



UK Government

Regulating Third-Party Intermediaries (TPIs) in the Retail Energy Market

Government Response



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Executive Summary

The role of Third-Party Intermediaries (TPIs), such as energy brokers and price comparison websites, is to help consumers navigate the energy market and secure energy contracts that meet their needs. However, not all TPIs are living up to this ideal, particularly for small business consumers. The government launched a consultation last year to gather additional evidence on risk and harms, as well as to seek views on proposals to regulate the TPI market.

Feedback to the consultation has reinforced the government's belief in the potential value of the TPI market in supporting consumers to secure more tailored and better value energy contracts. It has also highlighted the sector's capacity to demystify the increasing variety of options for consumers in tariff types and additional services. The government also recognises the positive work by some TPIs and industry bodies to improve standards in the industry.

However, the consultation also reinforced concerns about the continued risks to consumers arising from some TPI's conduct. The consultation provided further evidence of TPI's charging hidden fees/commission and only seeking quotes from favoured suppliers. In the non-domestic market responses highlighted more extreme behaviours such as brokers misrepresenting themselves as energy suppliers and contributing to issues around changes of tenancy.

The consultation has therefore given the government increased confidence that direct regulation of the TPI market is the right decision for consumers. Regulation is the best mechanism for addressing these risks, improving consumer outcomes and making the TPI market a powerful enabler to unlock the benefits of energy innovations for ordinary consumers.

Consequently, when parliamentary time allows, the government intends to bring forward legislative proposals to appoint Ofgem as regulator for TPI's and grant it rules making, monitoring and investigation tools. The government intends to empower Ofgem to create principles, set specific rules and require TPIs to pass a registration process. The Government's proposals would also expand statutory consumer advocacy into this sector. The cost of regulation would be recovered from the TPI market with strong incentives for firms to co-operate with the regulator to reduce the cost of regulation for all parties.

This remains broadly in line with the previously proposed general authorisation regime but with the addition of an authorisation process, a commitment to Ofgem as regulator, empowering Ofgem to refine the principles and amending the scope to focus on arranging contracts.

Through the consultation, we saw evidence that confidence in the energy broker sector of the market has been undermined by a subset of unethical and exploitative actors. Therefore, Government will take decisive steps to address this problem. By introducing direct regulation, we aim to improve broker conduct and protect small businesses and charities from excessive commissions. These reforms will enable skilled and consumer-focused TPI's to compete on a level playing field, in a stable, trusted and professional market. The government's proposals will give consumers confidence that TPI's are acting in their best interests and enabling them to benefit from the smart, secure and sustainable energy system of the future.

Introduction

The government wants to see an energy sector that puts consumers first, ensuring they benefit as 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 and price comparison websites (PCWs). Consequently, on 20 September 2024, the government published a consultation¹ on proposals to regulate TPIs in the energy market, which closed on 14 November 2024. Prior to this full response the government published a summary of the responses received on the 7 July 2025.

The Consultation

The consultation sought views on proposals to introduce 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' (final decision published April 2024).

The consultation set out the case for regulating TPIs. It outlined the government's views of the market, highlighted known risks and explored issues with the existing regulatory landscape. It also set out the government's 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.

The consultation then presented broad options for the regulation of TPIs and design principles for regulation. The potential regulatory options were modelled on approaches used in other markets, with the 'general authorisation regime' loosely based on Ofcom's regulatory model and the 'specific authorisation regime' drawing from FCA's approach. Alongside these options the consultation also set out the government's overarching policy objectives for intervention in the TPI market:

- Deliver consumer protections
- Be credibly enforceable
- Remain coherent with other initiatives
- Accommodate varied TPI business models
- Enable innovation and competition

¹ [Regulating Third-Party Intermediaries \(TPIs\) in the retail energy market - GOV.UK](#)

The Summary of Consultation Responses

The summary of consultation responses² presented a synthesis of the 85 written responses received. It set out the perspectives presented by responses to the questions grouped into common themes before highlighting questions or ideas with either a strong consensus or a particularly striking level of divergence in views.

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.

Despite these varied perspectives on design details responses were overwhelmingly supportive of the overarching proposal for direct regulation of the TPI market.

The Government Response

This document sets out the government's response to the consultation. It explains the rationale for market intervention and outlines the government's intended plans for the regulation of this market. This document contains the following sections:

- **The Current State** – This section sets out the government's current view on key elements of the TPI market, drawing the borders of the market's scope, highlighting good practice & consumer benefits and clarifying the risks and harms for consumers.
- **The Future Market** – This section outlines the government's vision for how the TPI market should operate under regulation and the key role it can play for consumers.
- **Policy Intervention** – This section sets out the government's intended regulatory framework and how each element will contribute to improving consumer outcomes.
- **Next Steps** – Finally, this section will outline the actions to implement the government's regulatory proposals.

