



12th November 2025

Fuel Bank Foundation's response to Ofgem's Cost Allocation and Recovery Review

Fuel Bank Foundation is a national charity which supports people who struggle to pre-pay for their energy. They might use a prepayment meter for their gas or electricity, or they may struggle to pay in advance for a delivery of oil or coal if they are not connected to the gas grid. The issue that they have in common is that, without our support, they would not have the ability to heat their homes, cook a hot meal or take a shower.

It is now ten years since we launched and, during that period, we have helped over two million people across the United Kingdom.

Our clients are struggling with the fact that energy prices increased massively in April 2022, caused by sharp rises in wholesale gas and electricity prices driven by global volatility (especially Russian supply disruption via Ukraine). Although they have now come down from their peak in Spring 2023, they are still c£500 more expensive each year than they were pre-crisis.

For people like our clients who are on a fixed, low income, this is a massive gulf to bridge. The reality is that they will not have enough money to top up their gas and electricity prepayment meters as much and as often as they need to, especially in the winter.

Our latest research shows that:

- 15% of our clients run out of money to top up their prepayment meter every day
- 26% were already disconnected from their energy supply when they came to us for a voucher.
- 53 % had young children at home.

So, as Ofgem begins its work on future cost allocation for the energy system, we urge it, above all, to ensure that it is done with justness and fairness at its heart. Our clients are struggling to afford gas and electricity as it stands, so they must be protected from any further price rises resulting from this work.

As we are all encouraged to transition from gas to electricity to heat our homes, we must not forget people like our clients and the barriers that will stop them doing so. Many of them would like to be actively involved in the transition to Net Zero but due to the up-front costs that are required, are unable to do so. Other barriers that can prevent them accessing low-carbon technologies are the complex eligibility criteria for free / subsidised green products, lack of awareness about what they might be eligible

for and the administrative burden of applying to such schemes. In addition, our clients have an average reading age of 9 and so this makes navigating the process very difficult indeed. They also tend to live in rented property and so have no ability to decide about property upgrades if their landlord does not give permission for the changes.

So, for these reasons, it is very likely that they will have a higher propensity than other consumers to remain on gas for the foreseeable future. As other households move to low-carbon forms of heating, the costs of operating, maintaining and upgrading the gas network will be spread over fewer consumers, thus increasing charges for those remaining. Ofgem and the Government must ensure that low-income households are protected from these increases and are not financially penalised by their inability to switch their heating source.

We would also encourage you to adhere to the following principles through your work:

- Avoid the regressive impact of adding costs to energy bills by shifting them to general taxation where those who can afford to pay the most, will do so. By doing this, households who can't reduce demand (e.g. because of disability etc) will not be penalised.
- Make costs transparent so that everyone can clearly see how much they are paying and for what.
- Where innovative tariffs are introduced, such as no / low standing charge, time-of-use etc., ensure that no vulnerable consumer is financially disadvantaged by inadvertently choosing the wrong product for their specific circumstances.
- Consider more broadly, alongside Government, how low-income consumers can be provided with more financial support where they are struggling with the affordability of energy.

This is a very complex area of policy, and we are not suggesting that any of the decisions you will need to make are easy as we, as a country, navigate the transition to cleaner, more secure energy.

But as you work through the options available to you, please remember people like our client, Sam, who is already struggling to pay for gas and electricity, without additional costs being added to his bills.

Sam has a prepayment meter but has debt on it.

"After I have paid my Council Tax and bills, when it comes down to food and energy, I am having to choose whether to put money on my meter or not and so I'm constantly having to call X (his supplier) to get help because I need to eat but I am having to pay that back to them and so I am in debt, so sometimes I am having to go without food as well."

His supplier has agreed that he should pay his debt off at £3 a week. Although Sam agrees that that should be an affordable amount to pay, he says:

"I'm completely in a hole, like it's all expensive, so even if they are only taking that much off me....it's still like I can't even pay that, it's still too high and my debt is building up with them."

Sam's need for a constant electricity supply is particularly acute, due to health issues.

"I have health conditions, including chronic sinus issues, and therefore I need to keep medicines in the fridge."