplier market on behalf of end consumers and complicate communication and payment, which can reduce transparency.

Other responses felt that the scale of the reseller market and the fact many resellers' core business is as landlords, not as part of the energy market, would make it detrimental to the wider policy aims to include resellers in the scope of regulation.

Some responses noted issues with defining resellers accurately and separated resellers into sub-categories such as 'white labels' and landlords/managing agents. These responses often recommended that risks from 'white labels' could be better managed through the inclusion in or modifications to the supplier licence.

Some responses noted the value of the Maximum Resale Price protections and recommended they should be extended to non-domestic settings. However, many responses felt that further reform such as ADR provision and/or regulatory oversight was needed.

5.5 Dispute resolution and enforcement

Relevant consultation questions

Q6: Should Alternative Dispute Resolution (ADR) services be expanded to domestic customers in line with existing provisions for non-domestic consumers?

Q22: Specifically, do you agree with the design principle titled ‘clear route for dispute resolution’ which would require TPIs to maintain clear and accessible complaints processes and signpost customers to out-of-court dispute resolution providers?

Q25: Are there types of enforcement activities within the energy sector or a similarly regulated sector that would be most appropriate for TPIs?

Current gaps in consumer redress mechanisms were widely acknowledged by respondents. Responses noted that, while non-domestic customers should now have access to redress via an ADR scheme many consumers are unsure of their rights and how to complain. Responses had mixed views on the effectiveness of current TPI ADR provisions, recognising the value of the service but raising concerns over the neutrality, transparency and legal accuracy of decisions. Responses also noted concern over the enforceability of outcomes and the lack of clarity around cases involving TPIs who have left or are removed from a scheme.

ADR service provision

Almost all respondents supported the principle of ADR provision in the TPI market, with emphasis on the value of the scheme for redress against exploitative sales practices for smaller businesses. Responses tended to characterise the current ADR situation as complex and sub-optimal. Responses touched on complaints being misdirected to suppliers, concerns over multiple ADR schemes, consumers being unaware of ADR services and a lack of signposting to ADR from many TPIs.

Most responses discussing the structure of ADR called for services to be overseen by a single mandated provider, rather than the current system where suppliers have responsibility for determining if any service is appropriate. Responses generally favoured a scheme covering both domestic and non-domestic customers, often stressing the importance of sufficient resourcing and clear signposting. Some responses felt that multiple ADR options could improve service standards, but that brokers choosing the provider undermined that potential.

Views were mixed on the current TPI ADR schemes with supporters and detractors across all stakeholder groups, TPIs were most likely to have concerns. Positive responses praised improved consumer outcomes and most responses affirmed in principle support. Responses from all stakeholder groups raised the poor rate of signposting and issues with enforcing TPIs’ compliance. Some TPI responses raised concerns over the decision-making process and the potential for vexatious or commercially motivated claims, potentially encouraged by other intermediaries in the sector. Some responses suggested that a single mandated scheme

should come with improved mechanisms for enforcement, clear and more stringent standards for service requirements, and improved transparency.

ADR for domestic TPI customers

There was strong support for extending ADR for TPIs to cover domestic customers. Many price comparison services operate across markets and are therefore subject to FCA regulation and ADR via the Financial Ombudsman Service. However, responses commented that without an extension of ADR provision, domestic consumers have no ADR access for other types of TPI and no alternative to the courts. Given the low financial values involved, court cases were noted as particularly disproportionate as a redress route for domestic energy procurement issues. Some responses noted that domestic auto-switchers could make commission-driven switching decisions against their customers' interests, similarly to non-domestic brokers, highlighting this as a reason for extending protections.

Complaints procedures

Many respondents supported requiring TPIs to maintain internal complaints processes and formally refer customers to ADR. In general, responses favoured modelling TPI complaints management requirements on the existing supplier complaints framework, including regular reviews, public reporting, and consistent governance standards to help build consumer confidence and accountability. While some noted a risk that ADR could face high volumes of complaints, most believed this could be managed with proper planning, funding and system design.

Enforcement

Responses from a variety of stakeholder groups emphasised that both wider regulations and ADR services must be backed by a strong enforcement regime. On ADR enforcement, responses suggested clear powers to investigate complaints, issue fines, suspend non-compliant actors, and publish findings where appropriate to deter misconduct. There was widespread support for enforcement to sit with a central authority or regulator rather than separating out the enforcement of ADR from wider regulations or relying on self-regulation or industry entities.

