

Social Action Plan

Annual Review 2005

March 2005 105/05

Summary

According to the latest figures available, in 2002 around two and a quarter million households in Great Britain were in fuel poverty. These figures are expected to have increased by around 200,000 as a result of recent increases in fuel bills after taking account of increased incomes. Fuel poverty means a household would need to spend more than 10% of its income on energy to maintain a satisfactorily warm home. Energy costs, income and the standard of energy efficiency of housing are factors which contribute to fuel poverty. In March 2000 Ofgem published a Social Action Plan outlining the work to be undertaken with others over five years to help tackle fuel poverty and related issues such as debt and disconnections. This document reviews work on the Social Action Plan over its last year. Ofgem will publish a new Social Action Plan in the second quarter of 2005.

The past year

Ofgem's work under the Social Action Plan in 2004/5 was dominated by two major issues. The first was that all major suppliers increased their prices significantly, reflecting increases in wholesale energy costs. The second was that the disconnection of customers for debt, particularly vulnerable customers, became the focus of much debate and scrutiny following the deaths of two pensioners in late 2003.

Ofgem's Chairman Sir John Mogg responded to these issues calling on the major energy supply companies to make renewed efforts to protect vulnerable customers. Several of the companies have introduced special packages designed to remove or reduce the impact of price increases on those most in need. In addition, the industry, under the auspices of the Energy Retail Association (ERA), introduced a safety net procedure in September 2004 to ensure that vulnerable customers would not be disconnected and would be referred to other sources of assistance where appropriate.

Ofgem's work during the past year has followed three themes: reducing fuel poverty; reducing debt and disconnection; and helping vulnerable customers.

Reducing fuel poverty

Ofgem has sought to minimise the impact of price rises on those in fuel poverty by promoting a new campaign under the 'energysmart' banner. Working in conjunction with energywatch, energysmart provides information to customers on ways to save

money on bills. Ofgem has also worked closely with Government on introducing the new Energy Efficiency Commitment (EEC) which begins in April 2005.

In December 2004 Ofgem published a document outlining the issues that should be considered in designing social tariffs, in order to remove uncertainty for companies. In February 2005 Ofgem published a consultation document seeking views on new powers in the Energy Act 2004 which can be used to vary the sums that can be collected through a prepayment meter.

Reducing debt and disconnection

Ofgem has continued to press companies to improve their performance on debt management and prevention. A report commissioned jointly by Ofgem and energywatch was published in March 2005 reviewing the progress suppliers have made in incorporating good practice guidelines into their procedures.

In September 2004 Ofgem hosted a seminar bringing together major stakeholders to discuss the future of Fuel Direct. Ofgem remains in discussion with Government on the issue. Fuel Direct was one of the issues featured in the Trade and Industry Select Committee's report on debt and disconnection published in February 2005.

Helping vulnerable customers

In 2004 Ofgem undertook further research, building on work undertaken last year, on suppliers' Priority Service Registers. Ofgem is committed to ensuring that vulnerable customers receive a high level of service, but its research indicates that up to three quarters of vulnerable customers are unaware that suppliers operate Priority Service Registers and half of customers are unaware that suppliers can provide assistance with energy efficiency. Ofgem also issued guidance to the industry to ensure that Distribution Network Operators (DNOs) maintain adequate registers of customers who need advance notice of planned interruptions to supply owing to a dependence on electricity for medical reasons.

Ofgem has continued to press companies to minimise the problems of self disconnection. Ofgem has also continued to support the evaluation of Factor Four and Camden Energy projects, which provide help to vulnerable customers.

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1. Introduction

- 1.1. Ofgem published its original Social Action Plan in March 2000, with the intention that it should run for 5 years.¹ The Plan described how Ofgem would be contributing to the Government's targets on the elimination of fuel poverty and how it would be addressing the needs of vulnerable groups for whom it has specific responsibilities. Ofgem undertook to publish a review annually and this document is the last review of the original Social Action Plan. This review differs from previous annual reviews in that it only reports on the work that Ofgem committed to undertake in 2004/5 (set out in Chapter 6 of last year's review)² and does not include a forward work programme. However, as in previous annual reviews, this document includes in Appendix 1 a series of indicators relevant to progress on fuel poverty.
- 1.2. Ofgem will publish a revised Social Action Plan in the second quarter of 2005. This will set out Ofgem's agenda going forward.

