

Rising wholesale energy prices and implications for the regulatory framework

At the end of October, Ofgem published an [open letter to energy suppliers](#) on the actions it is taking to protect customers during these challenging times, as well as the actions it expects suppliers to take to support vulnerable consumers.

Read Fuel Bank Foundation's response to Ofgem chief executive Jonathan Brearley below.

Fuel Bank Foundation responds to Ofgem open letter to energy suppliers

Our vision is a UK where everyone has access to energy for heating and eating. As such, we have extensive experience of providing support to people in crisis – week in, week out.

The energy price cap does provide a certain level of certainty to consumers about the prices that they will be paying for the coming months (albeit, of course, the cap fixes the unit rate and not the total bill.)

But it's also clear to us, as you recognise in your letter, that the cap itself is causing issues for suppliers and therefore needs reform.

When you're undertaking this work, there are a few things that we would like you to keep in mind.

- Changing the level of the cap more frequently has been discussed as an option but this would make budgeting harder for people who may already be struggling. Customers on low, fixed incomes need certainty about their outgoings.
- You should use this opportunity to think about how budgeting or fixed payment principles (like we see for MDD customers) can be embedded for those people who pre-pay, since they (along with customers who pay on ROB) are most likely to be hit immediately by increases (especially when the increase in rates happens in winter as consumption increases). "Smoothing" price variations in this way would be a great improvement for these customers.
- Fuel Bank Foundation agrees with the view that customers ultimately need to pay for the energy they use (and that suppliers shouldn't always be seen as the back-stop vehicle for resolving all the affordability issues currently being experienced by consumers).
- However, we also know that some customers can't afford to heat their homes or cook hot meals for their children today and forecasts suggest rates will increase significantly in the next few months. So we urge Ofgem and the Government to be thinking right now how we ensure that more of the most vulnerable in society don't lose access to heat, light and power, but can afford to pay their bills.

- We do not believe that providing emergency crisis vouchers to top up is a strategic solution to this issue.
- The true costs of delivering this service are not recognised and the third sector is largely relied on to deliver it. We also know that there are people who, for whatever reason, can't access emergency fuel voucher help.
- We are also concerned that, for some organisations, there is no incentive to help people access additional support to stop them becoming reliant on fuel voucher help in the future as they benefit commercially from the provision of vouchers.