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Dear Tim

I hope this letter finds you well.

I was pleased to hear of your permanent appointment as Chief Executive of Ofgem and wish to congratulate you on behalf of Consumer Scotland.

At a time of profound change across the energy sector, the role of Ofgem is critically important. The transition to a low carbon energy system, the increases in investment needed to secure that transition, the evolution of customer tariff and other offerings, and the emergence of new market actors, will all require an effective, dynamic regulator, if they are to benefit energy consumers.

As you consider your priorities for the period ahead, there are three areas where we believe progress will be particularly important, and where Ofgem has a critical role to play.

Affordability and debt

Households continue to face significant financial pressure as a result of high energy bills, and debt is at historically high levels. Ofgem has a key role in putting downward pressure on bills, including by ensuring network price controls represent good value for consumers now and in future.

An area you have less direct control over, but nevertheless have a key role to play, is in the design of affordability supports. We would like to see government and Ofgem work together with consumer bodies to improve or replace the Warm Home Discount over the coming years. The current scheme is flawed, not least because it isn't tiered, and it fails to reflect the high essential energy use that some households have. The Cost Allocation and Recovery Review is a sensible vehicle to consider how to ensure targeted and proportionate support reaches those that need it.

Flexibility and innovation

Consumers' ability to shift demand to different periods of the day can help to reduce system costs. This should directly benefit individual consumers who can be flexible in when they use energy, as well as provide indirect benefits to other consumers by avoiding the costs arising from new network. There need to be clear incentives and rewards for flexing demand. We also need to ensure that consumers who aren't able, for a variety of reasons, to flex their usage are not left behind.

There are a wide range of interlinked issues that will need careful consideration over the coming years if the benefits of flex are to be realised. These include the changing nature of consumers information needs in the context of a more diverse and innovative range of tariff choices and the role of third party intermediaries in helping consumers to navigate the future market. The continued relevance and form of the price cap in a market where time of use and dynamic tariffs are more prevalent should also be given careful thought.

The move towards outcomes-based regulation will help to give suppliers and other market participants room to innovate and find ways to better serve customers. We support this direct of travel. However, for it to be successful, Ofgem needs to ensure it has the right processes and resources to effectively hold companies to account, which could be more difficult with fewer prescriptive rules.

Energy transition

In the medium term the best way to protect consumers from the volatility of fossil fuel prices is electrification. Consumer confidence is key to expanding the domestic low-carbon technology market. When the Energy Independence Bill is passed, we anticipate that Ofgem will have a key role to play in establishing standards, enforcement and redress systems that are simple for consumers navigate, easy to understand and underpin high-quality services.

These issues are clearly the tip of the iceberg in terms of the areas in which we have a shared interest. Our two organisations share a commitment to ensuring that energy consumers are treated fairly and are able to benefit from the energy transition. We look forward to working constructively with you and your colleagues as you steer Ofgem through these challenging and exciting waters.

Once again, congratulations on your appointment. I wish you every success in the role.

Best wishes,



Sam Ghibaldan