This year's review

- 1.3. Last year Ofgem set out its work under three themes:
 - ◆ reducing fuel poverty and promoting innovation,
 - ◆ reducing debt and disconnection, and
 - ◆ helping vulnerable customers.
- 1.4. These themes are reflected in chapters 2 - 4 of this review.
- 1.5. In addition, Ofgem also contributed extensively to two Parliamentary investigations. The Trade and Industry Select Committee held an inquiry into disconnections for fuel debt and recently published a report with recommendations for Ofgem and others.³ The Social Action Plan itself was

¹ P.31 The Social Action Plan, March 2000

² p 24 – 28 Social Action Plan Annual Review 2004, March 2004, 72/04

³ TISC report on debt and disconnection: Gas and electricity supply companies and their domestic customers

the subject of a review by the National Audit Office and a hearing of the Public Accounts Committee (PAC). The PAC is due to report later this year.

New Social Action Plan

- 1.6. Ofgem remains committed to playing a role in eradicating fuel poverty. It has duties under the Electricity and Gas Acts (as amended) to have regard to the interests of customers who are disabled or chronically sick, customers of pensionable age, customers on low incomes and customers living in rural areas. In addition, Ofgem is required to have regard to statutory guidance from Government on social and environmental issues when discharging its functions. The most recent guidance focuses on Ofgem's contribution to the achievement of the Government's fuel poverty targets.
- 1.7. In its Corporate Strategy,⁴ Ofgem has undertaken to produce a new Social Action Plan in the second quarter of 2005. This will set new priorities and indicators in the light of the large body of work that has been undertaken on fuel poverty in the last five years and experience with the competitive market.

Response to rising prices

- 1.8. At the end of 2004 Ofgem's Chairman, Sir John Mogg, wrote to the Chairmen and Chief Executives of the major energy companies. He called on them, at a time of rising prices, to make renewed efforts to protect the vulnerable in society. He emphasised the importance of taking a holistic approach to those in fuel poverty, by targeting resources appropriately and working with other relevant agencies and Government.
- 1.9. Ofgem intends to work further with suppliers and other stakeholders in the future, and will be placing particular emphasis on companies' corporate social responsibility initiatives.

⁴ Corporate Strategy and Plan 2005 – 2010, March 2005
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2. Reducing Fuel Poverty and Promoting Innovation

Future Planning

Scheme integration

- 2.1. Ofgem welcomes the Government's Fuel Poverty Action Plan for England which confirms an additional £140 million for Warm Front over the next three years and other measures to improve energy efficiency and tackle fuel poverty. Ofgem has called for a framework to be put in place to ensure effective interaction between EEC and Warm Front so that the assistance available can be targeted as precisely as possible on those most in need. Ofgem has also recognised the importance of working with the Devolved Administrations and has held discussions with the Scottish Executive and National Assembly for Wales to explore how their programmes could interact with the EEC, post April 2005.
- 2.2. In its summary of responses to the consultation on the EEC Defra said, "in the light of legal and contractual constraints, no formal integration of EEC and Warm Front is currently proposed, but the Government will seek to ensure that there are no barriers to interaction between companies working on programmes."⁵ Ofgem will be discussing the implications of this for suppliers further with Defra.

Social Tariffs

- 2.3. In December 2004 Ofgem published a document outlining the relevant regulatory obligations and impact of competition law that companies should consider when developing tariffs aimed at low income and vulnerable groups.⁶ The document is designed to remove uncertainty for companies when they seek to launch new social products in the market. The guidance

⁵ P.7 The Energy Efficiency Commitment from 2005: Summary of responses, Defra 2004

⁶ Supplying low income and vulnerable customer groups, December 2004, 272/04
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has generally been welcomed by suppliers who have already brought forward several new packages.

Promoting switching and energy efficiency

energysmart

- 2.4. In last year's Review, Ofgem undertook to work with energywatch on a campaign on the benefits of switching supplier. In November 2004 the two organisations launched a campaign under the banner of 'energysmart' to promote ways in which customers could make savings on their energy bills. Both organisations were conscious of the need to get a wider message than 'switch and save' across to customers against a backdrop of rising prices. energysmart highlighted other ways in which customers could reduce their bills, including switching to cheaper payment methods and being more energy efficient. The campaign was aimed at all customers, but in particular aimed to get the message through to vulnerable customers. Leaflets produced by energywatch as part of the campaign also included information about help available under suppliers' Priority Service Registers.

Debt assignment

- 2.5. In February 2004, a new debt assignment protocol came into operation to enable prepayment meter (PPM) customers with a debt, whose transfer to another supplier would normally be blocked, to move to a new supplier and take the debt with them when they did so. Suppliers agreed to a £100 threshold as the level up to which debts would normally be accepted by acquiring suppliers.
- 2.6. Take up under the protocol in its first year of operation has been very slow indeed with less than 100 customers so far taking the opportunity to transfer. Initial research on the protocol suggests that in a large number of cases customers do not view the option of assignment as worthwhile, instead choosing to remain with their current supplier and repaying their debt at agreed rates. In other cases, it appears that customers have not fully understood the process involved, despite the efforts of suppliers to communicate this as part of the transfer process. Also, because of Data

Protection Act restrictions, the protocol process has to be triggered by consent from the customer agreeing to debt information being shared with their potential new supplier. It has been suggested that apprehension about providing consent could also be a reason for low take up.

