

NWF FUELS LIMITED: RESPONSE TO CMA HEATING OIL MARKET STUDY

Submitted to: heatingoil@cma.gov.uk

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EXECUTIVE SUMMARY

1. NWF Fuels Limited (**NWF** or **the Company**) welcomes the opportunity to respond to the Competition and Markets Authority's (**CMA**) market study into the retail supply of heating oil in the United Kingdom. As a long-established supplier of heating oil operating across England and Wales, NWF is committed to constructive engagement with the CMA to support an evidence-based assessment of this market.
2. NWF's key submissions in response to the CMA's Statement of Scope are as follows:
 - (a) Recent increases in retail heating oil prices have been driven primarily by unprecedented volatility in wholesale kerosene prices resulting from the conflict in the Middle East, coupled with continuing significant increases in operational costs including transport, storage, and regulatory compliance.
 - (b) The heating oil market in NWF's operating areas is highly competitive, with customers able to obtain quotes from multiple suppliers and switch providers with minimal friction. Competition actively constrains retail pricing, and this remains a low-margin distribution business.
 - (c) The heating oil market is highly seasonal with suppliers required to maintain surplus tanker capacity throughout most of the year in order to be able to meet short periods of high demand in the winter. This creates surplus market capacity through the rest of the year which results in a highly competitive market and drives down prices at those times.
 - (d) NWF, and many other bulk fuel suppliers, provide diesel, red diesel and heating oil to agricultural and commercial customers (thus supporting key sectors of the UK economy) as well as supplying domestic heating oil. These markets are serviced from the same infrastructure and assets, and the needs of both markets need to be constantly balanced.
 - (e) NWF considers that the market generally works well and consumers are normally well served. The price volatility caused by the current conflict in the Middle East has brought into focus some limited areas where there is room for improvement, but NWF cautions against drawing structural conclusions about the heating oil market from a period that is, by any objective measure, anomalous.

- (f) NWF supports enhanced price transparency measures, provided they are proportionate and do not impose disproportionate administrative burdens on suppliers. The Company is willing to work collaboratively with industry bodies, the CMA and government to develop practical transparency solutions.
 - (g) Any intervention should be carefully calibrated to address genuine consumer harm without undermining the commercial viability of heating oil distribution, particularly for smaller and regional operators who play a critical role in serving rural and off-grid communities.
3. This response is structured to address each of the CMA's stated focus areas as set out in the Statement of Scope.

BACKGROUND TO NWF FUELS LIMITED

4. About NWF

- 4.1. NWF Fuels Limited is a wholly owned subsidiary of NWF Group plc (CRN: 02264971), a public limited company listed on the Alternative Investment Market. The Company is a supplier of heating oil and commercial fuel to business, domestic, and agricultural customers across England and Wales. NWF Fuels also operates a fuel card business for commercial customers. In the financial year ending 31 May 2025 (FY25), NWF Fuels Limited was the third largest bulk fuel distributor in the United Kingdom by total number of tankers, with less than 5% of the total market share.
- 4.2. In FY25, NWF Fuels Limited delivered approximately 660 million litres across its product range to approximately 109,000 customers. Of this, 15.75% was kerosene delivered to domestic customers, representing approximately 131,000 orders to approximately 75,000 different customers. NWF operates 32 depot locations across England and Wales and delivers to customers typically within a 30-mile radius of a depot or supplier terminal.
- 4.3. NWF's heating oil business forms part of the wider NWF Group, which also includes Boughey Distribution Limited (specialist warehousing and distribution of ambient grocery products) and NWF Agriculture Limited (specialist producer and distributor of agricultural feed products). NWF Fuels Limited delivers the following products: Standard Kerosene, Premier Kerosene, White Diesel, and Red Diesel. Until July 2025, NWF operated a depot-led model under which each depot had a high degree of autonomy. Since that date the operating structure moved to a centralised regional structure whereby various activities previously conducted at depot level were consolidated into regional centres.

5. Market Position and Competitive Landscape

- 5.1. In NWF's operating areas, the Company competes with a mix of national and regional heating oil suppliers. The market is characterised by:
- (a) a large number of competing suppliers with overlapping delivery areas;

- (b) low barriers to customer switching, with customers routinely obtaining multiple quotes before placing orders;
 - (c) active price competition, particularly during periods of stable wholesale costs; and
 - (d) minimal product differentiation, with kerosene being a commodity product subject to standard specifications.
- 5.2. NWF estimates that its market share across England and Wales is less than 5% of the total UK market and the Company does not hold a dominant position in any of its operating areas. Customers have a meaningful choice of suppliers, and NWF's pricing is constrained by the availability of competitive alternatives.

