

MoneySavingExpert

MoneySavingExpert's response to DESNZ's Consultation – Warm Home Discount (WHD): Cost Recovery

MoneySavingExpert (MSE) welcomes the opportunity to respond to this consultation.

We have long campaigned to lower standing charges, so are generally supportive of these proposals to move Warm Home Discount policy costs from the standing charge to the unit rate – removing a typical £39 a year from a household's standing charge bill.

While further work still needs to be done to make energy bills fairer and more affordable, this is a step in the right direction. We particularly welcome that this change will be introduced in April 2026 alongside other energy cost-saving measures announced in November 2025 Budget. We recognise that, in isolation, this change could result in higher charges for some vulnerable high users, but we are pleased to see that the package as a whole is forecast to result in lower bills for all households, and a more progressive approach to pricing on bills.

MSE has repeatedly called for joint action between the Government and Ofgem to bring down high standing charges, which Martin Lewis, MSE's founder and chair, has called a 'moral hazard'. Our view is that standing charges should be brought down across the board but coupled with a safety net – such as a social tariff, which can only be implemented by the Government – to shield vulnerable high energy users from increased costs. We hope this consultation signals a move towards more collaboration between the Government and the regulator to find effective solutions here.

Q.1 Considering the impacts across all consumers, including impacts on protected groups, do you support moving WHD costs to the unit rate?

MoneySavingExpert supports moving WHD costs to the unit rate, which would remove a typical £39 a year from the standing charge. Our view is that standing charges should be lowered overall, with mitigations for vulnerable high users, because:

- Low energy users, many of whom are on a low income, are not fully rewarded for cutting their usage and are being left battling a strict minimum payment floor they just can't go below – around £300 a year if they have both gas and electricity. This means that they see little financial benefit from cutting their usage further, despite already struggling to pay their bill. This may include prepayment customers, who are more likely to be vulnerable than those paying by other methods - even if these customers significantly or completely reduce their energy usage, they currently have no option but to top up their meters with typically around £25 a month just to stay on supply.

- The current split between standing charges and unit rates on a typical bill disincentivises low use more generally, which works against wider moves towards increased energy efficiency and low-carbon targets.
- Many consumers who have gas central heating use no or little gas at all in summer, but still find their bill continues to tick up year-round because of the standing charge.

Our most recent survey (2023) found that 91% of MSE users thought that standing charges should be lowered or scrapped completely. Interestingly, 87% of respondents who identified themselves as having additional needs, such as physical or mental health conditions which lead to greater energy usage, still said they would prefer the standing charge to be lowered or abolished.¹

Concern over high standing charges remains the biggest energy complaint we hear about from MSE users. To illustrate the strength of feeling against high standing charges, we've included below a selection of comments left by MSE readers in response to Martin Lewis's social media posts on the standing charge in September and December of 2025:

“[...]we've installed solar panels and back up battery and over this summer have used no electric some months, but still had to pay standing charges... it wouldn't be as bad if the days you didn't use gas/electric you didn't pay a standing charge.... We are on a smart meter, it wouldn't be beyond the wit of man to work it out.”

“Throughout spring and summer we've spent more on standing charges than we've actually used in gas! We only used gas for showers [...] It doesn't cost that much to take a quick shower but we've spent a fortune on gas all because of standing charges.”

“Standing charges are 80.4% of my Gas bills, (meaning usage is only 19.6%) and a third of my Electricity bills. I've lowered usage to cost save, but when I'm paying 4x more for the privilege of having a gas supply than I am for what I use, something isn't right and that's impossible to lower the cost.”

“As a low energy user I pay more in standing charges than energy used each month. The charges should be incorporated in the usage price.”

“I'm sure even people who aren't impacted by the standing charge (vs it being loaded to a unit cost) would agree that if people literally cannot afford to put the heating on, its terrible that they still have to pay the standing charge.”

“As a small energy user I welcome this change, small steps but at least there is movement, and hopefully more will be done on this, majority of my bill is standing charges & I hope this is being passed to people on fixed rates”

¹ [MSE Response to Ofgem Call for Input: Operating Cost Allowances Review](#), June 2023

Q.2 Are there alternative approaches you think should be considered specifically to mitigate potential negative impacts on consumers? Please explain your reasoning.

We urge the Government to take careful consideration of potential negative impacts on vulnerable and low-income high-energy users and to ensure appropriate mitigations are in place. The Government should listen carefully to relevant groups that work directly with vulnerable customers, who have more specific expertise to comment in this area.

It is crucial that this policy is implemented alongside the wider changes announced at budget, for example ending the Energy Company Obligation and moving 75% of the Renewables Obligation costs to general taxation, so that households – including vulnerable high users – will see an overall reduction to the cost of their energy bills.

Overall, whilst the proposals in the consultation are a step in the right direction, much more should be done to bring down standing charges. We would like to see the Government work in tandem with Ofgem to do more towards this, for example, by introducing an energy social tariff. This would provide a safety net for the most vulnerable who could be negatively impacted by this change, while allowing Ofgem the flexibility to explore more effective low standing charge options for the many consumers who could benefit from this option.

We hope this consultation marks a step towards further work between Ofgem and the Government on this issue, and would be happy to engage with both in more detail.