

Unite The Union's Response To the Department for Energy Security and Net Zero Consultation Review of Ofgem: Call for Evidence



1. Introduction

- 1.1. This submission is made by Unite, the UK's largest trade union with over one million members across all sectors of the economy, including manufacturing, financial services, transport, food, agriculture, construction, energy, utilities, information technology, service industries, health, local government and the not-for-profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.
- 1.2. Of particular interest to this consultation Unite represents over 32,000 members in the Energy & Utilities sector many of whom are employed directly in energy generation, with over 1.3 million members who are customers in every nation of Great Britain.
- 1.3. Unite has been very critical of the activities of Ofgem, as the protector of the consumer from the excesses of the energy sector. Ofgem was supposed to be working to prevent profiteering by the privatised energy industry in the Great Britain, an activity which is supposed to be their legal obligation. Despite this Ofgem has presided over a situation where energy companies have made record profits year after year while ever more members of the public suffer from fuel poverty. The increasing numbers forced to choose between heating and eating has only resulted in added pressure on the NHS.
- 1.4. By excesses Unite refers to the following by way of examples: In August 2022 Bloomberg ran a story that said the Treasury had forecast that UK gas producers and electricity generators could make "excess" profits of up to £170 billion over two years¹. The UK's transmission and distribution companies² alone used their monopoly position to make an average pretax profit of £580.7 million in net profits between 2019 and 2024 paying out an average dividends per annum of £260.7 million³. In 2024 National grid made pretax profits of £1.76 billion from its Transmission arm and a further £0.96 billion from its Distribution subsidiary while paying out 300 million in dividends. In the last available accounts for Scottish & Southern Energy Power Distribution they made a pretax profit of 205.3 million possibly because they paid out £1.36 billion in dividends to shareholders.
- 1.5. From a worker perspective, Ofgem have also presided over a systematic reduction in staff numbers and an increase in the long hours culture. In grid maintenance, working hours of over 16 hours in a day is not uncommon.
- 1.6. As stated in the consultation, the legal mandate of Ofgem requires them to "*carry out its functions in the manner best calculated to further its principal objective, which is to protect the interests of existing and future consumers, wherever appropriate⁴ by promoting effective competition where that is appropriate*". Since 2022, we have seen the UK becoming increasingly dependant on imported energy which clearly has ended any national energy security we had leaving the UK scrambling to obtain energy supplies and

¹ Click here for a link to the [Bloomberg article](#)

² National Grid Transmission, National Grid Distribution, Scottish and Southern Power Distribution, Scottish Power Energy Networks and North West Electricity Networks (Holdings) Limited.

³ Data taken from Fame and confirmed by SPGlobal Capital IQ pro.

⁴ Note where appropriate to effect competition and not where appropriate protect consumers.

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on occasion causing the UK to pay more to ensure the lights stayed on⁵. Unite would contend that Ofgem has given the priority to the promotion of effective competition⁶ rather than protecting consumers even though the promotion of competition is conditional on it being appropriate, while the protection of consumers is not. Ofgem has failed to act to protect existing and future consumers by promoting further investment into UK infrastructure by private enterprise to instigate competition. Unite would argue that this is counterproductive in several cases, causing the workers and consumers to pay the price of this additional competition.

- 1.7. In any other situation, senior officials would be stripped of their roles and replaced by officials who can obey their legal obligations and act for the consumer ending their adopted role as advocate for the energy providing companies. Blame for the situation does not rest with Ofgem alone in this, as past governments have been asleep at the wheel, preventing projects from proceeding and investment decisions from being taken.
- 1.8. The government and Ofgem are jointly to blame for allowing the distribution networks to reduce capacity to a level where workers need to work a dangerous number of hours to restore supplies after storms. These companies should not have a waiting list for grid connections that stretches on for 15 years. Global warming is only set to cause more violent and numerous storms, so reducing worker numbers is only a path that will cause more worker fatigue, injuries and supply restoration delays.
- 1.9. While greenhouse gas (GHG) emissions have reduced, this has mainly been as a result of a move away from coal, yet it was left to the unions and enlightened employers to organise a Just Transition⁷ of the workforce. Without this action critical skills would not be retained⁸. Had this been a requirement and companies given the time to plan, many more workers and their families would not have ended up on the scrap heap. Equally such a transition would allow the industry find and train recruits faster where needed, thus potentially speeding up the transition by several years through the use of skills passporting. This should not be governed by market forces but through government intervention to ensure the training is appropriate and conducted during paid time off for training and interviews etcetera, to ensure that when the time comes there is a smooth transition.

⁵ On one occasion the domestic customers lights in London were to suffer a rolling black out to ensure supplies to the finance industry given not enough supply could be obtained. Unite is aware that Centrica stepped in and sold the grid power from its battery storage facilities in Belgium to save the day, for which they were paid a premium.

⁶ There are too many examples to list here but here are a few examples. Ofgem should have ensured that there was the workforce capacity to restore supplies to customers after storms, without the need for workers to be told to take a 20-minute break in their van and drink a "Red Bull" in order to stay awake while working on powerlines. Ofgem should have prevented the excessive profiteering of energy providers that was triggered by Russia's invasion of Ukraine and Russian attempts to cripple European economies.

