

R/7

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## DOMESTIC ENERGY CUSTOMERS ARE LOSING OUT ON OVER £1 BILLION BY NOT SWITCHING

- **Over 10 million domestic customers are losing out on over £1 billion by not switching supplier**
- **Competition alive and well in the energy market despite recent price increases**
- **300,000 gas and electricity customers changing supplier each month**

Customers who have never switched energy supplier are losing out on savings of over **£1 billion**, according to energy regulator Ofgem.

Despite recent rises in energy bills, research published today by Ofgem shows that competition is still vigorous. While all suppliers have increased their prices over the last two years there are still significant differences in the prices charged by the different firms. This means that customers who have never switched can still save around **£100**. Other signs that competition is alive and well include:

- suppliers are innovating to offer customers greater choice and manage higher fuel bills – there are now a range of capped, fixed price and internet only deals
- British Gas continues to lose market share - six per cent between June 2004 - June 2005, leaving it with only **53 per cent** of the UK gas market
- in some electricity areas suppliers have retained less than 50 per cent of their market share,\*and
- over **300,000** customers are changing supplier each month in gas and electricity.

Customer satisfaction is also high with over **80 per cent** of customers satisfied with their energy company. However, Ofgem is keen to see service standards improve further for all companies and has given the industry until July this year to improve some aspects of billing.

Ofgem's Chief Executive Alistair Buchanan said: "Higher energy prices mean getting the best deal for your energy has never been so important. Customers who have never switched supplier, are leaving their existing energy companies to pocket the **£1 billion** a year that could be saved if they switched to a new supplier.

"Our message to customers is to be **Energy Smart** and take advantage of the strong competition in the energy market and get yourself a better deal for your energy. There are savings of around **£100** a year and suppliers are also competing for your business by offering fixed-price and internet deals."

Customers can also help to keep their energy bills as low as possible by taking advantage of the advice Ofgem requires all suppliers to give on energy efficiency. Better loft and cavity wall insulation can save another **£100** off a typical energy bill.

The research published today by Ofgem is part of its role in constantly monitoring the energy markets to ensure there are no barriers to effective competition and that prices are the result of market forces and are not being inflated by anti-competitive practice.

\* The three regions in which the incumbent supplier has less than 50% are: Midlands (npower), Northern (npower) and Norweb (Powergen).

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## Notes to editors

### 1. State of competition

Ofgem today published a *Domestic Retail Market Report* on the state of domestic competition in the gas and electricity markets on its website. The report gives details of the market share of the companies in each market as well as information on the prices offered by firms in September 2005 (the savings figures in the press release relate to current prices). It shows that while competition in most areas of Britain is strong, in Scotland competition is less dynamic with Scottish Hydro only losing 20 per cent of its market share. This reflects the fact that until April last year Scotland did not have a competitive wholesale market for electricity and it also lacks an extensive gas network.

Ofgem has also published today a survey on customers' experiences of the competitive market in the appendices to the Domestic Retail Market Report. Copies of the reports are available from the Ofgem website [www.ofgem.gov.uk](http://www.ofgem.gov.uk).

### 2. Changing supplier

There is no need to contact a salesman to change energy supplier. Just add up how much a year you use for gas and electricity and then phone consumer watchdog **energywatch** on **08459 060708** for free price comparison factsheets or visit their new website at [www.energywatch.org.uk](http://www.energywatch.org.uk) for approved online price comparison services. Research shows that 50 per cent of all gas and electricity customers have already switched supplier at least once. Those that have not already switched are likely to benefit most from changing suppliers.

### 3. Energy efficiency/changing how you pay for bills

Customers can make further savings by changing the way they pay bills. For example, paying by direct debit instead of standard credit will save about **£30-35** a year. Making homes more energy efficient can also save people money: cavity wall insulation, for example, can bring savings of between **£50-100** a year.

Ofgem advises all customers to contact their energy supplier, as it requires that suppliers offer energy efficiency advice and schemes for customers. Over 10 million households have benefited from energy saving measures delivered by suppliers through the government's Energy Efficiency Commitment, which is administered by Ofgem. Advice on how to save energy in the home is also available on the **Energy Saving Trust** website [www.est.org.uk](http://www.est.org.uk) and from **energywatch**.

**4.** Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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