² [Regulating Third-Party Intermediaries in the retail energy market: summary of consultation responses \(HTML\) - GOV.UK](#)

The Current State

Third-Party Intermediaries & Retail Energy Services

The government has used ‘Third-Party Intermediaries’ during this consultation as an umbrella term, intended to include a wide potential scope of business models. The consultation highlighted the need for an activity-based definition and the high priority types of TPI (energy brokers, price comparison websites, auto-switchers & bill splitters) all of which share the activity of arranging energy supply contracts for consumers. As such, in this document we use the term TPI to describe the firms in the immediate scope for regulation under this policy:

Third-Party Intermediaries (Energy Procurement)

People or organisations (other than energy suppliers) with a role in arranging energy supply contracts on behalf of energy consumers*.

**excluding tenants of properties they manage.*

This is a functional definition for the purpose of this document rather than a full legal definition. We intend this definition to include the following types of business models:

- **Auto-switcher** – A type of TPI that automatically switches customers to a new tariff or supplier on their behalf according to price or other customer preferences.
- **Bill-Splitters** – A type of TPI that offers to consolidate a number of household utility bills, including energy supply, into a single bill and split this across multiple bill-payers, such as tenants in shared accommodation.
- **Broker Aggregator** – A firm performing a role where it operates between energy suppliers and sub-brokers. These firms often provide digital tools and easier access to supplier quotes for lower complexity non-domestic contracts.
- **Energy Brokers** – A type of TPI that procures/arranges energy contracts for consumers, usually comparing and recommending tariffs from a range of suppliers or negotiating contracts on the consumer’s behalf. Only prevalent in the non-domestic market, a minority of brokers operate by directly signing contracts for consumers.
- **(Energy) Price Comparison Websites/Services (PCWs/PCSs)** – Digital platforms that aggregate and display a range of energy products or services for customers to compare. Some PCWs may also offer phone-based or in-person comparison services.
- **Reseller** – Refers to anyone resupplying gas or electricity to a customer which has already been purchased from a licensed (or authorised) supplier.
- **Sub-Broker** – A smaller energy broker who performs similar activities but engages with suppliers via a larger broker or Broker Aggregator. Can also refer to a broker sub-contracted to perform work for or owned by a larger broker.

Retail Energy Services

The Government will also use the term ‘Retail Energy Services’ to describe the activities performed by all of the entities within the broader retail market, including by TPIs. These wider services are not within the initial scope of planned policy measures but will be kept under consideration for potential future interventions.

Retail Energy Services

Energy services which are provided to household and non-domestic energy consumers. Or energy related activities which are linked to the services above.*

**excluding activities already licenced by Ofgem.*

This wider category is intended to capture a wide variety of entities including:

- **‘Bill Validation’ Services** - Third-party services that check energy bills for accuracy. They compare billed charges against contract terms, meter readings, and market rates to identify overcharges or errors. Used by multi-site organisations with complex billing.
- **Energy ‘Claims Management’ Firms** – Businesses that help clients recover money from energy-related disputes such as misbilling, incorrect meter installations, or hidden commissions. May operate on a no-win-no-fee basis and target historic claims.
- **‘Energy Data Management’ Services** - Firms that collect, store, and analyse energy usage data from meters or building systems. They help businesses understand consumption patterns, spot inefficiencies, and track performance against targets.
- **Energy Efficiency/Decarbonisation Consultants** - Specialists who help businesses reduce energy use and carbon emissions. They assess buildings, equipment, and operations, then recommend upgrades (like LED lighting, insulation, heat pumps) or behavioural changes.
- **Energy ‘Sales-lead Generators’** - Companies or individuals who identify and pass on potential customers to energy suppliers or brokers. They may use cold calling, online ads, or data scraping. Often paid per lead or per successful contract.

Good Practice and Consumer Benefits

TPIs can help consumers get better energy deals

Feedback to the consultation supported the government's belief that there are numerous TPI firms undertaking great work on behalf of their customers across all sections of the TPI market. Evidence provided by consultation responses aligned to published research which indicates that many consumers value the service that TPIs provide. Ofgem's ["Businesses' experiences of the energy market 2024"](#) research found that 73% of GB businesses were satisfied with the service they had received from brokers. Research [published by Citizen's Advice](#) also highlighted satisfaction with TPIs and revealed that without the help of a TPI, it can be difficult and time consuming for consumers to navigate the energy market and get an energy contract which is right for them.