⁷ There have been efforts by some nations with poor human rights records to alter the original definition as used in discussions for the 2015 Paris climate change talks. The United Nations, International Labour Organisation still believe the term "Just Transition" means "[**Promoting environmentally sustainable economies in a way that is fair and inclusive to everyone concerned – workers, enterprises and communities – by creating decent work opportunities and leaving no one behind**](#)". This maximizes the social and economic opportunities of climate and environmental action, while minimizing and carefully managing any challenges, including through effective social dialogue and stakeholder engagement and respect for the fundamental principles and rights at work.

⁸ Please see this [link that chronicles the result of a true Just Transition in action](#) at the Radcliffe-on-Sour power station closure.

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- 1.10. For Ofgem to be an effective regulator there needs to be teeth that provide the required leverage, which cannot be ignored. These teeth are required to be sufficient to counter the markets can dictate terms and calls for ever greater profits.

2. Inquiry areas

- **Ofgem's mandate**

- 2.1. As stated in the consultation we too would like to witness *'better outcomes for consumers and more accountability'* section therefore seeks views around increasing accountability and consumer standards in the sector' As highlighted Ofgem, it has presided over a electricity network that has been increasing in the gap between supply and demand due to a combination of lack of vision by the last government and by its own preference to apparently support the industry over the consumer. Unite, therefore, firmly believes Ofgem needs to be more accountable to both Parliament and its consumers but equally parliament needs to take the blame for its incompetence.
- 2.2. In particular, Unite would like to see Ofgem exercise more control over the financial spending and borrowing decisions of the energy sector companies .

We are seeking views on how Ofgem might be better equipped to protect consumer interests in cases of (predicted or actual) supplier insolvency and/or financial distress.

- 2.3. With respect to powers to enforce good practice as highlighted, in the consultation, Ofgem is not the competitions and markets authority but the regulator who sets the price cap on how much the companies can charge, and it should be reminded that as the regulator it has that power and not believe the scare stories of energy companies.

We are seeking views on making more detailed information available about energy company performance and behaviour, and how this might assist other licensees and consumers.

We are inviting views on Ofgem's annual report and the KPIs it reports against, and how to strengthen Parliamentary scrutiny of Ofgem's performance.

- 2.4. Some energy companies have accumulated huge debts and appear to be using the additional borrowings to pay shareholders dividends. Unite feels this needs to be tackled quickly, before we face another Thames Water situation. At Thames Water, £18 billion is now owed to its creditors and directors claim the debt maintenance is unmanageable, and the only hope of debt repayment is via a government bailout. Yet the directors still felt it appropriate to pay a dividend to shareholders and pay its directors seven figure salaries.
- 2.5. Unite has particular concerns about National Grid Holdings, by way of example. The financial details of two peer companies are provided as examples to show that they were not impacted by whatever market forces that caused such a drastic increase in National Grids borrowing.

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Company	Total Revenue FY 2019 (£million)	Dividends (£million)	CEO Total Compensation 2020 (£000)	Total Debt FY 2019 (£million)	Total Revenue FY 2023 (£million)	Dividends (£million)	CEO Total Compensation 2024 (000)	Total Debt FY 2023 (£million)
National Grid Holdings plc	£14,933.0	£ 1,591.42	£ 5,205.0 ⁹	£26,730.0	£21,659.0	£2,012.45	£ 6,353.0 ¹⁰	£ 44,104.0
UK Power Networks Holdings Limited	£ 1,668.9	£ 178.0	£ 2,200.0 ¹¹	£ 6,162.9	£ 2,193.6	£ 243.0	£ Not Stated	£ 6,037.2
Northern Powergrid Holdings Company	£ 849.7	£ 1.7	£ 1,826.0 ¹²	£ 2,524.8	£ 1,130.8	£ 200.0	£ Not Stated	£ 2,895.0

- 2.6. As can be seen by the examples of UK Power Networks and Northern Powergrid it is possible to maintain the amount of outstanding debt despite the impact of the COVID Pandemic. At National Grid However the debt is growing, and company plans are to allow it to grow further.
- 2.7. Where companies like EDF and E.on have the financial backing of a nation state this is not so much an issue, even though the company profits are heading to France instead of the HM Treasury due to the lack of vision of past governments. If the Governments plans are to renationalise the grid, a decision will need to be made over the administration of this debt mountain.

We are seeking views on the capabilities Ofgem needs to be an effective regulator in a more digital, fast-moving sector.