On enforcement generally, many responses highlighted the importance of ongoing monitoring and a credible power to remove non-compliant TPIs from the market in a way which cannot be easily circumvented. Proposals included the establishment of a public register of authorised TPIs and mechanisms like periodic audits, mystery shopping, and whistleblower protections to ensure standards are upheld. Several respondents also proposed regular re-authorisation or fitness checks to confirm ongoing compliance, particularly for TPIs handling complex or high-value contracts or with other factors increasing the risk of harm.

5.6 Small and medium enterprises (SMEs)

Relevant consultation questions

Q16: Are there particular considerations and/or exemptions for some types of SME TPIs which should be considered?

Q27: We would like to seek views on considerations and/or exemptions for some types of SME TPIs within the regulatory proposals.

The majority of responses were firmly against sweeping exemptions to regulations for TPIs based on their SME status. However, many of those responses (and others) noted the need to keep regulation proportionate to risks and supported regulatory design choices which would more closely align the costs and complexity of regulatory compliance with business size. Many responses took a clear position that flexibility and support for smaller, potentially more innovative, TPIs should not compromise consumer protections.

Most responses agreed that all TPIs should be subject to a baseline set of standards to ensure consumer protection. There was clear recognition that a one-size-fits-all model could place disproportionate burdens on smaller firms. Many noted that excessive compliance costs or overly complex requirements could stifle competition, limit innovation, or force smaller players to exit the market.

There were mixed views on whether TPIs should be subject to scaled or tiered requirements based on risk factors such as customer group, company size, turnover, or services provided. Some felt this would help to keep the market accessible and ultimately maintain a level playing field, whereas others thought this risked allowing exploitative behaviour to persist in small pockets of the market.

In terms of lighter compliance models, several responses proposed simplified or streamlined obligations for small TPIs. These included reduced reporting requirements, simplified authorisation processes, or template-based tools to support compliance with core regulatory duties. Some also supported phased implementation timelines, allowing smaller businesses more time to adapt to new requirements compared to larger or more complex firms.

Support for SMEs

A number of responses proposed maintaining equal requirements while providing mechanisms to support SMEs in meeting regulatory standards. Responses recommended targeted guidance, training programmes, and access to shared resources to help smaller TPIs meet regulatory expectations. Others called for the creation of a central advice service or online hub where SME TPIs could access regulatory updates, compliance checklists, and best-practice examples.

5.7 Market impacts

Relevant consultation questions

Q17: How might these proposals impact the size of the market or influence market consolidation?

Q18: What are the anticipated costs for TPIs to comply with the proposed regulatory measures, including any required changes to their operations, reporting requirements, and potential fees?

Q19: Are there any unintended consequences you envision as a result of these proposals? i.e. could a TPI work around regulation and enforcement through certain activities or practices?

Q20: How should the regulatory framework for TPIs be future-proofed and conducive to fostering innovation?

Q28: What are the perceived impacts of the current preferred option on TPIs? This could include things such as initial familiarisation costs and ongoing costs.

Stakeholders' responses to these questions varied in the details they commented on but broadly agreed that the most likely impact of regulation would be a trend towards a more professionalised market with higher standards, but fewer individual firms. Responses suggested that regulation could improve or reduce competition and innovation depending more detailed elements of implementation. Most responses viewed a more consolidated market as preferable or neutral compared to the status quo with some viewing the current energy broker market, in particular, as oversaturated.

Responses pointed to a wide variety of causes for potential consolidation, including exits from an inability to meet requirements, increased competition pushing out less efficient firms or exits caused by lower commission revenue under more stringent transparency rules. Responses from TPIs themselves indicated that the cost of compliance with the regulation principles as outlined would not discourage them from operating in the market and some responses suggested that direct costs to their organisation would be minimal.

Flexibility and barriers to entry

Many responses expressed that regulations should be flexible and future-proofed where possible to adapt to evolving business models. Responses mentioned innovations such as peer-to-peer trading platforms, community energy schemes, and services linked to emerging technologies. Responses supported a principles-based approach to avoid creating specific requirements which mandate specific models or processes. Many responses raised potential concerns around creating high barriers to entry for new firms. Some warned that disproportionate compliance requirements, similar to supplier licence conditions, could stifle innovation and limit consumer choice.

On compliance costs and admin burden, responses noted that smaller TPIs may need extra support, such as simpler processes, tailored reporting, and phased compliance timelines. Several respondents recommended targeted guidance and training to help with the transition.

Stakeholders were also asked to highlight potential unintended consequences of the proposed regime. Some respondents were concerned that firms might restructure or rebrand parts of their services to stay out of scope, for example, by shifting activities outside regulated definitions or outsourcing parts of the sales process. Others noted that heavy compliance demands could push smaller TPIs to operate informally or outside the UK, weakening consumer protection.