TPIs can benefit the least engaged consumers the most

Particularly for consumers who are less engaged with the energy market, or who may feel unable to spare the time to research and request quotes or compare prices themselves, working with a TPI can result in consumers paying less for their energy and/or saving a significant amount of time. Customers who would otherwise never switch energy suppliers can often benefit the most. In the consultation feedback, we saw evidence that TPIs are often at their best directly engaging these consumers. This includes testing their options in the market and getting them the best deal possible, while charging a fair fee as compensation for their efforts (and in recognition of the value of the time saved for the consumer).

TPIs can demystify non-standard contracts and services

We also saw evidence that TPIs can play an important role in allowing less engaged consumers to access the benefits of innovations in the energy market. We see a growing role for TPIs in enabling consumer benefits from Time-of-Use contracts, demand flexibility services and other elements of the system which can have a complexity barrier to entry.

There have been positive steps to improve practices in the industry

The government strongly supports the work of TPIs delivering good value services for consumers. The government also wishes to recognise and commend the persistent work by a dedicated subset of TPIs and wider stakeholders to improve industry standards in the absence of regulation, through industry bodies such as the Utilities Intermediaries Association (UIA) and work on an industry code of practice involving the Retail Energy Code Company (RECCo).

Risks and Harms for Consumers

Despite the benefits and good practice noted above, we also saw evidence of significant and persistent consumer harms arising from the behaviours of some TPIs and organisations connected to them, including some energy suppliers. The evidence described in relation to the harm and risks outline below have reinforced the government's belief that regulation is needed to achieve the policy objective of delivering consumer protections.

Harms from TPI behaviour are primarily experienced by SME's

The evidence suggests that most of the risks and consumer harms identified in this market are concentrated in the non-domestic TPI market, and specifically the subset of non-domestic TPIs who serve SME and charitable customers.

There is some evidence of some domestic consumer harms from TPIs, for example: auto-switching services making commission-seeking rather than consumer-benefit based switches or PCWs presenting prices in ways which favour suppliers where they would receive a referral payment. That said, evidence to date suggest these harms are both less prevalent and less severe in the scale of costs to consumers. The vast majority of domestic TPI customers use one of the major price comparison services, which are either semi-regulated through being part of Ofgem's voluntary '[PCW Confidence Code](#)' or have aspects of their business practices regulated by FCA as they also operate in financial or insurance markets.

The consultation allowed the government to refine its understanding of consumer risks

The government continues to believe action is needed to address the key risks set out in the original consultation document, though the government's view has evolved to integrate information and analysis from the consultation. The key risks in the original consultation were:

- **Asymmetry of Information:** Consumers face decision-making challenges due to TPIs' lack of transparency around fees and supplier coverage, resulting in potentially poor contract choices.
- **Opaque contracting practices and mis-selling:** TPIs' commission-driven and unclear contracting practices risk mis-selling and undermine consumer trust in the energy market.
- **Lack of adequate access to dispute resolution:** Insufficient dispute resolution mechanisms for TPI-related issues hinder consumer confidence and market functionality.
- **Lack of Support for Vulnerable Consumers:** TPIs frequently fail to identify and support vulnerable consumers, exposing them to potential harm and exclusion.
- **Poor Customer Service:** Limited oversight and accountability contribute to persistently poor customer service in the TPI sector, negatively affecting consumer experiences.

The government now believes the key issues in the TPI market are as follows:

- **Misaligned incentives and conflicts of interest:** Well-functioning markets rely on a strong alignment between firms' financial incentives and good consumer outcomes. In such markets, firms are rewarded for delivering good products or services and face appropriate penalties for poor conduct. However, in the energy TPI market, this alignment is currently weak. Market structures such as payment by commission and supplier's ability to gatekeep access to pricing create regular situations where the most profitable decision can be directly opposed to the best interest of the TPI's customers. The consultation even surfaced alleged instances of TPIs with ownership, management or shareholder connections to suppliers.
 - **Changes since consultation:** The government now views this as a central underlying issue driving many of the consumer harms and risks observed in the market. This issue brings together aspects of the risks previously considered under asymmetry of information and poor customer service.
- **Opaque contracting practices and mis-selling:** Some TPIs promote unsuitable contracts driven by commission incentives rather than consumer needs. They exploit information asymmetries and the current lack of transparency (particularly around commission structures and market coverage), leaving customers without the information needed to make informed comparisons or choices. Sales issues represented 88% of complaints to the Energy Ombudsman in the [second year of their ADR scheme](#)³. Consultation responses also frequently highlighted poor sales practices and TPIs failing to clearly explain important elements of contracts such as exit fees and that there is no equivalent 'cooling off period' for non-domestic energy contracts.
 - **Changes since consultation:** The consultation identified further manifestations of this issue which have reinforced the government's initial view on this issue.
- **Limited ability to resolve complaints:** Both domestic and non-domestic consumers can have significant difficulties making and resolving complaints involving TPIs. Domestic TPIs do not have to join an ADR scheme and wider industry complaints handling standards do not apply to TPI's. While small business consumers should have access to ADR, evidence from the Energy Ombudsman's ADR scheme suggests that [less than 10% of TPI's](#)⁴ are correctly signposting consumers to this service. Overall engagement with ADR is poor, enforcement mechanisms are very limited and there are additional complexities around cases where a complaint involves TPI and supplier conduct.
 - **Changes since consultation:** The government's view of this issue now integrates the broader lack of TPI complaints handling standards. There is some evidence of improvements in ADR access for small businesses; but consultation responses and case data make it clear that significant issues remain.

³ [Energy Broker report 2025 | Energy Ombudsman](#), pg. 6,8

⁴ [Energy Broker report 2025 | Energy Ombudsman](#), pg. 6,14

- **Lack of support for vulnerable consumers:** TPIs often lack the capacity to identify and support vulnerable consumers, which can lead to inadequate support, adverse outcomes and consumer exploitation, particularly where language barriers or limited expertise are involved, though many TPI's do have voluntary mechanisms in place. Specific rules for the treatment of micro and small business consumers do provide some protections in the non-domestic market but these are more limited than domestic policy and regulatory measures targeted at vulnerable consumers.
 - **Changes since consultation:** The government's view of this issue is largely unchanged, there is a need for further work to clarify and rationalise responsibilities for identifying potentially vulnerable consumers between suppliers and TPIs. Without this it will be impossible to extend appropriate protections to all vulnerable consumers.

The Future Market

The government has a bold vision for the future of the TPI market and its role in promoting market engagement, enabling consumers to benefit from system transformation, and driving competition to deliver better outcomes for energy consumers.

Domestic Consumer Protection Improvements

Households will have access to ADR services for disputes with TPI's

Energy price comparison services and other domestic TPIs are not currently required to be members of any ADR scheme. To deliver consumer protections and ensure that regulation is credibly enforceable, mandatory membership of an ADR scheme will avoid situations where complaints against a TPI by domestic consumers can go unresolved with no route for escalation other than taking the firm to court.

Regulated auto-switching will benefit consumers rather than chasing commission

Auto-switching has the potential to benefit domestic consumers. But this model has a historical precedent for some services not finding consumers the best deal by limiting switches to suppliers willing to pay commission. While recent market conditions have reduced the prevalence of these behaviours, consultation responses suggested there are still a number of households each year whose supplier is changed without their consent and to their detriment. Regulation will provide oversight and principles/rules to ensure that all TPI business models benefit consumers rather than seeking to maximise commission or referral payments.

Regulation will create a fair and transparent market for all kinds of TPIs

In the absence of regulation, Ofgem's voluntary code of practice only covers price comparison websites. This results in standards and behaviours which are inconsistent across the market, and leaves consumers generally unaware of what to expect from TPIs. In line with the policy objective of accommodating a range of TPI business models, the government intend to introduce regulation to create a level playing field by ensuring that all TPIs, regardless of type, are held to a set of baseline principles and have a clear route for consumer redress available.

Regulation will ensure TPIs empower households to benefit from innovation.

A wider variety of energy contracts are becoming available to domestic consumers, such as dynamic tariffs and electric vehicle specific contracts. To enable innovation and competition in the market, it will be increasingly important that price comparison services and other domestic TPIs include these contracts in searches, options, recommendations and advice where appropriate for each consumer. As regulator, Ofgem would ensure that domestic TPIs consider and present alternative contract types appropriately for effective comparison and avoid drifting towards favouring TPI convenience over consumer benefits.

Non-Domestic Consumer Protection Improvements

Improved Transparency and Competition Between TPIs

Transparency requirements and reductions in indirect funding models for brokers and TPIs should make it easier for consumers to assess the value of the service they receive. This should allow charities and small businesses to make informed decisions on their choice of TPI. We expect this to create a level of normalisation in the fees charged by TPIs for comparable services, eliminating the excessively high fees charged by some brokers in the current market.