- 2.8. All of the above is on publicly available records but needs compiling. The only data that is not already transparent is the calculated compensation that is paid to the top executives and directors and if this is felt to be excessive. Currently Ofgem has acted as if it does not have teeth, and the applications of fines is rare.
- 2.9. Industries are being tasked with the duty to decarbonise yet cannot do so as they do not have access to enough grid capacity. You cannot run an electric arc furnace if there isn't enough electricity. Shipping supposed to avoid running their engines in port but there are not sufficient connections or resources to provide shore power. Ofgem has supposedly, meant to ensure that these connections exist with the required capacity, or they could be accused of failing consumers, yet again.
- 2.10. The shipping industry could switch off engines of all vessels while in ports, improving the health of port workers and reducing the amount of GHG's that reach the atmosphere, but they are prevented from doing so by the lack of high enough grid capacity and the power to replace on-board generation. A single cruise liner could easily require the entire output of a gas power station or a small modular reactor, so we are not looking at something you could plug into a domestic wall socket.
- 2.11. The government wants to see all metal production and some other forms of manufacturing such as glass and ceramics delivered using electrical arc furnaces yet delays in grid connections will only drive production to other nations increasing GHG production and

⁹ As calculated by S&P Capital IQ pro

¹⁰ As calculated by S&P Capital IQ pro

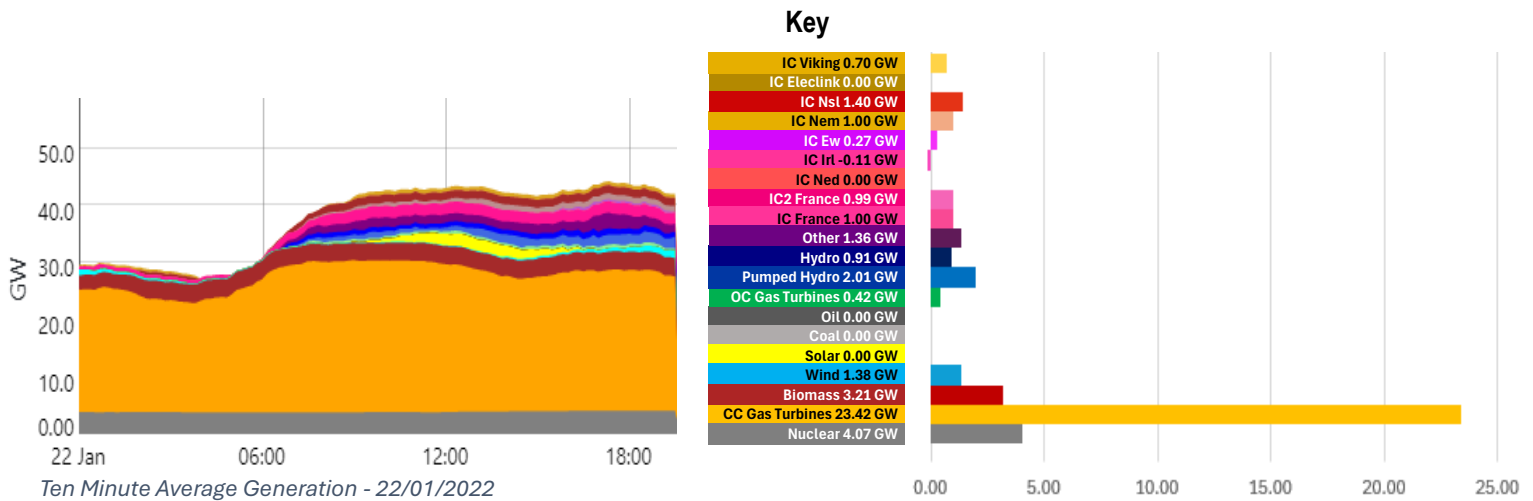
¹¹ This is only the cash remuneration. In addition to this there are things like share options, etc.

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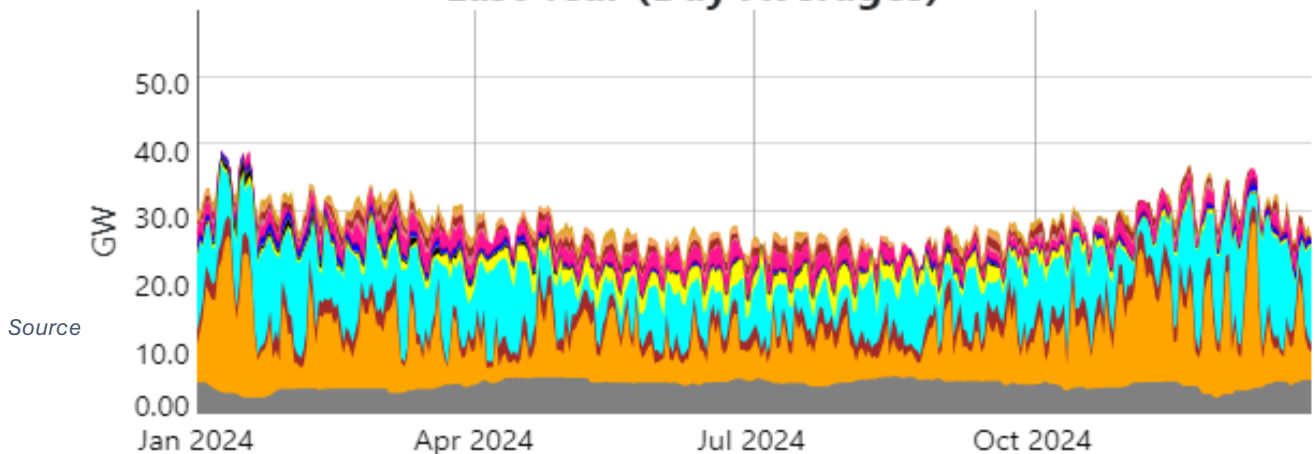
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additional costs due to transport emissions and the application of the UK Carbon Border Adjustment Mechanism (UK CBAM) and Emissions Trading Scheme (UK ETS).