- 2.7. Ofgem will work with suppliers on further research and will consider whether more can be done to encourage take up. In view of the effort which went into the protocol, it is disappointing that take up has been so low.

Camden project

- 2.8. Ofgem has supported a pilot by the London Borough of Camden to raise energy awareness among ethnic minority groups. Ofgem's main contribution was to produce a booklet that explains the benefits of switching supplier. Ofgem has also provided support to Camden Council with an evaluation of the project. This is available to other local authorities who can use it to mount similar initiatives.
- 2.9. The evaluation shows helpline callers had very few complaints about the customer service provided by helpline staff. Of the interviews with people who had received advice about changing fuel supplier, just over a quarter had acted on the information they had received and had completed the switch. However, there was a positive response to the helpline as almost all said helpline staff had advised them of all the options available and a majority received an energy fact sheet in the post following their call.

Factor Four

- 2.10. Ofgem has continued to play an active role as a member of the steering group for the Factor Four pilot scheme. Factor Four was established to follow a model set-up following research by National Energy Action (NEA) and the New Economics Foundation into providing integrated services for low income customers. The pilot scheme is financially sponsored by npower, Severn Trent Trust Fund and Barclays bank, but ultimately aims to become self-supporting. It has made good progress during the year, now having a full time manager and staff who are being trained to provide energy efficiency advice. The scheme is based in the Kings Heath area of Birmingham and has attracted a number of referrals as well as interest from potential project

partners. Ofgem is supporting the scheme by funding NEA to produce an evaluation.

Removing barriers to innovative metering

Energy Act consultation and update on recent developments

- 2.11. The Energy Act 2004 provides the Authority with the power to extend the range of payments which can be collected through a PPM. The power can only be used after consultation with energywatch, licensees and other interested parties and with the approval of the Secretary of State. Currently, suppliers may only recover sums arising from the provision of the individual fuel to premises currently occupied by the customer, or from the provision of the meter.
- 2.12. In February 2004 Ofgem published a consultation document seeking initial views on the range of payments that might reasonably be recovered through a PPM.⁷ The consultation identified three types of charges that Ofgem felt might potentially be recovered, as follows:
- ◆ debts that had been accrued at a previous address;
 - ◆ debts relating to another fuel; and
 - ◆ charges for energy efficiency goods.
- 2.13. Ofgem will consider the responses received to the initial consultation before it decides on the next steps. There may be opportunities for reducing the cost of supplying PPM customers. The power to extend the range of payments can only be exercised following the making of Regulations.
- 2.14. As part of the same document, Ofgem provided an update on various aspects of the arrangements for prepayment metering, following on from discussions with suppliers during the year. Ofgem and suppliers looked at whether there were barriers to the introduction of more cost effective metering which

⁷ Prepayment meters: Consultation on new powers under the Energy Act 2004 and update on recent developments, February 2005, 32/05
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Ofgem should look to address.

- 2.15. The document outlined Ofgem's strategy, which includes reducing the barriers to PPM customers switching supplier and introducing metering competition to enable suppliers to choose the most cost effective way to provide these services. The document also considered other issues including technology, infrastructure and issues relating to regulation, including price controls.

Electricity Distribution Price Control Review

- 2.16. During the year, Ofgem set new price controls for DNOs for the period 2005 to 2010. For the first time, a separate price control was set for metering, following the introduction of competition in metering.⁸ Metering competition allows suppliers to source meters and metering services from providers other than the host DNO. The metering price control is set to run until 2007 to allow competition to develop.
- 2.17. Ofgem's aim in setting the new metering price control was to make the charges for provision and maintenance clearer and more cost reflective. This should:
- ◆ encourage suppliers to take into account end-to-end costs when deciding on which meter to install,
 - ◆ make a clear comparison of the costs with alternative providers,
 - ◆ lead to suppliers choosing meter technologies that allow them to reduce their charges, and
 - ◆ bring down the costs of PPMs to customers in the long term.

