The voice of the energy industry
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Ofgem
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Dear Gas Systems and Operations Unit,

Energy UK is responding to Ofgem's call for input on 'Exercising consumer choice: A review of the gas disconnections framework'.

About Energy UK

Energy UK is the trade association for the energy industry with around 130 members - from established FTSE 100 companies right through to new, growing suppliers, generators and service providers across energy, transport, heat and technology. Energy UK does not represent gas distribution networks (GDNs).

Improving the gas disconnections framework is important

Energy UK welcomes this call for input, and recognises the need to standardise and streamline the gas disconnections framework as uptake of low-carbon technologies increases.

Data from the Heat Pump Association shows that close to 100,000 heat pumps were sold in 2024, following year on year growth. The MCS recorded almost 60,000 certified installations of heat pumps in 2024, a 43% increase from 2023. Increased demand for electric heating may lead to greater demand for gas disconnections, if the building occupant also switches from gas to electric cooking, with 54% of households currently cooking on gas.

Effectiveness of existing gas disconnections framework

Regarding the role of energy suppliers in the gas disconnections framework, Energy UK believes that the current approach is fit for purpose, and understands this to be captured by the following three steps:

1. **A customer will contact their energy supplier in the first instance.** The supplier will work to understand the customer's situation and their needs, to understand whether they require a temporary pause in supply, or a permanent cap of the gas meter. Information about meter capping is available on supplier websites or can be provided to customers over the phone.

2. **The supplier may refer the customer to the GDN.** The supplier will also need to assess whether the supply can be capped at the meter, or if the supply between the street and the house needs to be removed entirely, for example for reasons of health and safety. Sometimes a customer will request that the supply is capped at the street immediately, for example if they are renovating or restructuring the property. The supplier will refer the customer to the GDN for this purpose. If the meter cannot be capped for whatever reason, then the supplier will also refer the customer to the GDN.

3. **Some energy suppliers do not charge any domestic customers for capping the gas meter.** Some suppliers charge customers a fee because they rent the meters from Meter Asset Providers, who charge energy suppliers a penalty for removing them. Some suppliers may charge a fee if a larger meter is being capped, and for example where National Gas is engaged in capping the meter. Energy UK notes that Ofgem issued a letter in 2015 encouraging all energy suppliers to adopt three basic principles for providing services to vulnerable households that do not use gas, one of which was to remove the meter for free for this customer group.

Regarding the role of the GDN in the gas disconnections framework, Energy UK believes that the current approach is not fit for purpose, as there is insufficient clarity over whether a customer should pay for the disconnection or not, depending on the two pathways set out in the consultation. For the framework to be effective, clarity should be provided to customers. The customer journey and the process that all GDNs follow to deliver the disconnection should also be standardised.

Clarifying and defining the exact roles and responsibilities of suppliers and GDNs would help improve accountability.

Factors impacting the effectiveness and efficiency of the existing framework in achieving its objectives of protecting consumers, supporting Net Zero and economic growth

The cost and lack of information are two factors limiting the gas disconnections framework from meeting its objectives.

Firstly, the consultation states that customers are currently charged an average fee of £1,950 for a disconnection. This cost represents a significant barrier to the deployment of low-carbon technologies, which are essential to improving the efficiency of the energy system and reducing customer bills. Increasing the uptake of electric heating is essential to delivering on the Government's Clean Power 2030 Mission, and meeting Net Zero.

Secondly, the information available to customers as to whether they require an immediate gas disconnection, or should wait 12 months, is confusing and lacks clarity. If the responsibilities of the supplier and GDN are clearer and more stable, it will help facilitate independent and third-party sources communicating the policy and raising awareness. There should be reliable and readily-available information on likely costs to the consumer of the gas disconnection process.

Energy UK provides the relevant information for consumers on its website, and has had recent conversations with its energy supplier members on the information available to customers via industry websites and frontline advisors.

Overall, there is a clear need for standardisation across GDNs in terms of cost, timescales and process for customers requesting a disconnection. A uniform customer journey across Great Britain will help improve trust in the adoption of low-carbon technologies. Including appropriate timelines or service level agreements (SLAs) for GDNs to respond to customer requests may help to ensure that supply can keep pace with demand as the adoption of low-carbon technologies ramps up, and to mitigate the risk of creating a large backlog in demand. There should be clear minimum standards in terms of customer service. Oversight will be needed to ensure that the SLAs and minimum standards are being adhered to.

Meeting the costs of a rising volume of demand for gas disconnections

GDNs should ensure that they have the appropriate capacity, resource and business function to respond to an increasing volume of customer requests for gas disconnections. Operational costs for industry are likely to increase to meet demand.

As decommissioning is already undertaken, provision should already be made within price controls for this function. Price controls for future years need to be reviewed to keep pace with demand for decommissioning. GDNs should be incentivised to reduce costs, and the next set of price controls under RIIO3 is an opportunity to do this through efficiency gains and ensuring GDNs are acting as enablers of electrification.

Across both suppliers and GDNs, there will be challenges with socialising the cost of capping the meter and decommissioning the infrastructure across a shrinking gas customer base. While in the immediate term the impact on customers' bills will be minimal, as the number of gas customers declines, impact on vulnerable customers' bills should be mitigated through broader targeted affordability support.

The scaled removal of gas from electrified households and buildings needs to be achieved cost effectively, and Ofgem and the Government should consult with industry to review options to achieve this.

Energy UK is concerned that the gas transition has been overlooked in policy to date. Energy UK is keen to work with Ofgem on options for regulatory reform whether they be commercial, technological, regulatory, policy-based or legislative in nature to tackle this issue.

Adopting a whole energy system planning approach to gas disconnections could help improve efficiencies and reduce costs. For example, area-based and co-ordinated disconnection activities would achieve economies of scale and require fewer resources. The Regional Energy Strategy Plan (RESP) could provide the means to achieve cooperation across regional strategic governance and planning.

As future decisions are taken by Government over the role of gas in home heating, the regulatory and policy landscape for disconnections needs to be responsive.

The policy approach to non-domestic customers

Ofgem should be seeking simplicity and clarity for non-domestic customers, and this would seemingly be best achieved through adopting the same definition for small business customers across the regulated environment.

However, it should be noted that non-domestic customers will often require a more bespoke approach by suppliers in terms of the service provided. It would therefore also be appropriate to consider the approach to non-domestic customers in terms of the size of the meter, rather than by energy usage. This will better reflect costs or potential harm of disconnection and support clearer identification of where the risk of detriment potentially arises.

A cost-benefit comparison of a standardised approach by the GDNs to the non-domestic customer group using the small business customer definition, and a more bespoke approach informed by risk of harm, could help this policy development.

It is welcome that some GDNs are signed up to the Energy Ombudsman, and all GDNs should be encouraged to do so. The Ombudsman can help manage customer and non-domestic complaints as the uptake of low-carbon technologies increases, and associated requests for gas disconnection.

Thank you for the opportunity to respond to this call for input. Energy UK would be pleased to provide any further information to support this letter, as required.

Kind regards

Louise Shooter

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