2.12. Industry is crying out for connections, but we do not have enough supplies to tackle the demand we do have. The graphs (below) are clear examples of this illustrating that due to the lack of sufficient wind at the correct speed and cloud cover on the 22/01/2025, resulted in over 56% of generation capacity being obtained from the burning of natural gas in a closed cycle gas turbine which is in essence a gas-powered steam engine. In



Last Year (Day Averages)



addition to the orange bar there is also a small amount generated using an open cycle gas turbine as depicted on the green bar in the above. This is a turbine turned not by steam but the expanding gasses following the ignition of natural gas, but this method is often overlooked even though it is used more frequently to balance the grid due to its more rapid but less efficient way it generates power from natural gas.

2.13. The area that includes the dark pink at the top of the graph is the volume of power we now need to import from our neighbours now we have lost our ability to burn coal and face a reduced and soon to be reducing volume of power from nuclear power stations.

2.14. The lower graph illustrates that there was nothing abnormal about 22/01/2025 as shown by the unpredictable nature of supplies from wind turbines and solar, which are far more volatile and erratic than others and therefore need to be augmented by other forms of

supply. Storage capacity is desperately needed to retain excess energy generated by renewables if we are to replace all fossil fuels, currently if pumped storage¹³ levels are full we do not have enough alternatives¹⁴ but to sell this power back. But given current shortages this is becoming less commonplace. The only really dependable supply in the mix that will not cause the release of GHG is the grey bar at the bottom representing nuclear generation. Even here there are times when nuclear power generation is reduced while plants undergo refuelling or because they are operating beyond their designed lifespans if there are even the slightest of safety concerns.

- 2.15. Under Ofgem's oversight the grid has to negotiate its way through this minefield to ensure that supplies are at the cheapest possible level and increasingly this is through the importation of power from Europe. If the UK did not have this importation option, there would be ever greater exploitation of consumers as prices would skyrocket due to the demand for a product that is in short supply. This can be illustrated when in recent times Centrica was paid far more than the market rate to release power to the UK from battery storage in Belgium, when it became clear that the only other option was a series of rolling blackouts across London's domestic customers¹⁵.

Is the current compensation framework in the energy market fit for purpose to protect consumers and ensure they receive a consistent minimum level of service?

Are consumers aware of their rights under the existing compensation framework and are eligible consumers receiving timely, appropriate redress when they do experience poor levels of service?

Are there ways in which the current compensation framework could be improved to better serve consumers?

For example, are there specific issues or service areas not currently covered by the existing compensation framework where there is evidence of consumer detriment? Are there examples of compensation frameworks in other sectors that are worth consideration in the context of the energy market?

How should Ofgem drive energy suppliers to go beyond minimum levels of service and deliver high standards of customer service?

- 2.16. Unite does not feel that the framework nor Ofgem are fit for purpose and Ofgem may have done a lot of things, but protect consumers is not one of them. Given the amount that

¹³ Pumped storage is where spare electrical generation is used to pump water from a lower reservoir to one up a large hill or mountain. The water is then released and used to generate power in the form of a normal hydroelectric facility. The limits on this method are caused by the lack of enough suitable topography and physical space plus losses due to friction in the pumping process.

¹⁴ Other options include battery banks to convert the AC generation to a DC supply suitable to charge batteries and then discharged through a converter to produce AC power again. Electrolysis of water can be used in a similar way with discharges through banks of fuel cells creating both electrical energy and deoxygenated air – a collection of gasses that could replace CO₂ and other fire extinguishers (an option that is being considered in hydrogen/electrically fuelled aircraft). In the latter option excess hydrogen could be sold to fuel transport options including aviation. Another idea is [an open cycle battery which converts CO₂ into bicarbonate](#) on discharge avoiding the release of vast amounts of CO₂ produced during the substances current industrial production. In every case however there needs to be the grid connectivity.

¹⁵ Evidence of this can be provided if required but it is commercially unknown exactly what Centrica received in this arrangement.

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Ofgem claims it has done to promote the compensation framework one would believe that every person in the street should know all about the process yet very few do.