Improved TPI procurement delivers better value Energy Contracts

The best TPIs already seek a wide range of quotations from the market, using the leverage of competition to get the best prices for the contract types and suppliers that best meets their customer's needs. Clear principles and rules, combined with robust regulator enforcement should help to make this the norm for all consumers. With responsibilities for broker behaviour lifted from suppliers, market access and price competition should improve, helping to bear down on non-domestic energy prices and give all TPI customers more confidence they're getting the best deal.

Oversight and regulation will also stamp out the worst behaviours reported in the current market, where brokers conduct biased or deceptively engineered procurements favouring specific suppliers. Regulation will provide clear rules against these behaviours, access to redress for consumers where there are isolated incidents, and regulatory enforcement to heavily penalise any systemic bad practice, from TPIs and energy suppliers. The government believes this will enable innovation and competition in the market overall.

Improved Customer Service and Complaints Handling

Regulation is intended to bring a step change in the professionalism in the market and customer service experiences. There are already many energy brokers who put the customer experience at the heart of their work, keep their customers well informed throughout the process, and ensure that their customers fully understand everything they need to know about their contract before they sign.

Regulation will improve the delivery of consumer protections across the market by making this the required standard for entry. Regulation, redress and enforcement should end the race to the bottom driven by high pressure sales techniques and punish TPIs who attempt to persist with cavalier attitudes to their duties and obligations.

No regulatory framework or market operates with a total absence of customer complaints, but through our proposals we expect to see a better consumer experience overall, including when things go wrong. TPIs will be expected to respond to complaints professionally and to signpost consumers to the appointed ADR service (if that consumer is eligible).

Engagement with Market Transformation

Consumers will benefit from system transformation.

In the consultation, we set a policy objective to remain coherent with other initiatives. These include the Clean Power 2030 Action Plan and Clean Flexibility Roadmap, which puts consumers at the heart of the flexible energy system of the future. Consumers will have more choice and greater control of their energy use by using clean technologies such as electric vehicles, heat pumps and other smart appliances with innovative tariffs. Those that cannot or choose not to participate directly will still benefit, as the total system cost of a decarbonised electricity system is expected to be lower with higher levels of flexible capacity.

More options creates a greater need to simplify engagement with the market.

Household and business consumers will have more options than ever before with flexibility services, on site generation and storage technology and a wider variety of tariffs on offer. We need to ensure it is as simple as possible for consumers to compare the benefits, costs and trade-offs of these offers.

A consumer centric and regulated TPI market could make the benefits available to all.

The future TPI market will give many consumers access to an expert (personal or digital) to consider their specific situation and preferences, then advise them on which holistic package of options is the best combination to deliver on the outcomes they want. While larger organisations benefit from dedicated energy management roles, the future TPI market will enable households and smaller non-domestic consumers to gain some of the benefits they provide.

This can only work with regulation to prevent exploitation of knowledge gaps.

Regulation is critical to achieving these positive outcomes. Without the rules, oversight and enforcement of a regulator, market incentives will continue to reward TPIs for exploiting their market knowledge over consumers. As with other professional services, it can sometimes be difficult for customers to assess the value for money of the service they receive, even after it has been provided. Regulation is vital to ensuring that customers can reasonably place their trust in providers of these services and that they can expect firms which abuse that trust to be penalised.

Policy Intervention

The government broadly intends to pursue its preferred option of a general authorisation regime, as per the original consultation. However, in response to feedback and evidence from the consultation we now propose an amended ‘hybrid model’. The government intends to appoint Ofgem as the regulator for TPIs with an initial, activity-based scope of ‘energy procurement’ and grant it powers to: set principles and rules, monitor & investigate TPI’s, order redress where appropriate, and require TPI authorisation before operating in the market.