⁸ Distribution Price Control Review – Final Proposals, November 2004, 265/04
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3. Reducing debt and disconnection

Promoting best practice

Debt prevention project

- 3.1. Ofgem and energywatch published guidelines for 'Preventing debt and disconnection' in January 2003.⁹ Following publication, the six major suppliers were asked to devise and implement strategies to apply the best practice outlined by the guidelines.
- 3.2. In late 2004 Ofgem and energywatch commissioned Sohn Associates to undertake an independent review to:
 - ◆ see how suppliers have integrated the guidelines into their company practice,
 - ◆ compare suppliers' performance against one another to highlight best practice,
 - ◆ review the effectiveness of the key indicators in the guidelines,
 - ◆ make recommendations for future monitoring, and
 - ◆ obtain customers views through telephone surveys and focus groups.
- 3.3. The consultants' report was published in March 2005 and is available on the Ofgem website (www.ofgem.gov.uk).
- 3.4. The report found that the guidelines have encouraged suppliers to take a more focused approach to debt prevention and management and that a large number of initiatives have been trialled and implemented.
- 3.5. The report also found there were some areas for improvement. The customer research carried out highlighted communication as a key issue. Whilst

⁹ Preventing Debt and Disconnection, Factsheet, January 2003
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suppliers felt they had strong communication channels in place for their customers, the customers' view was that suppliers did not understand them and were difficult to contact. The report also suggested that the current reporting arrangements did not provide a good basis for assessing progress.

- 3.6. A key topic covered by the review was the treatment of vulnerable customers. All suppliers have implemented the ERA guidelines (see 3.9 below) to prevent the disconnection of vulnerable customers

Next steps

- 3.7. The consultants' report recommended that:
- ◆ suppliers should set targets to measure performance, together with the wider adoption of best practice,
 - ◆ communication with customers should be improved,
 - ◆ suppliers should carry out more customer research, and
 - ◆ suppliers should work together to address issues such as identification of vulnerable customers and communication with social services departments.
- 3.8. Ofgem will set out its next steps on this area of work in the next Social Action Plan which will be published during the second quarter of this year

ERA guidelines on disconnection

- 3.9. Following a challenge from Ofgem, in September 2004 the ERA published a document, 'Protecting vulnerable customers from disconnection.'¹⁰ This provides a commitment on behalf of the major suppliers not to disconnect vulnerable customers. To do this, the report describes the development of an industry-wide safety net procedure and sets out a definition of a 'vulnerable customer' for suppliers to use.

¹⁰ Available via ERA website, www.energy-retail.org.uk
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- 3.10. The arrangements described in the ERA document have been widely adopted by the industry. All suppliers have reviewed their disconnection processes. Included among a range of initiatives have been checklists, re-training for staff and the establishment of special teams to deal with vulnerable customers. Disconnections for debt decreased significantly in 2004, resulting from British Gas temporarily stopping its disconnections, and other suppliers taking a more cautious approach (see Appendix 1). However, issues surrounding the identification and targeting of vulnerable customers remain a challenge. Further work still needs to be done in this area with suppliers working together via the ERA.
- 3.11. These issues were the subject of an inquiry by the House of Commons Trade and Industry Select Committee, which reported in February 2005.

Alternative payment methods for customers on benefits

Fuel Direct seminar

- 3.12. Ofgem has continued to press for improvements in the operation of the Fuel Direct scheme. Under the scheme, Department for Work and Pensions (DWP) deducts sums from claimants' benefits to pay their fuel bills when disconnection has been threatened. In September 2004 Ofgem held a seminar for stakeholders to consider the scheme. This was attended by representatives from DWP, energy suppliers, water companies (who operate Water Direct), consumer groups and the Post Office.
- 3.13. The unanimous view of suppliers and consumer groups at the seminar was that there was an urgent need for more progress in making Fuel Direct accessible to those most in need. Particular concerns were voiced about benefits claimants wrongly excluded from the scheme and its narrow scope (customers are able to enter the scheme only when they have built up debt rather than before the debt is actually incurred). Some participants also argued that the range of benefits covered should be extended. Notwithstanding the welfare to work strategy, there was a strong view that there will always be some individuals who will continue to need help on a long term basis.

3.14. In February 2005, in its report on debt and disconnection, the House of Commons Trade and Industry Select Committee echoed similar concerns to those raised at the seminar. It called for improvements to the scheme, pointing to the potential for automating the system of deductions. Ofgem has discussed the scheme with DWP at Ministerial level. Ofgem intends to continue to work with interested parties on options to improve Fuel Direct or find alternatives.

4. Helping vulnerable customers

Reducing the incidence of self-disconnection through inability to pay

- 4.1. Ofgem has been working with energywatch and suppliers for some time to better understand and reduce the incidence of self disconnection. Further research undertaken during the year confirmed the findings from previous research. There are several reasons why customers self disconnect, of most cause for concern are instances where customers self disconnect due to an inability to pay. The level of self disconnection varies between research findings but most surveys agree that self disconnection through inability to pay is a problem which affects only a small number of customers.