- 2.17. An area where there are no apparent compensation schemes and yet the opportunity to cut bills and reduce emissions has been the roll out of smart meters, yet suppliers have to wait for requests to have one fitted, unless of course the customer has fallen behind with their bills, in which case they can effect entry to replace the meter with one that needs feeding before the gas or electricity is provided.
- 2.18. While there have now been 13 years since the commencement of smart metering in the UK to reduce demand, energy retailers have done all they could to delay this schemes implementation, as it would have meant lower profits, so rather than providing consumers with a choice over when they switch on, in order to save money, there are still 41% of businesses without smart meters and over 34% of domestic customers who are on estimated bills. This number with operational smart meters will only decrease in coming years in the south of the Britain as the 2G and 3G network is switched off. Ofgem should have the teeth to prevent the mass redundancies of smart engineers before the job is completed.
- 2.19. The energy retailers claim that no customer wants a smart meter, so they do not have the work for these engineers, but is there any wonder of this state of affairs given the horror stories perpetrated by the energy industry over the inaccuracy of meters, gas leaks, poorly trained staff, etc.? The government told energy companies to introduce measures that would ultimately reduce demand and hence their income.
- 2.20. The roll out of smart meters was like asking turkeys to vote for Christmas. Yes, Ofgem were responsible for the non-enforcement of their duty to consumers, but it was also the failure of the last government to standardise meters, so they work anywhere for every supplier and ensure they communicated over a secure network that was available anywhere, the traditional phone line for example. The meters should also have been rolled out on a house by house, street by street basis rather than having an engineer spending half of his day driving and trying to get the meters to work and then putting back the old meter when they didn't. Had they been rolled out regionally as outlined, then any communication issues could be highlighted and tackled en-mass.
- 2.21. The failure to roll out smart meters and the lack of proper investigations before meters are converted from direct debit billing to prepayment mode was disgusting. Prepayment meters are notorious for charging the highest tariffs making it more likely that consumers will self-disconnect through the lack of the ability to pay. Clearly if consumers were compensated by their providers for the cost of the savings they could have made by having a smart meter, then there would be an incentive for the energy companies to install the meters in every home.

We are seeking views on Ofgem's remit in enforcing consumer law in respect of low carbon technologies, such as heat pumps and solar panels, and what the appropriate boundaries might be.

- 2.22. All too often Ofgem have been used as the scapegoat for the last government's policies but they were set up to be independent. If the mandate of Ofgem is to change to incorporate a duty to reduce GHG's for example, then this needs to be supported by government policy to fix the mistakes of the past and lay down minimum acceptable standards and maximum levels of pollution.

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- 2.23. If Ofgem are to ensure a quality service, there needs to be enough trained skilled workers, so they should be backing the call for a Just Transition. Such planning for such a relocation of staff takes years to ensure that skills can be mapped, preserved and where there are shortfalls learned.
- 2.24. Unite agrees that low carbon technologies like heat pumps, solar panels, battery storage and electric vehicle charging points are critical. All too often workers who have previously been trained only to fit smart meters have undergone in-house training on how to connect these devices and tasked with their installation, at less than construction industry rates. These workers have not had the opportunity to obtain the normal minimum required courses for these tasks but simply told to complete the work quickly without the ability to problem solve should they come across issues with the installation.
- 2.25. If air source heat pumps are too close to structures or enclosed, they are ineffective. Similarly, when you change to a heat pump it may require a change to the number and position of radiators so that the heating is on to create a steady temperature rather than a fast reactive heat cycle found with gas boilers. Therefore, heat pump installs can take more than a week but energy companies want these turned round far more rapidly.
- 2.26. If solar panels are not angled towards the sun, are shaded or are not cooled in some way they do not perform to optimum levels and if the battery that is used to maintain supplies is not of an appropriate size energy will be lost through to attempt to sell the power to the grid and the need to draw power when battery reserves are low.
- 2.27. Ofgem should ensure that the consumer does not receive a shoddy service, incorrectly installed devices due to staff who are working on installs who are not working on construction industry standards. Their duty to protect consumers of energy should not be limited to just the marketing and delivery of power but also the opportunities to reduce demand, together with the openings for consumers to return supplies to the grid.

The powers it has to protect consumers

We are seeking views on whether there are changes that could be made to the model under which Ofgem appoints the Energy Ombudsman, to strengthen the Energy Ombudsman's ability to resolve consumer disputes.

- 2.28. Unite believes the chosen ombudsman should not be influenced in any way by commercial interests. Ofgem itself obtains its funding, not from the government but from licence fees. If Ofgem were to only be funded by fines, underwritten by a minimal budget, there would be less of a possibility of any possible conflict of interest and a greater incentive to keep the activities of private business interests in check.

We are seeking views on whether Ofgem's duties should be streamlined, and if they should, views on which goals might be prioritised.

- 2.29. As things stand if Ofgem increases the price cap it will only serve to increase profits while decreasing the ability of consumers to pay the increased tariffs.
- 2.30. The scheduled closure of two of the UK's Advanced Gas Reactor (AGR) nuclear power stations is forecast to trigger an increase in wholesale electricity prices in 2027, with prices remaining elevated through the end of the decade according to analytics from Cornwall

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Insight's Benchmark Power Curve¹⁶. This predicts wholesale electricity prices are projected to reach £83/MWh in 2027, just after the AGRs close. This is slightly higher than the average £81/MWh spot price paid over the past year for the energy they intend to use in 2025.