Key Changes from the Preferred Option in the Consultation Document

- **Authorisation Process** - The preferred option at consultation was a ‘general authorisation regime’ where TPIs would have been authorised by default. Consultation responses expressed mixed views on this approach. Supporters of the model emphasised its flexibility and felt it would better support innovation. However, other responses made strong cases for specific authorisation, expressing concerns over the practicalities of regulating a market without controls on market entry. The government has considered these issues and now intends to implement a ‘hybrid’ model with a registration process. Integrating a registration/authorisation process into to a model that retains the focus on proportionality underpinning general authorisation.
- **The Regulator** – The consultation asked respondents for their views on the preferred regulator for the regime. Ofgem emerged as the preferred choice by far, due to its existing sector engagement, the value of consistency with the regulation of the supplier market and the benefits of cross-sector investigation and enforcement. The government therefore intends for Ofgem to be the regulator for the regime.
- **High-Level Principles** – The consultation set out proposed design principles which would have represented the foundations of regulatory requirements. Those principles remain important considerations for regulation. However, with the decision to appoint Ofgem as independent regulator the government will be empowering Ofgem to set out the principles for TPI behaviour.
- **The Scope** – The proposed scope of regulation has been refined following consultation:
 - **Independent advanced meter data agents** were originally within the lower priority scope but are now outside of the energy procurement scope. Consultation responses also felt they were outside of the natural scope of this policy.
 - **Resellers and aggregators** were originally within the lower priority scope but now fall fully within the energy procurement scope for regulation. This was supported by consultation responses raising concerns over existing protections.

- **AI** was proposed to be a category in scope, but the role of AI systems, tools and services will now be regulated based on activity being performed, rather than attempting to structure this as a separate TPI category.

The Regulator

The government intends to appoint Ofgem as the regulator for Third-Party Intermediaries in the retail energy market.

The consultation asked respondents for their views on the preferred regulator for the regime. It presented Ofgem, a non-energy regulator and establishing a new regulatory body as the options under consideration. The majority of consultation responses from all stakeholder groups supported Ofgem as the regulator for TPIs.

The government agrees with consultation respondents that Ofgem's existing understanding of the wider energy market and oversight of energy suppliers creates a natural synergy with TPI regulation. Ofgem will be able to ensure that TPI regulation is compatible with wider energy sector regulation. It will also enable Ofgem to address cross-market issues holistically, placing responsibilities on TPIs, suppliers or other licenced entities to deliver consumer protections and improved consumer outcomes in the most effective and efficient manner.

The government gave serious consideration to the alternative option of the Financial Conduct Authority (FCA) as the regulator for TPIs. The government agrees with the set of consultation responses which felt their experience with other brokerage markets would put them in a good position to effectively address issues with energy TPIs. However, on balance, the government feels this is outweighed by the domain specific expertise of Ofgem and the synergy effects from Ofgem also regulating the intrinsically connected energy supply market.

The ongoing Ofgem Review is also considering Ofgem's wider regulatory remit and mandate; other decisions on these points will be set out in due course as part of the conclusions of the Ofgem Review.

Scope & Flexibility

The scope of regulation will be entities with a role in arranging energy supply contracts

The initial scope of the TPI regulation regime will align to the definition of TPI set in the current state section (Energy Procurement). It will be defined by the activity being performed rather than the business model or structure of the organisation. This is intended to capture the highest priority types of TPI highlighted in the consultation (energy brokers/sub-brokers, auto-switchers, PCWs & bill splitters). It would also create a level playing field for competition and avoid situations where firms could avoid oversight through definitional loopholes.

The government intends for a subset of Ofgem's monitoring and investigation tools to be applicable to the parent companies of firms operating in the TPI market where necessary and

proportionate. This to prevent firms from avoiding oversight of relevant behaviours or systems by restructuring or re-classifying their services.

We will be able to protect consumers in connected markets more quickly if needed

The government also intends to allow the scope of regulation to be more quickly amendable in future to address the ongoing evolution of the market. While we intend for the scope of the regulations to encompass all entities performing the TPI role we recognise that the market has potential to continue to evolve quickly. Therefore, to future proof our regulatory approach, we intend that the scope of regulations defining the scope of the TPI regulatory framework will have the flexibility for parliament to approve additional activities to be brought in scope, provided those activities are connected to Retail Energy Services, as defined above.

The current regulatory framework requires primary legislation to move activities within scope of Ofgem's regulatory perimeter. This has left the regulator only able to implement indirect or voluntary measures for more than a decade, despite being aware of risks and harms to consumers. The government is committed to enabling a faster response to issues in emerging retail market sectors, while maintaining parliamentary oversight of the scope of regulation.

More generally, the government's concurrent Review of Ofgem is considering Ofgem's remit, and potential measures to further empower Ofgem across the wider energy system.

Landlords & TPI Regulation

The government does not intend for landlords reselling energy to their tenants to be included within the potential scope of this regulation. The government recognises that there are consumer protection challenges involving landlord resale of energy. However, the consultation reinforced our belief that the significant differences in financial incentives, behaviours, existing requirements and market scale would make them unsuitable for regulation under this regime.

The government remains committed to protecting tenants. The government will continue to work with Ofgem to explore mechanisms to improve consumer outcomes in this area using existing tools, such as the 'maximum resale price' rules.