NWF'S RESPONSE TO THE CMA'S CHARACTERISATION OF THE MARKET (PARAGRAPHS 8-10 OF THE STATEMENT OF SCOPE)

6. Response to Paragraph 8: Key Market Characteristics

- 6.1. The CMA identifies in paragraph 8 of the Statement of Scope a number of features of the heating oil market which, in the CMA's view, distinguish it from regulated energy markets. NWF accepts that many of these features are an accurate description of the current regulatory landscape for heating oil. NWF's response to each is set out below.
- 6.2. Lack of protection for consumers in debt or suffering financial difficulty: NWF acknowledges that, unlike regulated energy suppliers, heating oil suppliers are not subject to prescriptive requirements to assist customers who are in debt or financial difficulty. In practice, NWF provides flexible payment arrangements to customers who experience affordability challenges, including Direct Debit arrangements which allow customers to spread costs through monthly payments, and post-delivery payment terms in most cases. NWF does not require payment in advance except in limited circumstances (primarily through the BoilerJuice platform). NWF supports consideration of a proportionate industry-wide standard for handling customers in financial difficulty, provided it is appropriately calibrated to the spot-purchase nature of the heating oil market, which in itself offers customers a greater degree of flexibility as to when and how much fuel to purchase.
- 6.3. No supplier of last resort: NWF acknowledges that there is no designated supplier of last resort in the heating oil market. However, NWF submits that this feature is in part a consequence of the competitive, non-networked nature of heating oil supply: because customers are not tied to a single supplier through infrastructure, they can switch to an alternative supplier in the event that their current supplier ceases trading or is unable to fulfil an order. Further, barriers to entry are considerably lower than for traditional energy markets. The absence of a supplier of last resort is a structural feature of all commodity distribution markets and does not indicate market failure.
- 6.4. No obligation to ensure security of supply: NWF notes that it has not placed restrictions on supply to domestic customers during the ongoing conflict in the Middle East other than as a result of genuine operational constraints (access issues, vehicle availability, driver availability). NWF did not cancel any orders on the basis that the volume ordered was uneconomic to deliver. During the period of

wholesale price volatility, NWF prioritised delivery fulfilment and, where delays occurred, proactively communicated with affected customers, and offered rescheduled deliveries at the original price wherever possible. In almost all circumstances, given the competitive nature of the market, if one supplier is unable to meet customer needs, there will be another supplier able to do so.

- 6.5. No formalised regulations on charging and limited payment method options: NWF's pricing methodology is further described in section 9 below. NWF's retail prices reflect the prevailing wholesale cost of kerosene, delivery costs, and the Company's operating costs and margin. The Company operates a live pricing matrix which adjusts prices based on wholesale cost movements and market conditions. This approach is consistent with the commodity nature of kerosene supply. NWF offers a range of payment methods to customers, including advance card payment, Direct Debit, and post-delivery payment. NWF does not consider that its pricing practices constitute inappropriate price discrimination but acknowledges that enhanced transparency around the basis for pricing (including the relationship between wholesale and retail prices) could help customers better understand the prices they are charged.
- 6.6. No access to mandatory independent ADR or an ombudsman: NWF acknowledges that there is no mandatory sector-wide ADR scheme for heating oil customers equivalent to that available for electricity and gas customers. Ease of switching in this sector has made this a less urgent need than for electricity or gas, but NWF supports consideration of a proportionate mandatory ADR requirement, provided it is designed to reflect the spot-purchase nature of the heating oil market and does not impose disproportionate compliance costs on suppliers.
- 6.7. No Priority Services Register or equivalent: NWF flags certain customers as 'cold weather priority' customers and prioritises these customers for delivery where backlogs arise. NWF acknowledges that this is a voluntary internal measure and that there is no industry-wide Priority Services Register equivalent in the heating oil sector. NWF supports consideration of a proportionate industry-wide vulnerable customer standard, and notes that any such standard should be developed in consultation with suppliers to ensure it is practically deliverable given the non-networked, spot-purchase nature of heating oil supply.

7. Response to Paragraphs 9 and 10: The Well-Functioning Market Framework (Consultation Questions Q2 and Q3)

- 7.1. The CMA's Definition of a Well-Functioning Market (Paragraph 9)
- (a) NWF agrees with the CMA's articulation of a well-functioning market as set out in paragraph 9 of the Statement of Scope: a market that delivers positive outcomes for consumers as a result of effective competition, but not necessarily a perfectly competitive market. NWF submits that this is the appropriate benchmark for the market study and cautions against the application of standards developed for natural monopoly markets without adjustment for the structural differences of heating oil supply.
- (b) In particular, NWF notes that the heating oil market is structurally different from electricity and gas supply in ways that are directly relevant to the well-functioning market assessment:

- (i) Heating oil is not supplied through a fixed physical distribution network. There is no natural monopoly element, no single infrastructure asset through which all customers must be served, and no barriers to supplier entry or exit of the kind that justify economic regulation in the energy network sectors.
- (ii) Customers purchase heating oil through discrete transactions rather than receiving continuous supply. This means that competitive discipline operates at the point of each transaction: customers can, and routinely do, obtain multiple quotes before placing an order, and can switch supplier with no technical or contractual barrier.
- (iii) The market is served by over 150 suppliers of varying sizes, including national operators, regional suppliers, and small family-run businesses. This structure is consistent with a competitive market.