- 2.31. By 2030 wholesale prices are according to the forecast to have only dropped to £77/MWh but this is dependent on several factors including the connection of new renewable sources of energy and the opening of Hinkley Point C. Electricity demand is expected to surge by over 30% in the next five years¹⁷, driven by the electrification of heating and transport. Since wholesale electricity prices make up the bulk of consumer bills, this could jeopardise the government's promise to significantly reduce energy bills by the end of the decade. If the government continues to provide the support for a replacement nuclear programme and presses ahead with a high-level nuclear waste storage facility and unite would argue a more rapid roll out of grid connectivity their targets could be met.
- 2.32. While the UK is dependant on energy imports via the various interconnectors; the electrical feed in prices is expected to be inflated, due to demands by the offshore wind industry and the increasing cost of natural gas supplies. While the network is giving supply projects a 15-year time frame for connections the industry will remain a hostage to the fortunes of the pricing structure of suppliers and foreign governments in order to keep the lights on and the economy operational.
- 2.33. Government action is therefore required to develop a new army of engineers to connect new sources to the grid faster and resolve the ever-increasing number of named storms that are and will continue to be caused by increasing global temperatures¹⁸. Due to actions over the last 13 years the capacity of grid companies to act and repair infrastructure has become limited by the number of qualified staff and the time it takes for recruits to become qualified to work on high voltage networks. This skills shortage could have been shortened by past governments through a fully funded Just Transition programme and training scheme for new recruits.
- 2.34. Unite believes that the age profile of its members in the energy sector is indicative of the workforce in general. This profile shows a distinct growth in the numbers in each age group from 16 to 32, a plateau till the number aged 35 and then a rapid decline till the number of workers who are currently 46 to 50. The age profile then increases till the age of 56 before it starts to decline again as individuals retire. There is a 37.5% variation in the number of workers by age group from the two peaks in their early 30's and mid 50's to the base of the lowest point where workers are 48 years old. This highlights that in coming years if there is not a major effort to recruit engineers there will be shortages, that far exceed that of today together with a critical loss of experienced mentors for apprentices.
- 2.35. The Just Transition of workers from the closing power stations could have helped tackle this but instead closures were sprung on the workforce or zero planning for a transition was permitted by government ministers and Ofgem. Unite has launched the "No Ban

¹⁶ [The closure of nuclear plants could derail governments plans](#)

¹⁷ According to the Cornwell Insights article from 334,485GWh in 2025 to 438,173GWh in 2030 all of which will be provided by clean power technologies under government plans.

¹⁸ Imperial College reported that storm activity was made [20% more intense by human caused climate change](#) during 2023/24. From 2016 to 2023 there were no more than 8 named storms per year with the average being 5.7. In the autumn of 2023/24 there were 12 storms so severe they warranted a name and already in 2024/5 there have been 5 named storms to hit the UK.

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without a Plan" campaign¹⁹ that calls on the government to ensure a Just Transition of oil and gas workers. The planning around the Radcliffe-on-Sour power station closure took five years so workers could complete the training needed to take up new positions when the station stopped generating, something similar is needed within the oil and gas industry especially with respect to both Combined

- 2.36. Unite believes in full public ownership but in the interim Unite feels Ofgem is in an ideal position to be the ears and teeth of government to hear what all parties have to say and enforce what is best for all consumers, especially the most vulnerable in society.
- 2.37. The above are just the tip of the iceberg so rather than streamlining Ofgem they should be bolstered with the resources needed to get the UK economy going.

- **its scope and remit**

The 'better outcomes for consumers and more accountability' section therefore seeks views around increasing accountability and consumer standards in the sector.

We are seeking views on how Ofgem can ensure consumer standards are better represented – for example with reference to other business models within the sector, such as through potentially adopting a 'consumer duty' and 'Senior Management Regime'

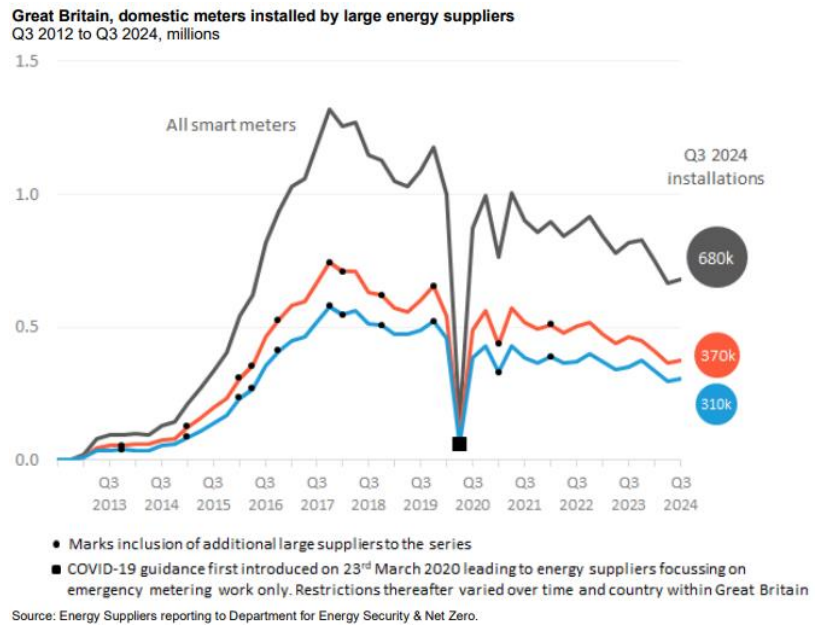
- 2.38. Unite believes there needs to be a body to oversee the provision of skilled workers to ensure that there is enough staff for the networks to reconnect customers quickly after storms and ensure they are not working unsafe hours. The Warming Climate has increased the amount of water retained in the atmosphere from preindustrial times by 11% increasing the number and severity of storms. If there are not enough staff safety will be compromised and further delays to connections and reconnections will be felt by consumers.
- 2.39. Unite further believes that there needs to be a body to oversee the provision of Just Transition planning so that skilled people are not lost to other professions outside the sector.
- 2.40. Further, there needs to be a body that has the ability to limit the profits of the energy sector so that consumers are not ripped off by opportunist energy suppliers from all forms of generation and supply. Ofgem was introduced as that body but it appears to act more like a lobbying group for the energy providers.
- 2.41. Consumers, especially those in industry, need to be aware of where they can make savings and be able to pay accurate bills if they are to reduce their carbon footprint and utilise the lowest cost energy when it is available. But, according to the most recent statistics²⁰, even after 13 years the rollout of smart meters has only been achieved in 58% of non-domestic locations and just 65% but a growing percentage of these meters has returned to traditional mode. More and more of these smart meters return to traditional non communicative operation will occur as the 2 & 3G mobile phone network is switched off over the coming months and years undoing years of work.