Research

- 4.2. Research published last Autumn undertaken by Energy Action Scotland and funded by Scottish Power,¹¹ focused on PPM customers who might have had fuel debt or payment problems. It found that 46% of customers in the survey already had a PPM installed in their homes when they moved in. It also found that 57% frequently used emergency credit, but of these 14% had regularly self disconnected. The research also found that although customers had been given advice regarding other payment methods, 39% said they would want to change from a PPM if another method was cheaper, and if they were given advice about how to do so. As prepayment is the most expensive payment method, this indicates that the advice given on other payment methods is not necessarily read or understood.

Action taken and policy

- 4.3. During 2004 Ofgem contacted suppliers for an update on their self disconnection policy. The review showed that all suppliers still monitor non-purchase, but nearly all have said that this rarely identifies self disconnection through inability to pay. The monitoring mainly highlights misdirected

¹¹ Self disconnection survey report, Energy Action Scotland, October 2004, available at www.eas.org.uk
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payments, vacant properties, faults with the meter, seasonal demand or theft. Due to this, some suppliers have significantly increased the length of time used to monitor non purchase.

- 4.4. Currently, advice given to PPM customers varies between suppliers. Some suppliers target (or intend to target) all PPM customers with energy efficiency, money and debt advice. One supplier targets PPM customers in debt with energy efficiency advice and a home energy survey, whilst another targets high usage PPM customers with debt advice. One supplier has equalised its electricity PPM tariff to match credit payment and sends PPM customers quarterly, rather than annual, statements.

Next steps

- 4.5. Ofgem welcomes any new initiatives which can help prevent self disconnection due to inability to pay. Ideas which may help all customers as well as this small minority group include:
- ◆ Energy Action Scotland's research suggested the advice given to PPM customers is not as effective as it could be, therefore a review of the style of information given to PPM customers would help. This should include explicit energy efficiency advice and a helpline number,
 - ◆ suppliers could also target PPM customers on a regular basis with money and debt advice,
 - ◆ as a lot of PPM customers live in rented accommodation, more information could be provided to, or through, landlords and social housing providers,
 - ◆ more benefit entitlement checks could also be offered to PPM customers, and
 - ◆ self disconnection levels in relation to a customer's debt repayment level could be monitored and purchasing patterns of PPM customers with debt could be compared with PPM customers without debt.

4.6. Ofgem intends to take these issues further forward with suppliers during 2005.

Improving the uptake and quality of services provided to customers on the Priority Service Register

4.7. In its 2003 report on the services to vulnerable customers,¹² Ofgem found that around three quarters of potentially eligible customers were unaware of the Priority Service Register (PSR). Ofgem called on suppliers to improve promotion of the PSR and commissioned MORI to undertake follow up research in November 2004 to establish whether awareness had increased during the year.¹³ The new research found that:

- ◆ there was no change in the level of awareness, with three-quarters of eligible customers still unaware of the PSR,
- ◆ there was no improvement in the level of awareness of individual services for vulnerable customers, such as password schemes,
- ◆ almost half of the those surveyed were unaware that help and support on energy efficiency was available from suppliers, and
- ◆ less than a fifth of those surveyed had ever taken up offers of help on energy efficiency.

4.8. These are disappointing results which demonstrate that more needs to be done to raise awareness. It is therefore welcome that energywatch has recently launched a campaign, which Ofgem is supporting, to encourage more customers to sign up for the PSR.

Guidance to DNOs

4.9. Ofgem identified in its report last year on the PSR that there was a lack of consistency between DNOs in the way information was held on priority customers and that the quality of data received was often poor. Ofgem

¹² Priority Service Research Project, December 2003, 165/03

¹³ Awareness of services quantitative research – study conducted for Ofgem, MORI, November 2004
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undertook to address these problems by publishing guidance for DNOs and suppliers on the obligations in respect of DNOs' registers. Ofgem published this guidance in May 2004.¹⁴ In parallel with this, the industry agreed to make a change to the Data Transfer Catalogue (which contains the standard forms used by participants in the electricity market to transmit information) to ensure improvements in the quality of information sent from suppliers to DNOs on priority customers. Ofgem welcomes this change to the Data Transfer Catalogue and is optimistic that it and the guidance issued should ensure that data held by DNOs on priority customers is more consistent and of far higher quality than in the past.