5.8 Design principles

Relevant consultation questions

Q21: What do you think of these principles?³ Should any additional principles be considered and why?

Q23: Do you agree that TPIs, along with energy suppliers, should play a bigger role in raising awareness and educating consumers in GHG emissions reduction and energy efficiency practices?

Q24: Are there further design principles that should be explored as part of a general authorisation regime?

The majority of responses supported the proposed design principles. Many responses highlighted the importance of dispute resolution, fairness and transparency (including prices, TPI remuneration and market coverage during procurement). Many suggested that these principles should be codified within the regulatory framework. Some responses felt the data protection principle was duplicative of existing legal requirements. Many responses noted, within these questions and elsewhere, that principles would be more effective if accompanied by clear rules, with some responses favouring ‘output based’ rules and others suggesting explicit requirements/ prohibitions.

Responses suggested several additional design principles including: enabling innovation, consumer empowerment, improving accessibility, enhancing data sharing and alignment with supplier regulations.

Energy efficiency and net zero

The majority of responses supported the design principle ‘Consideration of net zero and energy efficiency (EE) targets’ but there was a wider range of views in this area than others. Some responses felt that TPIs influenced consumer decisions on efficiency/decarbonisation and should therefore have responsibilities in this area for consistency. Others, often suppliers and TPIs felt that there was a risk of duplicating educational activity with supplier obligations, particularly for TPIs with a more transactional business model.

Responses also presented a variety of views on whether the role of a TPI should include a general duty to inform and educate their clients, with energy efficiency and net zero information forming part of that role. Some responses suggested that these ‘value-added’ services were outside the core skillset of many existing TPIs and that attempting to deliver these could result in consumers receiving unhelpful information and worse outcomes overall.

³ Transparency and accuracy; Treating customers fairly; Clear route for dispute resolution; Appropriate data protection arrangements; Training, governance and compliance; Consideration of net zero and energy efficiency (EE) targets.

6. Areas of consensus and divergence

The analysis in the previous section shows the nuances of views provided by respondents across the consultation themes. This section will focus on regulatory design and highlight where there was a clear consensus or a particularly strong or broad divergence of views.

Areas of consensus

Direct regulation – Responses overwhelmingly agreed with the government’s position that the TPI market should be directly regulated.

Regulator – The strong majority view of respondents was that Ofgem are the most appropriate regulator for the TPI market.

Transparency; fairness; training, governance and compliance – These principles had near universal support across responses with no substantive concerns raised. Transparency was repeatedly cited as critical to improving the behaviour of the sector, and consumer confidence.

Dispute resolution – Near unanimous support from responses for an effective ADR route, and most favoured a single provider model.

Clarity across supplier and TPI regulation – Many responses highlighted areas or risks where a cohesive approach across TPI and supplier regulations could improve consumer outcomes from both regimes.

Areas of divergence

General vs specific authorisation – Responses took a variety of positions in favour of either model with further responses suggesting a hybrid model adding up front registration to an otherwise general authorisation regime. The majority of TPIs favoured general authorisation, while non-TPI respondents were evenly split between general, specific and the above hybrid approach.

Resellers – The majority of responses on reseller risks agreed further action was needed. However, there was no clear majority or even plurality view on how consumer protections could be improved and if attempting to do so through TPI regulation would be effective or counterproductive.

SME exemptions or alternative requirements – Overall, a narrow majority of responses opposed exemptions or alternative requirements. However, some responses felt reduced requirements, within consistent overall principles, could create a more innovative and competitive market.

Vulnerable consumers – Responses showed a mix of views on whether TPIs should have a role in identifying vulnerable consumers, how possible it was for them to do so, and if any concept of vulnerability was appropriate in the non-domestic sector.

7. Next steps

The government will use the feedback received through this consultation, and further engagement with relevant stakeholders to shape final policy decisions on regulation of Third-Party Intermediaries in the retail energy market. The evidence provided by stakeholders has already improved the government's understanding and evidence base around market behaviours, opportunities and risks.

We remain committed to improving consumer protections and reforming the TPI sector into a more transparent and competitive market, which acts in the best interest of the consumers they serve. The government continues to believe that the current regulations aren't sufficient and remains minded to directly regulate this market when parliamentary time allows. The government also welcomes the existing work of proactive energy brokers and other industry parties on voluntary codes of practice to improve standards in the sector.

The government will continue to work closely with regulators and a broad range of stakeholders to develop our policy approach. The government will announce detailed next steps in this policy area and publish a government response to the consultation in due course. Decisions on the government's final approach to this market will be considered alongside the ongoing Review of Ofgem, including on the key decision on the most appropriate regulator if direct regulation is taken forward.