7.2. Whether the Heating Oil Market Displays the Characteristics of a Well-Functioning Market (Paragraph 10)

- (a) Characteristic (a): Consumer choice and competition on price and service quality. NWF submits that this characteristic is met in its operating areas. As set out in section 8 below, NWF competes with a range of national and regional suppliers across its delivery areas. Customers can obtain multiple quotes before placing orders, facilitated by telephone enquiries, the Company's own website, and third-party price comparison platforms such as BoilerJuice. The commodity nature of kerosene means that competition is primarily on price, with service quality (delivery reliability, customer responsiveness) providing secondary differentiation. NWF's market share of less than 5% of the UK market is consistent with a highly fragmented, competitive supply landscape.
- (b) Characteristic (b): Suppliers are incentivised to treat customers fairly, with reasonable and appropriate pricing practices including during periods of high or volatile input costs. NWF submits that this characteristic has been broadly met during the period of wholesale price volatility but acknowledges that the absence of industry-wide standards has meant that the adequacy of supplier behaviour has been difficult for customers to assess. NWF's own approach during the ongoing conflict in the Middle East, including proactive customer communication and the adoption of a next-day price notification model with customer cancellation rights, reflects the Company's commitment to fair customer treatment. NWF submits that the introduction of a proportionate industry-wide standard for customer communication during periods of price volatility could help ensure consistent fair treatment across the sector, without imposing the full regulatory burden of Ofgem-style oversight.
- (c) Characteristic (c): Transparent prices that inform consumer choice. NWF acknowledges that this characteristic is only partially met in the current market. As set out in section 9 below, NWF provides price information to customers through multiple channels, and participates in the BoilerJuice comparison platform. However, the prevalence of delivery-day pricing under standard industry terms and conditions (which is a rational response to wholesale price volatility and limited stock-holding capacity) means that customers are sometimes unable to

obtain a firm price commitment at the time of order. NWF took steps during the ongoing conflict in the Middle East to address this through its prior-day price notification model. NWF supports targeted, proportionate measures to enhance price transparency, as discussed in section 9 below, while noting the risks of mandatory real-time price disclosure discussed in that section.

- (d) Characteristic (d): Appropriate consumer protection measures. NWF acknowledges that the heating oil sector currently lacks certain consumer protection measures that are standard in regulated energy markets, including mandatory ADR, a Priority Services Register equivalent, and prescribed standards for handling customers in financial difficulty. NWF's position on these gaps is set out at paragraphs 6.2 to 6.7 above. NWF supports proportionate targeted steps to address genuine consumer protection gaps, provided they are designed to reflect the structural differences between heating oil supply and regulated energy, and are developed by industry, in consultation with other stakeholders to ensure practical deliverability.

RESPONSE TO CMA'S FOCUS AREAS

8. Assessment of the Effect of a Sudden Increase in Global Oil Prices on Heating Oil Suppliers' Retail Prices and Profit Margins

8.1. The Need for a Holistic Approach

- (a) NWF recognises the CMA's concern about the consumer impacts of recent price volatility and submits that these issues are best assessed through a holistic analysis. The study was launched in direct response to an acute and exceptional geopolitical event, the conflict in the Middle East and the consequent global oil price spike. While the consumer challenges arising from that event are real and warrant attention, NWF cautions against drawing structural conclusions about the heating oil market from a period that is, by any objective measure, anomalous. A market study whose evidence base is dominated by an exceptional period of global commodity disruption risks producing findings and remedies calibrated to the exception rather than to the normal operation of the market.
- (b) The price volatility that has affected heating oil consumers in early 2026 is not a consequence of structural failures specific to the heating oil distribution sector. It is a direct transmission of extreme global oil market conditions into domestic retail prices across all oil-derived energy products. Gasoline, diesel, aviation fuel, and other refined petroleum products experienced simultaneous price increases driven by the same underlying causes, though kerosene prices were particularly affected given the close relationship between domestic kerosene and aviation fuel, which experienced acute global demand-driven price increases over the same period. The same global events that drove up heating oil prices also drove up the fuel costs of NWF's own delivery fleet, compounding the operational impact on suppliers. A market study that isolates heating oil from this broader global commodity context is unlikely to present a complete or accurate picture.

- (c) One-off global events of this kind are not unique to the heating oil sector. The regulated electricity and gas markets experienced comparable consumer harm during the European energy crisis of 2021 to 2022, when wholesale gas prices rose sharply following geopolitical tensions and supply disruptions. That crisis affected the gas and electricity markets (which are subject to comprehensive Ofgem regulation) at least as severely as the current conflict has affected heating oil. The response at that time was emergency government support and temporary regulatory measures, not a conclusion that the regulated energy market had structurally failed. NWF submits that the same analytical framework should apply here: the current price volatility is an exogenous shock, not evidence of inherent market dysfunction.
- (d) A genuinely holistic assessment of the heating oil market would require the CMA to consider:
 - (i) the long-run performance of the market during periods of stable wholesale costs, when competitive dynamics constrain pricing and customers exercise genuine choice between multiple suppliers;
 - (ii) the structural characteristics of the global oil market (including the role of OPEC production decisions, geopolitical supply disruptions, and refinery capacity constraints) that drive wholesale price volatility independently of any conduct by domestic suppliers;
 - (iii) the long-term trajectory of the domestic heating oil market in the context of government decarbonisation policy, which is addressed in section 15 of this submission;
 - (iv) the proportionality of any proposed remedies when assessed against the full cycle of market performance across normal and exceptional periods, rather than against a snapshot taken at a moment of acute global disruption; and
 - (v) the seasonality of the industry and the need to maintain surplus tanker capacity through most of the year in order to meet short periods of peak demand.
- (e) NWF recognises that the consumer challenges experienced during the current period are real and warrant careful consideration. NWF has taken significant steps, set out elsewhere in this submission, to mitigate their impact on customers. The appropriate response, however, is proportionate and targeted actions, addressing the specific consumer protection gaps that the current period has exposed, rather than structural regulatory overhaul premised on the assumption that an exceptional global commodity event reveals systemic market failure.

