

Foreword from Citizens Advice

At Citizens Advice we help millions of people every year to find a way forward, across all sectors, whatever their problems. This informs our role as the statutory energy consumer advocate, fighting for the best outcomes for current and future consumers.

In the past, consumers in the retail energy market were generally treated as passive recipients of energy. Driven by factors including decentralisation and the need to decarbonise, more recently new entrants into the market have started to offer innovative products and services. While these are positive changes, the energy sector still hasn't delivered good outcomes for many households and small businesses - particularly those who are more disengaged.

The coming years could bring an even greater revolution of how to deliver energy, with data and technology unlocking new opportunities for consumers. But there are likely to be ongoing challenges.

Upcoming research for Citizens Advice has found that new retail supply models could offer major benefits. However, the regulatory hurdles to implementation are compounded with the challenge of informing, encouraging and protecting consumers who have for decades grown accustomed to the status quo. Furthermore, it's clear that some people will need more support to access a good range of products in a future market.

In addition, all market participants will need to proactively identify and take account of their customers in vulnerable circumstances. Vulnerability is something many people will encounter in their lives and can often be as a result of a sudden change in circumstances.

Enabling consumers in vulnerable circumstances to lower their consumption can be an enduring way to cut the cost of energy. The continued development of energy efficiency schemes will be crucial, particularly how well they are targeted to tackle fuel poverty.

The other half of that equation is considering how best to decarbonise heat. Citizens Advice will be working with government, trade bodies and the regulator to shape future regulation in this space. Key considerations will include the potential consumer impacts of alternative market models and ensuring that costs and routes to redress are clear.

Energy UK recognises that energy market engagement is not cleanly divided between those that are and aren't involved. Rather, it is a spectrum with much middle ground, especially with scope for data to unlock automation and the involvement of third parties. Energy UK's recognition of the need for extra support for some consumers – whether financial or non-financial – is welcome. This may include an enduring form of price protection for vulnerable consumers who remain less able to engage in the market.

“Citizens Advice welcomes the focus on the consumer and many of the recommendations behind Energy UK’s Future of Energy vision.”



The question of engagement leads naturally to that of the fairness of any interventions. There is a balance to be struck between rewarding activities that lead to positive outcomes across the energy system, while ensuring that people who are unable to take such actions are not adversely affected.

Many people are already increasingly engaging with the challenge of climate change, as evidenced by the increasing number opting for green tariffs. Combating climate change is essential, but it is also imperative that the low carbon transition proceeds as efficiently as possible and low-cost options are not ruled out, so consumers don't have to bear additional burdens.

Not only must the transition be fair, but it must also be clearly seen to be so. The pace of uptake of new technologies such as smart appliances and electric vehicles will depend on confidence. To make people feel confident in a new market they will need transparency and control over their data, including why it is being collected and for what purpose. Data should enable consumers to easily understand and compare the total cost of any products and their key features as offerings potentially grow more complex.

However, we must also avoid a future world where the most tech-savvy and asset rich can save the most on their energy, while still benefiting from infrastructure funded by those who can't capture these benefits.

Regardless of which new business models emerge, market participants must continue to have clear accountability for different aspects of the energy consumer experience. This will enable people to seek advice, resolve their problems easily and achieve appropriate redress.

Citizens Advice welcomes the focus on the consumer and many of the recommendations behind Energy UK’s Future of Energy vision. This report sets out clearly the challenges this sector faces and a vision of a future market and we look forward to working with Energy UK and its members to realise the reality of a truly consumer-focused energy future.

A handwritten signature in black ink, appearing to read 'Gillian Guy'.

Gillian Guy
Chief Executive, Citizens Advice