¹⁹ For more details [click here](#)

²⁰ [Link to report that covers the Q3 period until the end of September 2024](#)

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2.42. What is clear from the chart on the role out of smart meters is that appears here, replicated from the most recent statistics, that the pace of change has slowed, from the initial burst of activity in the first 5 years and again as more large suppliers were added to the list which needed to install smart meters. But since 2017 the trend has been a path of fewer installs each quarter. While the slowing could in part be due to the nature of installs becoming more difficult, but it more likely to be down to the reduction in the number of engineers available for this work.



2.43. Consumers have been told horror stories and now the demand for smart meters has stalled enabling the suppliers to continue to use practices like estimated billing, where millions of its customers are over charged and where the providers have use of this capital without the obligation to pay interest. Is it any wonder that teams of engineers have been repurposed into the task of installing heat pumps or EV charging points. Ofgem has failed to police the roll out of these devices but was up against a barrage of negative news stories, some perpetrated by the industries actions and some just fake news.

2.44. Again, the programme was an example of Conservative Party belief that the industry new how best to roll out the hardware and asking the very companies who where making money unjustly to reduce their profit margins and pay out for training and equipment. From before the programme started Unite²¹ called for a street by street roll out of these devices to avoid customers slipping through the net and engineers, spending most of their day, on the road. The union also called for designs which all conformed to a single design. Finally Unite argued that all suppliers should be required to introduce meters not just the big six, but that obligation has only recently been applied. The unions were ignored and now a plethora of designs and two operational types²², which often do not work because of a lack of signal to and from base or the change of provider to obtain the best tariff.

2.45. Unite believes that it would be useful to be able to work with a regulator who could help in these areas, to build on the policy decisions of government and ensure the policy delivery as quickly as possible. It would also be useful to have the workers listened to as opposed to the company management who at the end of the day have an altera motive for seeing the programme fail.

We are seeking views on whether the scope and scale of Ofgem’s current penalties are set at the right level.

²¹ and before that Unites parent unions (Amicus and the T&G)

²² those which communicate via the mobile phone network and those who utilise a radio service provided by Centrica

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- 2.46. Ofgem's licence conditions, licensed suppliers are already required to ensure that each customer is treated fairly as part of their licence conditions, in line with the principles of better regulation which state that regulators should focus on consumer outcomes. Where consumers are not able to expand production facilities, decarbonisation, the provision of charging points, ground power at airports and shore power at ports, licence conditions are not capable of being met.
- 2.47. The privatisation and lack of intervention by government, has led to a scenario where the power supply network and consumer experience is increasingly being devalued with Ofgem attempting to deliver outcomes without the tools to do so. This has led Ofgem into a situation where it is focussing on one area where it feels it has some control while the rest of the system crumbles around its ears.
- 2.48. Unite feels that the government needs to be more decisive and move ahead with projects to deliver zero carbon electricity by 2030. In order to achieve this, there needs to be a mobilisation of skilled workers, and the provision funded courses to deliver enough fully trained engineers to speed up the delivery of connections. Instead, the existing workforce are clocking up ever increasing levels of overtime or being called out and taking power naps in their van.
- 2.49. Ofgem needs to work closely with NESO to ensure the removal of zombie projects from the queue, the utilisation of existing unused connections to the site of now disused power stations for example. A battery storage is best located where the high voltage DC supplies from interconnectors and subsea cables comes ashore. If not, losses are sustained during its transmission and rectification to DC.
- **the standards it sets**
- 2.50. Unite believes that Ofgem needs to listen to consumers and trade unions representing workers from across the economy rather than the executive directors of the energy suppliers to determine the standards to which the suppliers, distributors of power and the retailers should be held to account. To ensure the welfare of consumers the first goal should be their security of supply and accurate billing.
- 2.51. The TUC already holds monthly meetings of a Sustainable Development Advisory Group (TUSDAC) to share best practice ideas and provide the TUC and the government with advice on the needs of the industry from the workers perspective rather than a company who is responsible to its shareholders for making money. As the aims of the government align with the desire to be more sustainable it would be a good idea to enter into discussions with this group to help shape their ideas.
- 2.52. Similarly, the first port of call for the general public is often the Citizens Advice Bureau if they are dissatisfied with their energy retailer.
- 2.53. For the business consumer there is Energy Intensive Users Group²³- "an umbrella organisation that represents the interests of energy intensive industrial (EII) consumers". These are industries that rely on a lot of heat to melt metal or glass, fire ceramics, or dry things like paper and card.
- 2.54. The above are the bodies are just some that Ofgem should be engaging more closely with rather than being dictated to by the views of the energy suppliers, distributors and the retailers. For too long these energy moguls have been allowed to promote their

²³ <https://www.eiug.co.uk>

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agenda and from the workers and consumers perspective Ofgem has simply capitulated to their whims.