8.2. Wholesale Price Movements

- (a) The retail price of heating oil is directly linked to wholesale kerosene prices, which are in turn derived from global crude oil markets. The wholesale price of kerosene is also heavily influenced by global demand for aviation fuel, as domestic kerosene and jet fuel are derived from the same refinery stream. The conflict in the Middle East that commenced in March 2026 caused an immediate and significant increase in crude oil prices, and a particularly acute

increase in the global price of aviation fuel, with consequent and pronounced effects on kerosene wholesale prices in the UK.

- (b) NWF sources its kerosene from a range of refinery and terminal operators and third-party resellers.
- (c) NWF typically holds approximately 1 to 2 days of stock within its depot network at any one time.
- (d) The speed and magnitude of the wholesale price increase presented operational challenges for NWF, including:
 - (i) stock purchased at lower wholesale prices being rapidly depleted, requiring replacement at higher costs;
 - (ii) increased working capital requirements to fund higher-cost stock purchases; and
 - (iii) customer affordability challenges, leading to increased credit risk and payment delays.

8.3. Retail Price Adjustments

- (a) NWF adjusted its retail prices in response to wholesale cost increases to recover increased input costs to maintain commercial viability and minimise customer impact during a period of acute cost-of-living pressures.
- (b) NWF operates a live pricing matrix. From 2 March 2026 onwards, NWF moved to an unpriced model for non-online customers, communicating the price to customers the day before delivery, in light of the scale of wholesale price volatility. Customers were given the option to proceed, reduce the volume ordered, or cancel. Online orders were temporarily suspended from 24 March 2026, with customers directed to contact NWF by telephone.

8.4. Impact on Profit Margins

- (a) The period of price volatility materially impacted NWF's costs including:
 - (i) increased operational costs, including diesel costs for NWF's delivery fleet (which rose in line with broader fuel price inflation);
 - (ii) increased financing costs associated with higher working capital requirements to fund more expensive stock purchases;
 - (iii) increased bad debt provisions due to customer affordability challenges and payment delays;
 - (iv) higher administrative costs associated with managing additional proactive customer communications, delivery planning, increased customer enquiries, complaints, and payment plan requests; and

- (v) lost sales volume, as some customers delayed purchases or reduced order quantities in response to higher prices.

9. Reasons for Recent Increases in Retail Prices

9.1. Primary Cost Drivers

- (a) Increases in NWF's retail heating oil prices are driven by the following factors, in order of materiality:
 - (i) wholesale kerosene cost increases;
 - (ii) increased diesel costs for NWF's delivery fleet;
 - (iii) increased labour costs, including driver wages;
 - (iv) increased vehicle operating costs, including maintenance, insurance, and regulatory compliance (e.g. emission standards, driver hours regulations);
 - (v) increased financing costs reflecting higher interest rates; and
 - (vi) increased bad debt provisions.
- (b) NWF emphasises that heating oil distribution is a capital-intensive, low-margin business.
- (c) The heating oil distribution sector does not exhibit characteristics of excess profitability. Entry barriers are low, competition is intense, and customers are price sensitive. NWF's financial performance is consistent with industry benchmarks for logistics and fuel distribution businesses.

9.2. Stock Sourcing Challenges

- (a) During the period of wholesale price volatility, NWF experienced the following operational challenges in sourcing and maintaining adequate stocks of kerosene:
 - (i) **Supply availability:** Certain wholesale suppliers prioritised allocation of available kerosene to larger customers.
 - (ii) **Storage capacity constraints:** As a distribution business, the Company maintains very limited storage which cannot be increased in response to short-term volatility, in order to keep its supply chain efficient.
 - (iii) **Working capital constraints:** The increase in wholesale kerosene prices required NWF to commit significantly more working capital to stock purchases, placing pressure on the Company's cash flow and borrowing facilities.
- (b) NWF submits that these supply-side challenges were a material factor in retail price movements during the period under review. The Company did not have the operational or financial capacity to insulate customers fully from wholesale price volatility, and any attempt to do so would have jeopardised the Company's commercial viability.

9.3. Impact of Shortages on Pricing Incentives

- (a) NWF does not consider that its conduct during this period involved the exploitation of supply shortages to the detriment of customers. Throughout the period of wholesale price volatility, NWF's pricing remained competitive and was disciplined by:
 - (i) the availability of alternative suppliers in NWF's operating areas, such that customers who perceived NWF's prices to be excessive had the option to switch to competitors;
 - (ii) the Company's long-term commercial interest in retaining customer loyalty and avoiding reputational damage; and
 - (iii) the Company's internal pricing policies and governance procedures, which require senior management approval for any pricing decisions.
- (b) NWF did not use stock allocation decisions as a mechanism to maximise short-term profit.