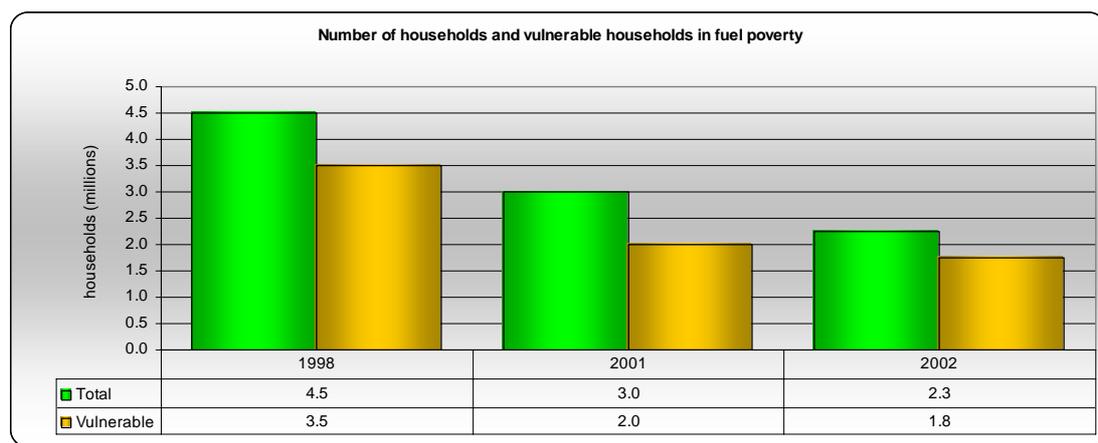
¹⁴ Guidance on inclusion of relevant customers on distribution priority registers, available on Ofgem website
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Appendix 1 Social Action Plan indicators

1.1 The initial Social Action Plan, published in 2000, identified a range of indicators which could be useful in measuring progress with fuel poverty initiatives, whether or not these were under Ofgem's control. The indicators recognised that the plan needed to work in the context of a range of interlocking initiatives, including those led by Government to tackle poverty and social exclusion more generally. The indicators published in this Appendix have been included in Social Action Plan annual reviews since 2001. They are also shown in the Social Action Plan section of the Ofgem website (www.ofgem.gov.uk), along with a range of additional statistics relating to suppliers' performance with their codes of practice. The data used is drawn from a range of sources, including energy suppliers, DTI and independent research data. Ofgem will be reviewing the indicators as part of its work on the new Social Action Plan.

Indicator 1: Total number of households in fuel poverty

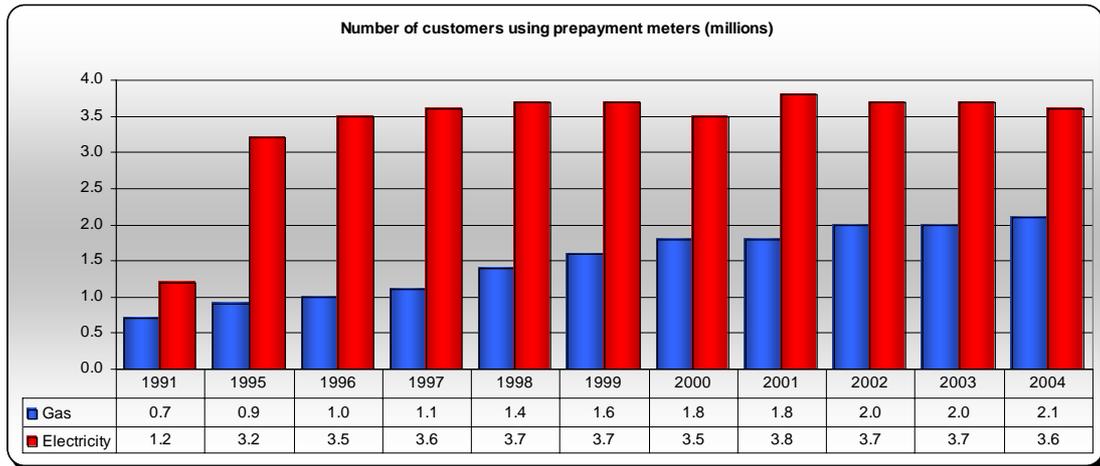
1.2 The chart shows the latest government estimates for the number of households in fuel poverty. A fuel poor household is one which needs to spend more than 10% of its income on household fuel use. Vulnerable households are defined as those including pensioners, disabled, chronically sick and families with young children.



(Source: The UK Fuel Poverty Strategy Annual Progress Report, DTI, March 2004. Figures are UK estimates.)

Indicator 2: Number of customers using prepayment meters

- 1.3 The chart below shows the number of customers paying for their energy through a PPM. The number of customers paying for electricity through a PPM has remained relatively stable for a number of years, but the number of gas customers using this method continues to grow steadily.