Principles and Rules

As the appointed regulator for the TPI market, Ofgem will be ultimately responsible for setting out the requirements for TPI behaviour. We currently expect those requirements to fall into 3 main categories: high-level principles, specific rules and registration requirements.

Principles

High-level principles for the behaviour of TPIs are intended to create a 'safety net' which ensures that TPIs can be held to account for exploitative, malicious, unfair and unreasonable

behaviours. The government intends for these principles to be set out by Ofgem following their formal appointment as regulator. Ofgem will determine the most appropriate set of principles for the TPI market. The FCA's [Principles for Business](#) provide an example of overarching principles for behaviour for a different market.

The government intends for the principles to allow courts, ADR and Ofgem investigations/enforcement to hold TPIs to account for unacceptable behaviours. They would give consumers access to redress for behaviours which act against the spirit of an open, fair, competitive and consumer centric market, even where there are no specific rules prohibiting that behaviour.

Specific Rules

Once appointed as the regulator, to supplement the overarching principles, Ofgem will implement more specific rules to provide for the detailed regulatory framework. These rules will, for example, require or prohibit certain behaviours by TPIs. These may be outcome-based requirements, supplementary principles or more traditional explicit stipulations.

As the independent regulator, it will be for Ofgem to decide the most appropriate rules to introduce for TPIs. The government expects Ofgem to regularly update and amend these rules over time. The process for introducing, repealing and modifying rules is likely to be similar to the mechanisms for Ofgem's licence conditions.

Registration Requirements

In the original consultation, we sought views on whether there should be an upfront registration requirement for TPIs. The government's intention is now to provide a mechanism for Ofgem to require that TPIs undertake a registration process before they operate in the market. This is expected to include some assessment of a firm's compliance with any rules and is also expected to include checks to ensure that a firm's decision makers are 'fit and proper persons'.

Recognising that there is an existing TPI market already in operation, we do not intend that TPIs will need to immediately register after Ofgem's appointment as regulator. Ofgem will develop the detailed requirements for registration and the registration process following their legal appointment. TPIs will then be able to register at any point during a 'sunrise period' after Ofgem begin to accept applications.

Timing of Rules Implementation

The Government only expects high-level principles to be brought into place promptly after Ofgem's statutory appointment as regulator. Rules forming the full regulatory regime are expected to require further development alongside monitoring and enforcement policy design. These may only be implemented at the end of the sunrise period or may be brought into place in stages or for TPIs meeting specific criteria or in some other manner. The details of this sequencing and timing will be decided by Ofgem and will principally be determined by which approach best protects the interest of consumers.

Regulator Enforcement

The original consultation established the policy objective that any regulatory framework must be credibly enforceable. To achieve this, the government is committed to ensuring that Ofgem is given the tools and resources it needs to ensure that TPIs comply with the rules and principles of regulation. The government is confident that a broad regulatory toolbox, including substantial penalties, will protect consumers through a strong deterrence effect.

Market Monitoring Tools:

Gathering information will be critical to protecting consumers

Market monitoring and data collection will be vital to improving consumer outcomes and reducing the cost of regulation in the TPI market. The high number of separate businesses compared to existing licence sectors will necessitate a more data driven approach.

The government intends to grant Ofgem the ability to request information from TPIs and, where proportionate, entities with connections to TPIs. This is intended to support Ofgem to maintain an accurate understanding of the market, monitor behaviours and identify emerging risks and trends.

The government's approach would also give Ofgem the power to commission 'skilled person' reports on aspects of a TPI's operations, in a similar manner to [the FCA](#). These will serve as a pre-investigation tool for information gathering and improve the regulator's evidence base on more qualitative market compliance issues.

Effective monitoring should improve behaviours and reduce investigation costs

Both information requests and skilled person reports should only be employed where the expected benefits outweigh the costs. We expect reports particularly to be a frequently used but proportionate response to credible concerns which may have required a full investigation to explore under existing licence regimes. This should reduce the cost of regulation (for Ofgem and TPIs) and allow investigation resources to prioritise the highest impact cases.

Investigation Tools:

Evidence from the consultation has reinforced the government's belief that regulation will require meaningful investigation and enforcement tools to address misconduct. As such, the government intends to grant Ofgem a broader suite of investigation tools to support its ability to effectively and efficiently regulate the TPI market and protect consumers such as information requests to TPI's and connected entities to provide information or documents, with failure to do so enforceable as an offense punishable by fines.

As they do successfully in other markets, we expect Ofgem would utilise these tools in a proportionate manner to ensure that TPIs who fail to follow the rules and principles set out by the regulator are identified and held to account.