10. Assessment of the Extent to Which Competition Between Suppliers Restrains Price Rises

10.1. Competitive Dynamics in NWF's Operating Areas

- (a) The heating oil market in NWF's operating areas is characterised by vigorous competition. Key features of the competitive landscape include:
 - (i) **Number of competitors:** The heating oil market in England and Wales is served by a large number of competing suppliers of varying sizes, from national operators with depot networks spanning much of the country, to regional suppliers covering one or more counties, to small local and family-run businesses serving customers within a limited radius of a single depot. The CMA's own Statement of Scope notes that there are over 150 suppliers of heating oil operating across the UK, many of which are small businesses supplying local or regional areas. Customers in NWF's delivery areas have access to multiple competing suppliers.
 - (ii) **Ease of switching:** Customers can switch suppliers with minimal friction. There are no contractual lock-in arrangements, no early termination penalties, and no technical barriers to switching (unlike, for example, electricity or gas supply). Customers routinely obtain quotes from multiple suppliers before placing each order, and supplier choice is based primarily on price.
 - (iii) **Price transparency:** Customers can obtain price quotes from competing suppliers by telephone, email, or online quotation tools. Many customers use third-party price comparison websites such as BoilerJuice to identify the lowest-priced supplier for a given delivery location and quantity.
 - (iv) **Product homogeneity:** Kerosene is a commodity product subject to British Standard BS 2869, meaning that there is no meaningful product differentiation between

suppliers. Competition is therefore based primarily on price and, to a lesser extent, service quality (e.g. delivery speed, reliability, customer service).

- (b) NWF submits that competition in this market is effective and provides a strong constraint on retail pricing. The Company cannot profitably price above cost-recovery levels without losing customers to competitors. During periods of stable wholesale costs, NWF's pricing is tightly constrained by competitive dynamics, and the Company has limited pricing power.

10.2. Constraints on Pricing During Periods of Volatility

- (a) NWF acknowledges that the constraining effect of competition on retail pricing may be reduced during periods of acute wholesale price volatility, for the following reasons:
 - (i) Where all suppliers face similar wholesale cost increases, retail prices across the market may move in parallel reflecting that this is the same cost to all suppliers, reducing the scope for customers to find materially lower prices by switching.
 - (ii) At times of very high demand, distribution capacity in the market becomes constrained, which reduces price competition. This contrasts with the periods of normal demand where there is surplus capacity and therefore intense price competition.
 - (iii) Customers may be unable to assess whether a given supplier's retail price is reasonable in a period where wholesale prices are changing quickly, reducing the effectiveness of competition based on price comparisons. It is also the case that heating oil customers have greater control over their buying behaviour than customers for gas and electricity as they have storage for fuel. As a result, customers may adapt to rising prices in different ways – either increasing the volume of their order to secure heating oils before further rises, or deferring purchases, if the rises are perceived to be transient.
 - (iv) Customers may use BoilerJuice as a reference point for an appropriate retail price. At times of very high demand, suppliers are less likely to undertake supply for BoilerJuice and therefore the quoted price on the BoilerJuice website may be higher than is available from purchasing heating oils from suppliers directly.
 - (v) Customers facing urgent heating needs (e.g. due to cold weather or depleted tank levels) may be less willing to delay orders in order to shop around, reducing the competitive discipline on suppliers during periods of high demand.
- (b) NWF believes that enhanced price transparency measures, discussed below, could strengthen the constraining effect of competition during periods of volatility by enabling customers to make more informed comparisons between suppliers.

11. Whether There is Sufficient Price Transparency for Customers

11.1. Current Pricing Practices at NWF

- (a) NWF provides price information to customers through the following channels, corresponding to its four routes to market:
 - (i) **Direct Online (Route 1):** Customers can obtain an instant price quote and place orders via NWF's website. The price is agreed immediately prior to payment being taken.
 - (ii) **Direct Telephone / Planned Delivery (Routes 2a and 2b):** Customers can call NWF to request a prevailing price quote or place a spot order. Under NWF's General Terms and Conditions, the price is agreed at the point of delivery rather than at the time of order, given the volatility of wholesale oil prices and the limited stock held. In practice, a prevailing price is ordinarily provided on request.
 - (iii) **Domestic Buying Groups (Route 3):** Orders are placed on a spot basis through a group co-ordinator and priced in the same manner as Route 2a.
- (b) NWF acknowledges that:
 - (i) There is a lack of understanding amongst some customers that kerosene is mostly impacted by the global availability and price of aviation fuel and therefore comparing price movements to crude oil or forecourt prices for petrol and diesel are not valid comparators.
 - (ii) Price quotes are point-in-time and may change rapidly during periods of wholesale price volatility, creating potential for customer confusion or dissatisfaction.
 - (iii) There is limited public information available on average retail prices or price ranges at a regional level, making it difficult for customers to assess whether a given quote is competitive.

11.2. Potential for Enhanced Transparency Measures

- (a) NWF supports the introduction of enhanced price transparency measures, provided that such measures are proportionate, practical, and do not impose disproportionate costs on suppliers or undermine commercial confidentiality.
- (b) Potential measures that NWF would be willing to support include:
 - (i) **Clear explanation of price drivers:** Requirement for suppliers to provide customers with a brief explanation of how retail prices are determined, including the relationship between wholesale kerosene costs and retail prices, and the main components of retail pricing (e.g. product cost, delivery cost, margin).
 - (ii) **Standardised quotation format:** Development of a voluntary or mandatory standardised format for price estimates, specifying pence-per-litre price; total cost

inclusive of VAT and delivery; validity period of estimate; basis of pricing (e.g. order quantity, delivery location, payment method, circumstances in which the estimate may change).