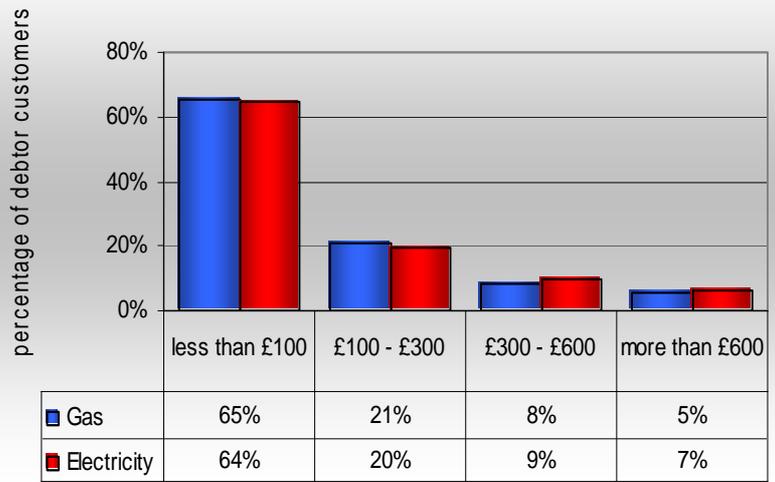


(Source: Ofgem)

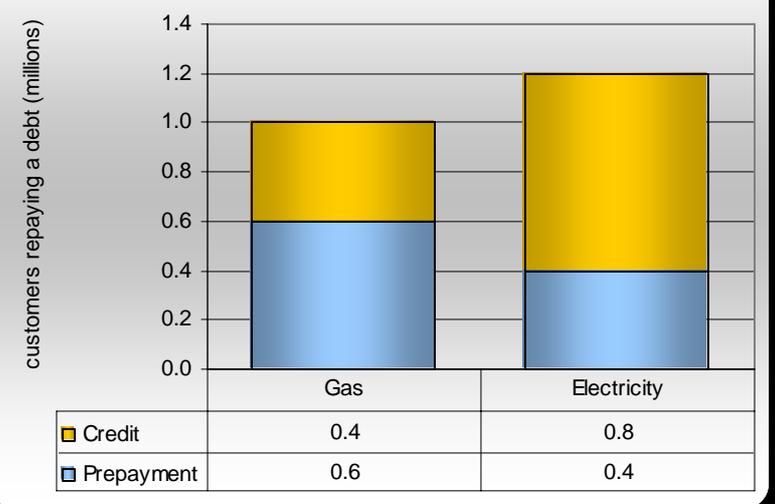
Indicator 3: Debt repayment levels

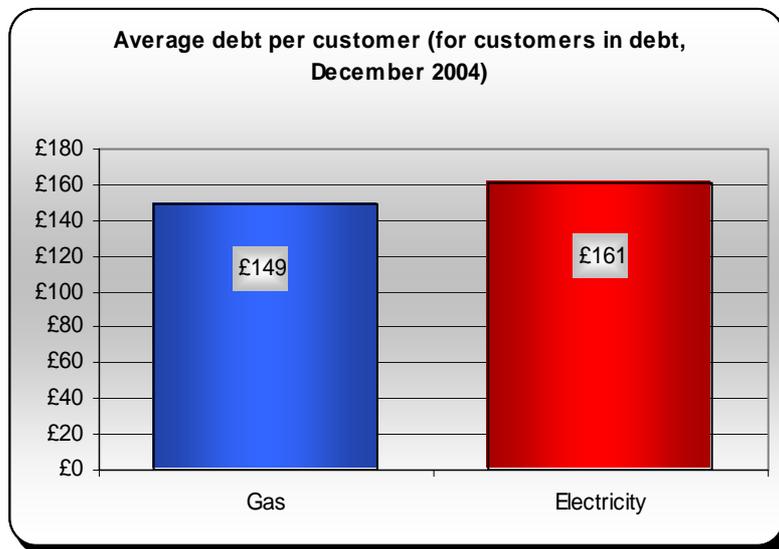
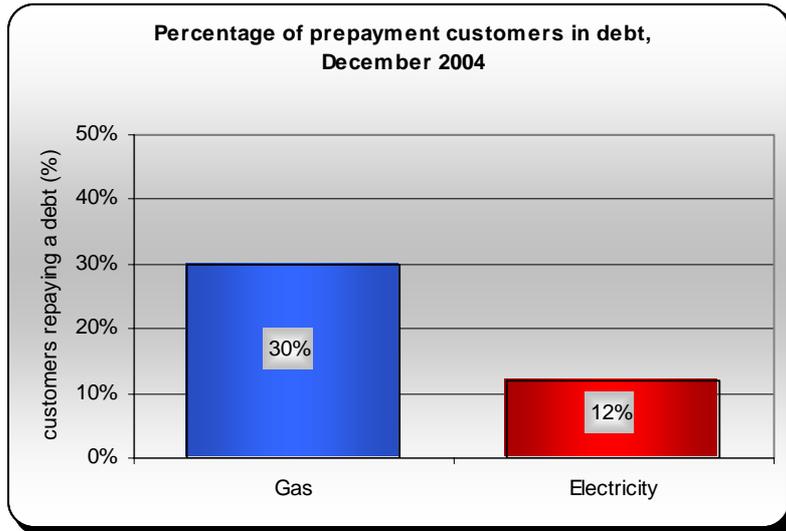
- 1.4 The charts below set out the number of customers repaying debts by size of debts and payment method. The majority of customers are repaying a debt of under £100, however the average debt for gas is £149 and £161 for electricity. The total number of customers in debt has remained broadly similar to last year.