Enforcement Penalties

Ofgem will be able to order redress payments, substantial fines and exclusion.

The government's intended approach to enforcement penalties is as follows. Where an investigation determines that a TPI has acted against the principles or rules Ofgem will have the power to order the firm to pay consumers redress, levy fines against them, and (where appropriate) exclude that entity from the market. These measures are primarily intended as a deterrent to create a situation where it is never ultimately profitable for TPIs to behave non-compliantly. But they will also allow many consumers to be compensated for harmful TPI behaviours without having to individually pursue complaints or ADR cases.

The government also intends to enable Ofgem to levy standardised fines against TPIs for unambiguous non-compliance with clear rules or directions. For example, failing to respond to an information request on time or failing to make required payments arising from ADR decisions.

Exclusion will complement registration to maintain the integrity of the market.

Exclusion was highlighted by several consultation responses as critical to removing persistently non-compliant or particularly malicious actors from the market. In combination with the registration process exclusion would ensure that senior individuals responsible for excluded firms cannot return to the market using a new commercial vehicle. The government intends for Ofgem to operate the exclusion mechanism in a clear and public manner which will make it easy for compliant firms to navigate, but difficult for bad actors to circumvent.

Exclusion is expected to be the strongest tool in Ofgem's regulatory toolbox for responding to serious or repeated misconduct. Acting as a deterrent to extreme behaviour and a powerful incentive to fully comply with enforcement actions.

Cost Recovery

The cost of regulating the market should fall on TPIs

We propose the costs of regulating the TPI sector should be borne by the firms which are being regulated. This is consistent with the general principles of the cost recovery mechanisms for other licences administered by Ofgem, for example supply and generation licences.

We consider this approach preferable to recovering such costs via Ofgem's existing cost recovery mechanism on gas and electricity licensees. The government's approach ensures that TPIs would directly pay for the costs of regulating their market and have a financial incentive to reduce the costs of regulation where possible. The alternative approach would effectively transfer the full cost to all energy consumers.

The government's approach would have Ofgem recover their regulatory costs primarily through annual fees payable by regulated TPIs. The final mechanism for calibrating fees will be set out

in due course as regulatory design progresses. However, the government intends for the mechanism to balance the need to reflect actual regulatory costs with a level of proportionality which links the cost of regulation to a firm's revenue from regulated activities. The approach is expected to be broadly analogous to the FCA's authorisation and registration fee structure. Further detail on this will be provided ahead of the introduction of the TPI regulatory framework.

The government intends to ensure there are sufficient incentives for TPI's to comply with regulations and co-operate with the regulator. In addition to annual fees, the government is working with Ofgem to explore options for extending the principle of 'the polluter pays' which underpins the cost recovery model for ADR, to also apply to regulator investigations against wider TPI behaviour and compliance. We are continuing to develop the details of this mechanism and are exploring if and where it could be used appropriately in enforcement cases to place more of the cost of regulation directly on TPI's which fail to comply with the rules.

Next Steps

Ofgem will begin preparations to regulate the TPI market.

Prior to any legislation Ofgem will undertake a detailed market survey in preparation for taking on regulatory authority over this market. This is expected to begin in the first half of 2026. Goals of the market survey are expected to include building a robust quantitative model of the structure of the TPI market and the relative prevalence of harms.

The government will legislate to appoint Ofgem as regulator when parliamentary time allows.

As introducing regulation to this market will require primary legislation, we will look to take forward these elements when parliamentary time allows. The government expects legislation to formally appoint Ofgem and grant them the authority to use the regulatory tools set out in this document.

Ofgem will develop principles, further rules and registration requirements.

After they are appointed as regulator Ofgem is expected to promptly implement a set of high level principles for TPI behaviour and develop more specific rules for TPIs. These are expected to include developing the registration process for TPI's to become formally authorised to operate in the future market.

After a sunrise period it will become illegal to be a TPI without Ofgem authorisation.

After Ofgem have developed and implemented their registration process for TPIs, we expect they will operate a 12-18 month sunrise period to allow all TPIs to undergo the registration process. After this sunrise period has ended all TPIs without authorisation will have to cease energy procurement activity.

Engagement with the groups involved will continue

The Government and Ofgem will continue to seek the valuable insights of consumers, trade associations, energy industry bodies, consumer advocates and others. We will continue to update consultation respondents on next steps following this government response. If you would like to be added to the circulation list for this information please contact:

tpiconsultation@energysecurity.gov.uk

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

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