- (iii) **Indicative price ranges:** Publication by industry bodies or government of indicative wholesale kerosene price ranges and average retail price ranges by region, updated weekly. This would provide customers with a benchmark against which to assess individual supplier quotes.
- (c) NWF would caution against transparency measures that could have unintended adverse effects, including:
- (i) **Real-time price publication:** Mandatory real-time publication of each supplier's current retail prices could facilitate tacit collusion by making it easier for competitors to monitor and match each other's prices, potentially reducing price competition. Such a measure could also create operational challenges for suppliers who adjust prices frequently in response to wholesale cost changes.
 - (ii) **Granular cost disclosure:** Mandatory disclosure of suppliers' detailed cost structures (e.g. wholesale purchase prices, delivery costs, profit margins) could undermine commercial confidentiality and create competitive disadvantages for suppliers who have negotiated favourable terms with wholesale suppliers or who have invested in operational efficiencies.
 - (iii) **Prescriptive pricing regulation:** Introduction of maximum price caps or regulated profit margins could undermine the commercial viability of heating oil distribution, particularly for smaller and regional suppliers. Such measures could lead to reduced competition (through market exit), reduced service quality (through cost-cutting), or reduced security of supply (through underinvestment).
- (d) NWF believes that the optimal approach to enhancing price transparency is through industry-led voluntary measures, supported where appropriate by government facilitation e.g. industry specific CMA guidance. The Company is willing to engage collaboratively with the CMA, government, and industry bodies to develop practical transparency solutions.

12. Limited Evidence of Poor Conduct on the Part of Suppliers, or of Other Aspects of the Functioning of the Market, That May Harm Customers

12.1. NWF's Approach to Customer Treatment

- (a) NWF is committed to fair treatment of all customers and operates in accordance with the following principles:
 - (i) **Transparent and accurate information:** NWF provides customers with clear and accurate information about prices, delivery terms, and product specifications. The Company does not engage in misleading or deceptive conduct.

- (ii) **Responsive customer service:** NWF maintains a customer service team operating Monday to Friday 0900 – 1800 and Saturday 0800 – 1300.
- (iii) **Fair and reasonable pricing:** NWF's pricing is based on objective factors (wholesale costs, delivery costs, operational costs) as well as responding to competitive market pressures. It does not involve exploitation of customer vulnerability.
- (iv) **Customer cancellation:** until the point of delivery, a customer can cancel their order without penalty.
- (v) **Effective complaints handling:** NWF endeavours to investigate all customer complaints promptly and impartially.
- (vi) **Support for vulnerable customers:** NWF flags certain customers as "cold weather priority" customers. Where there is a backlog of deliveries, cold weather priority customers are prioritised for delivery. In addition, customers with a Direct Debit Account are able to spread the cost of heating oil purchases through set monthly payments, reducing the impact of price volatility on household budgeting. NWF's minimum order volume of 500 litres is consistent with the industry norm and represents the minimum economic delivery volume.

12.2. Customer Complaints During Period of Price Volatility

- (a) NWF's proactive approach to customer communications meant that its level of complaints during the period of price volatility did not increase materially.
- (b) Customers were, quite reasonably, concerned by unprecedented wholesale cost volatility and acute cost-of-living pressures affecting customers, compounded by the significant media and public attention focused on heating oil prices during this period. The dynamic nature of kerosene pricing, which is driven primarily by global aviation fuel markets rather than crude oil or forecourt fuel prices, required proactive explanation to customers. The Company took all reasonable steps to address customer concerns, including:
 - (i) providing explanations of the wholesale cost drivers behind retail price increases;
 - (ii) offering flexible payment arrangements to customers experiencing financial difficulty;
 - (iii) proactively contacting all planned delivery customers when it became apparent that wholesale price increases were sustained, giving customers the options to cancel, reduce the quantity ordered, accept the delivery, or defer to a later date; and
 - (iv) suspending online ordering and redirecting customers to telephone to enable individual pricing conversations in light of market conditions.
- (c) Where particular errors or service failures occurred, the Company investigated and resolved them in accordance with its complaints handling procedure, including to reimburse customers as appropriate.