- 2.55. It is true that share holder investments into public infrastructure is expensive as it comes with the expectation of investor returns. These returns should be a known factor at the outset to provide a safe haven for organisations wanting to secure revenues for pensions. These returns should not be exploited to a level that bankrupts the manufacturing sector and the wider economy, while providing huge company bonuses to a select few.
- 2.56. To attract skilled staff the wages of the lowest paid worker should be forever linked to the calculated income of the highest paid director. There is no reason why the top executive should receive over 40 times the income of new starters.

- **how redress is made when standards are not met**

- 2.57. Unite believes that If Ofgem took a firmer line, the energy crisis of a couple of years ago could have been averted. The French were able to dictate to its energy industry that it could only raise prices by 4%, when Russia invaded Ukraine but in the UK the industry was virtually able to charge what they wished, causing energy retail prices to sky rocket a position they have not recovered from despite spot prices returning to at worst twice pre-crisis levels.
- 2.58. Ofgem does not have the power to seize excess profits from companies who are exploiting the system, nor does it have the power to punish executive pay, bonuses, and overly generous dividend payments, especially if these are funded at a time when the company obtains additional borrowing. Such powers remain with the sovereignty of the UK Government. The Government can compulsorily purchase and remove operators from land and from utilising areas of UK waters. They can prevent companies, operated by the same owners, from obtaining future contracts and become disbarred from holding a company directorship.
- 2.59. Fines and the potential for prison sentences executives for profiteering should be on the table as their actions can cause companies to close, or customers to die of hypothermia, while energy executives line their, and their shareholders, pockets.
- 2.60. The powers to punish such companies needs to be draconian or like the fines imposed by the water industry they will simply be ignored. The punishment needs to be proportionate to the ultimate owners bottom line rather than that hidden through offshore accounts.
- 2.61. There has to be transparency to ensure that the consumer is receiving value for money and ensuring there is the money there to maximise the development of the sector toward government net zero targets.

3. Conclusion

- 3.1. Ofgem is currently a sheep that has been sheared so many times by the energy sector that it is surprising it has any skin left. The fines imposed are a long way from being proportional to the company ability to pay or the severity of the incident. Like all regulators they have singularly failed in their duty to regulate and presided over a transition from tightly controlled national ownership to become more like the wild west, where almost no rules appear to apply.

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- 3.2. The regulator is toothless and has stood by as families suffer. In future years, if things do not change, they may well abandon their duty to the consumer and watch the population suffer from heat exhaustion in the summer and freeze in the winter. For years the rich have become ever richer at the expense of those on benefits, struggling by on minimum wages while energy bills just climb and all the while charging them the highest tariffs per kWh.
- 3.3. Ofgem needs to be radically reformed to be more of a lion than a lamb. The investigation powers need to be enhanced to ensure there is the capacity of a company to deliver. Their powers to fine need to cause a real impact and not abandon the UK to end up no more than a cash cow dependant on those suppliers, who can determine how high we jump.
- 3.4. The actions of Ofgem need to be supported by real decisive decisions made by government ministers. If there are no choices for the supply of power as is currently the case the UK can be held as a hostage to the whims of the energy sector. If there is choice for the supply of electricity, then prices can be driven down and Ofgem can operate effectively.
- 3.5. Therefore, to remedy the situation government ministers need to heavily invest into more grid connectivity regardless of protests over spoilt views. Projects like Sizewell C, Wylfa B, and tidal flow projects around our coast, can deliver a base load supply, needed. Approval is also required so they can be built and deliver supplies where the connections are already available, but disused. Decisions need to be made on Small Modular Reactors so that we do not fall further behind in the queue for delivery. Importantly a green light is required to UK production of nuclear fuel, to enough energy storage and critically more investment into the delivery of grid connections. There are a host of measures to end our dependence on the interconnectors from European neighbours but instead we need to use these avenues to sell any surplus we cannot store. We are an energy rich country with a highly skilled workforce and therefore we should not be dependent on other nations.
- 3.6. Given the UK's support for Ukrainian forces, there have been reports that Russian vessels have been reported investigating the security of interconnectors²⁴. The UK has lost its energy independence due to the dithering and indecision of MP's unwilling to support policies with a very vocal opposition. Measures to speed up infrastructure planning processes may be too little too late to prevent blackouts but are welcomed.
- 3.7. For Ofgem to be an effective regulator in a climate where the producer can dictate terms it will forever be toothless unless those who are exploiting the situation now are punished later date when we again return to a situation where supply outstrips UK demand. Unite advocates that long memories need to be utilised to the full.

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²⁴ See articles in the [Gaurdian](#), [Euro news](#) and on the [Governments website](#)