Finally, we would like to thank all those who responded to the consultation. Stakeholders who may have further views they wish to express to the government on the consultation topics or the energy TPI market more broadly are encouraged to provide their perspectives via email to tpiconsultation@energysecurity.gov.uk.

8. Annex: Consultation questions

Table 1: Consultation questions

No	Question	Included in theme
1	Since the launch of our Call for Evidence on TPIs in the retail energy market in August 2021, have you observed any significant developments in the TPI market that could inform potential regulatory decisions?	5.1 Market developments, transparency and risks
2	Are there any further harms and risks stemming from TPI behaviours that you believe warrant our attention? Please provide examples and any relevant specific figures, if available.	5.1 Market developments, transparency and risks
3	What are the main challenges with improving price transparency?	5.1 Market developments, transparency and risks
4	Do TPIs currently identify consumers who are in vulnerable situations? If so, how do they do so?	5.2 Vulnerable consumers
5	Should the design principles for TPI regulation include a requirement to identify consumers in vulnerable situations? How could TPIs record and retain that information?	5.2 Vulnerable consumers
6	Should ADR services be expanded to domestic customers in line with existing provisions for non-domestic consumers?	5.5 Dispute resolution and enforcement
7	Are there further regulatory examples from other sectors that we should be learning lessons from?	5.3 Objectives and Regulatory Model
8	What are your views on the types of TPIs included in the first section of the scope table?	5.4 Regulatory scope
9	Do you think any further types of TPIs should be explored? If yes, do these match with any of the expanded scope category and if they do not, why not?	5.4 Regulatory scope

No	Question	Included in theme
10	Are the existing regulations for resellers currently set at the right level to prevent consumer harms?	5.4 Regulatory scope
11	Are energy suppliers aware which of their customers are resellers and, how many end-consumers the resellers serve?	5.4 Regulatory scope
12	Do you have any views on how the number of TPIs within the market might change in the coming years?	5.1 Market developments, transparency and risks
13	How might the TPI market evolve in the next 5 years, particularly in the context of Market-wide Half Hourly Settlements, Net Zero ambitions and more innovative tariffs and low carbon technologies being introduced to the market?	5.1 Market developments, transparency and risks
14	Do you agree with the list of policy objectives?	5.3 Objectives and Regulatory Model
15	Do you support the government's proposition to directly regulate TPIs via a general authorisation regime? If not, what regulatory approach do you prefer, and what are the reasons behind your choice?	5.3 Objectives and Regulatory Model
16	Are there particular considerations and/or exemptions for some types of SME TPIs which should be considered?	5.6 Small and medium enterprises (SMEs)
17	How might these proposals impact the size of the market or influence market consolidation?	5.7 Market impacts
18	What are the anticipated costs for TPIs to comply with the proposed regulatory measures, including any required changes to their operations, reporting requirements, and potential fees?	5.7 Market impacts
19	Are there any unintended consequences you envision as a result of these proposals? i.e. could a TPI work around regulation and enforcement through certain activities or practices.	5.7 Market impacts

No	Question	Included in theme
20	How should the regulatory framework for TPIs be future-proofed and conducive to fostering innovation?	5.7 Market impacts
21	What do you think of these principles? Should any additional principles be considered and why?	5.8 Design principles
22	Specifically, do you agree with the design principle titled 'clear route for dispute resolution' which would require TPIs to maintain clear and accessible complaints processes and signpost customers to out-of-court dispute resolution providers?	5.5 Dispute resolution and enforcement
23	Do you agree that TPIs, along with energy suppliers, should play a bigger role in raising awareness and educating consumers in GHG emissions reduction and energy efficiency practices?	5.8 Design principles
24	Are there further design principles that should be explored as part of a general authorisation regime?	5.8 Design principles
25	Are there types of enforcement activities within the energy sector or a similarly regulated sector that would be most appropriate for TPIs?	5.5 Dispute resolution and enforcement
26	What are your views on a preferred regulator if a regulatory framework was established?	5.3 Objectives and Regulatory Model
27	We would like to seek views on considerations and/or exemptions for some types of SME TPIs within the regulatory proposals.	5.6 Small and medium enterprises (SMEs)
28	What are the perceived impacts of the current preferred option on TPIs? This could include things such as initial familiarisation costs and ongoing costs.	5.7 Market impacts

This publication is available from: www.gov.uk/government/consultations/regulating-third-party-intermediaries-tpis-in-the-retail-energy-market

If you need a version of this document in a more accessible format, please email alt.formats@energysecurity.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.