12.3. Aspects of Market Functioning That May Warrant Attention

- (a) While NWF believes that the heating oil market is broadly competitive and functions reasonably well, the Company recognises that the current period of wholesale price volatility has brought into focus a number of potential challenges for customers. Areas that may warrant further consideration include:
- (i) **Price transparency:** As discussed above, enhanced price transparency measures could help customers make more informed choices and strengthen competitive discipline on suppliers.
 - (ii) **Payment methods and terms:** Unlike regulated energy suppliers (electricity and gas), heating oil suppliers are not subject to prescriptive rules on payment methods, prepayment options, or protections for customers in debt. In part, this is a consequence of the transaction-by-transaction nature of customer purchasing in this sector and the greater options and controls available to customers. That said, there may still be challenges for customers who experience affordability difficulties. Any regulatory intervention in this area should be carefully calibrated to avoid imposing disproportionate costs on suppliers or undermining the commercial viability of the sector.
 - (iii) **Dispute resolution:** Heating oil customers do not have access to a sector-specific ombudsman scheme equivalent to that available for electricity and gas customers. Ease of switching in this sector has made this a less urgent need than for electricity or gas. While many suppliers are members of voluntary ADR schemes, coverage is not universal. The CMA may wish to consider whether introduction of a mandatory ADR requirement (or a sector ombudsman scheme) would improve customer outcomes.
 - (iv) **Consumer education:** Some heating oil customers have limited understanding of how retail prices are determined and the factors that drive price volatility. Enhanced consumer education (for example, through government or industry-funded information campaigns) could help customers make more informed purchasing decisions and reduce complaints arising from misunderstanding.
- (b) NWF emphasises that any action in these areas should take account of the structural differences between heating oil and regulated energy markets (electricity and gas). Key differences include:
- (i) Heating oil is not supplied via a physical network, meaning that there is no natural monopoly element requiring regulation or material risk of failure of supply.
 - (ii) Heating oil customers place discrete orders rather than receiving continuous supply, meaning that contractual relationships and billing arrangements differ materially from regulated energy. There is no obligation, contractual or otherwise for a customer to

stay with a supplier and they are able to switch at any time to seek a lower price or if they are otherwise dissatisfied with their supplier.

- (iii) Heating oil distribution is a competitive market with low entry barriers and numerous competing suppliers, meaning that market-based solutions may be more effective than prescriptive regulation.
 - (iv) The heating oil sector includes a large number of small and medium-sized regional suppliers who may lack the resources to comply with complex regulatory requirements similar to those imposed on large electricity and gas suppliers.
- (c) NWF believes that the optimal approach is one that addresses genuine consumer harms through targeted, proportionate steps, while preserving the competitive dynamics and operational flexibility that characterise the heating oil market.

POSSIBLE OUTCOMES

13. The Statement of Scope identifies potential outcomes from the market study, including a market investigation reference, recommendations to government and direct CMA enforcement action:
- 13.1. NWF considers that the market is generally well functioning and that it would caution against taking steps in response to a limited range of areas for improvement that have come into focus in anomalous market conditions. A market investigation reference would therefore be a disproportionate and costly way to address the points that can already be identified and readily addressed.
 - 13.2. Irrespective of any consumer cases the CMA may choose to progress, there is scope for industry specific consumer guidance, that clarifies, for the benefit of all market participants, the expectations for price and other information that should be set out for consumers as a matter of course.
 - 13.3. Turning to specific areas for potential action to be taken:
 - (a) **Pricing and Enhanced transparency:** As discussed above, NWF supports proportionate measures to enhance price transparency, including publication of indicative price ranges and standardised quotation formats. Such measures should be developed collaboratively with industry and implemented through industry-led voluntary initiatives supported by the CMA or other government guidance, rather than through prescriptive mandates. We understand the CMA's market scope document as, rightly, not proposing price controls of any form. Such controls would be inappropriate and counterproductive in a competitive market and were they to be under consideration we would have more extensive comments to make.
 - (b) **Consumer protection measures:** NWF supports consideration of targeted consumer protection measures that address specific areas of potential consumer harm without imposing disproportionate costs on suppliers. Potential measures could include mandatory membership of an ADR scheme or establishment of a sector ombudsman; enhanced requirements for clear communication of price changes to standing order customers; protections for customers in debt or financial difficulty (e.g. prohibition of forced prepayment

under certain circumstances); and enhanced support for vulnerable customers (e.g. priority services register, energy efficiency advice). These do not require a fully developed regulatory model, even if light touch.¹

14. Geographic Considerations: Northern Ireland

- 14.1. NWF Fuels Limited operates exclusively within England and Wales and does not supply heating oil in Northern Ireland. The Company is therefore unable to provide specific evidence on the functioning of the heating oil market in Northern Ireland.
- 14.2. NWF submits that any remedies recommended by the CMA should take account of regional variations in market structure, competitive dynamics, and regulatory frameworks across the United Kingdom. In particular, any recommendations for new regulation should respect the devolved nature of energy policy in Northern Ireland and avoid creating unnecessary regulatory divergence across the UK internal market.

LONG-TERM SUSTAINABILITY OF THE DOMESTIC HEATING OIL MARKET

15. Long-Term Market Sustainability in the Context of Government Policy

- 15.1. NWF submits that the CMA's market study must be assessed not only against current market conditions but also against the long-term policy trajectory for domestic heating oil in the United Kingdom. Any remedies the CMA may recommend (particularly those involving new regulatory infrastructure, ongoing compliance obligations, or structural market intervention) should be evaluated in light of the government's stated policy of phasing out fossil fuel heating in off-gas-grid homes over the coming decade.
- 15.2. The Government's decarbonisation trajectory. The Government's Heat and Buildings Strategy (2021) set out a commitment to phase out new fossil fuel heating installations in off-gas-grid homes. Following consultation, the Government originally proposed ending new oil boiler installations from 2026. In September 2023, the Government delayed this ban to 2035 (as stated in the government's September 2023 announcement) but has since resiled from this position. Nonetheless, the policy direction has been clear: the domestic heating oil market is in a managed long-term decline, with government actively promoting and financially incentivising the transition to low-carbon alternatives through the Boiler Upgrade Scheme (which offers grants of up to £7,500 for heat pump installations) and the Warm Homes Plan (£15 billion of public funding to 2030). The Clean Heat Market Mechanism, which came into force on 1 April 2025, further reinforces this direction by requiring boiler manufacturers to ensure a proportion of their sales comes from low-carbon alternatives.
- 15.3. A market already in structural contraction. The current number of oil-heated homes in England and Wales is already declining. UKIFDA data drawn from the 2021 Census records a 3% reduction in oil-heated homes in England and an 8% reduction in Wales since the previous census. This structural

¹ Heating oil markets are in many respects different to district heating, which is in the process of transitioning to regulation by Ofgem. Critically, unlike district heating customers who are reliant on a monopoly (albeit potentially small scale) provider, heating oil customers can exercise free choice, even from one transaction to the next, in a competitive market.

contraction of the customer base is expected to accelerate as government decarbonisation incentives take effect and as the government's phase-out policy for new oil boiler installations takes effect.

- 15.4. Implications for the proportionality of regulatory action. The declining long-term market trajectory has direct implications for the proportionality of any regulatory interventions the CMA may recommend.
- (a) Imposing a comprehensive regulatory regime on a market in managed long-term decline risks accelerating the exit of suppliers of all sizes who cannot absorb compliance costs and cannot justify investing in new fuel tankers and infrastructure when the return on capital employed is reduced and finite. This would paradoxically reduce consumer choice and increase local market concentration in the years between now and 2035, precisely the period when heating oil customers most need a functioning, competitive supply market.
 - (b) Designing and implementing a new regulatory regime for domestic heating oil supply analogous to Ofgem's regime for electricity and gas would be a substantial and costly undertaking, both for industry and for government. Given the government's stated policy direction towards phasing out new fossil fuel heating installations in off-gas-grid homes, such a regulatory architecture may have a limited effective lifespan before significant contraction of the market. The cost-benefit case for comprehensive regulation is materially weaker in a market with a defined and relatively near-term decline horizon.
 - (c) The appropriate regulatory response to the consumer protection concerns identified in the short term is therefore targeted and time-limited intervention, proportionate to the remaining lifespan of the domestic heating oil market as a mass-market product. NWF supports measures such as mandatory ADR, enhanced price transparency, and industry-wide vulnerable customer standards. These can be delivered quickly, at proportionate cost, and with genuine near-term consumer benefit. They are materially different in scale, cost, and durability from comprehensive economic regulation.
- 15.5. The emerging role of renewable liquid fuels. NWF notes that the government's long-term policy for off-grid heating is not exclusively a story of market contraction. In November 2025, the Department for Energy Security and Net Zero (DESNZ) published a consultation, "Exploring the role of alternative clean heating solutions," which closed on 10 February 2026. That consultation invited views on renewable liquid fuels, including Hydrotreated Vegetable Oil (HVO), as a viable decarbonisation pathway for properties where heat pumps are unsuitable or impractical. The Energy Act 2023 (section 159) provides powers to introduce a Renewable Liquid Heating Fuel Obligation (RLHFO), which could in due course mandate the blending of renewable liquid fuels with conventional kerosene.
- 15.6. If such an obligation is introduced, the domestic heating oil distribution sector would play a central role in delivering renewable liquid fuels to off-grid homes. NWF and its counterparts across the sector possess the infrastructure, logistics capability, and customer relationships required to facilitate that transition at scale. This represents a potential pathway for the sector to contribute to the government's net zero objectives, rather than simply winding down. NWF submits that this emerging policy context is directly relevant to the CMA's market study: a sector that may become a vehicle for renewable fuel

distribution requires commercially viable, operationally capable operators. Regulatory interventions that undermine the sector's financial viability in the years immediately ahead could compromise its capacity to play that future role.

- 15.7. NWF therefore urges the CMA to take a genuinely long-term and holistic view of the domestic heating oil sector when formulating its conclusions and any remedies. The market study should ask not only how the market can be improved for consumers in the short term, but also how the regulatory framework can support an orderly, commercially viable, and consumer-protective transition over the decade to 2035 and beyond.

CONCLUSION

16. NWF Fuels Limited welcomes the CMA's market study and is committed to supporting an evidence-based assessment of the heating oil market. The Company believes that the market is fundamentally competitive and that recent price increases reflect unprecedented volatility in wholesale kerosene costs rather than market failure or supplier misconduct.
17. NWF supports proportionate measures to enhance price transparency and consumer protection but cautions against regulatory interventions that could undermine the competitive dynamics and commercial viability of heating oil distribution. The Company is willing to engage constructively with the CMA, government, and industry bodies to develop practical solutions that improve outcomes for customers while maintaining a sustainable and competitive supply market. It believes that this can be achieved on a largely voluntary basis, potentially supported by CMA or government guidance, without recourse to a costly, disproportionate market investigation or extensive new regulation.
18. NWF stands ready to provide further information or evidence to the CMA as the market study progresses and requests the opportunity to engage with the CMA's team during the evidence-gathering and analysis phase of the study.

CONTACT DETAILS

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