Average amounts owed by customers on a debt payment arrangement, December 2004



Gas and electricity customers repaying a debt by payment method, December 2004

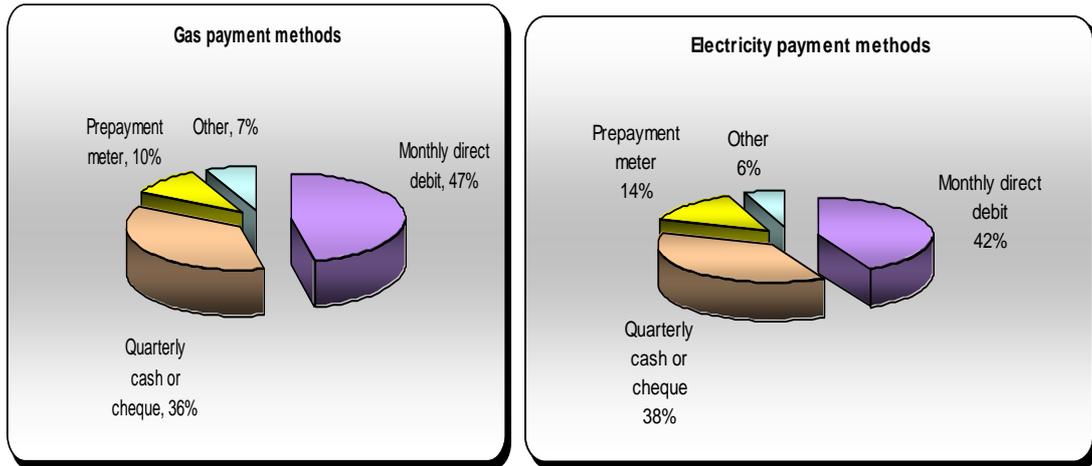




(Source: Ofgem)

Indicator 4: Tariff and payment choice

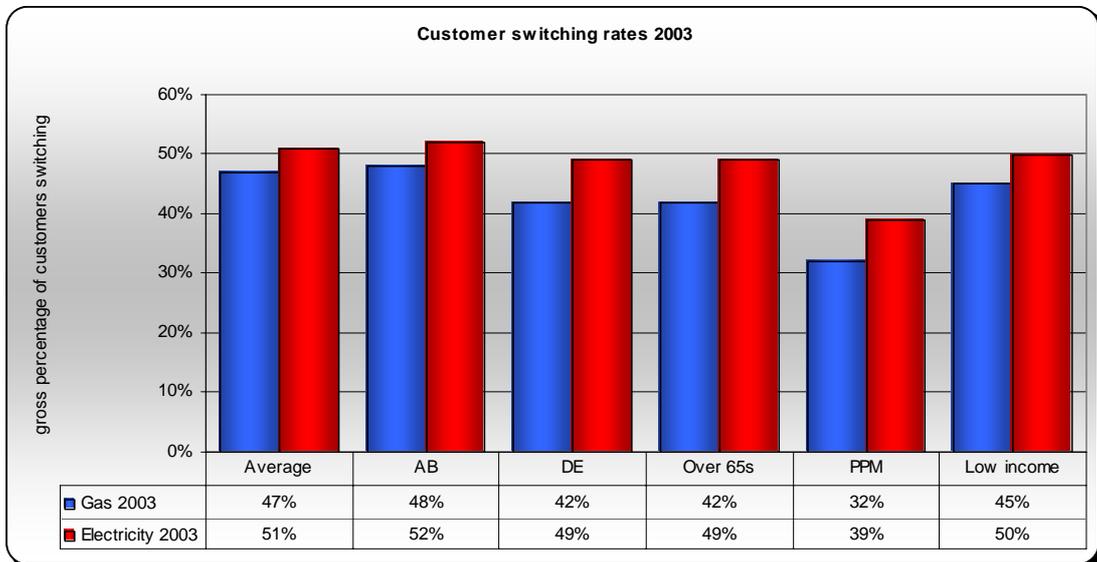
- 1.5 There has been a slow but steady increase in recent years in the number of customers paying by the cheapest payment method, monthly direct debit. Fewer than 10m electricity and 8m gas customers now pay on receipt of the bill.



(Source: Ofgem)

Indicator 5: Switching rates

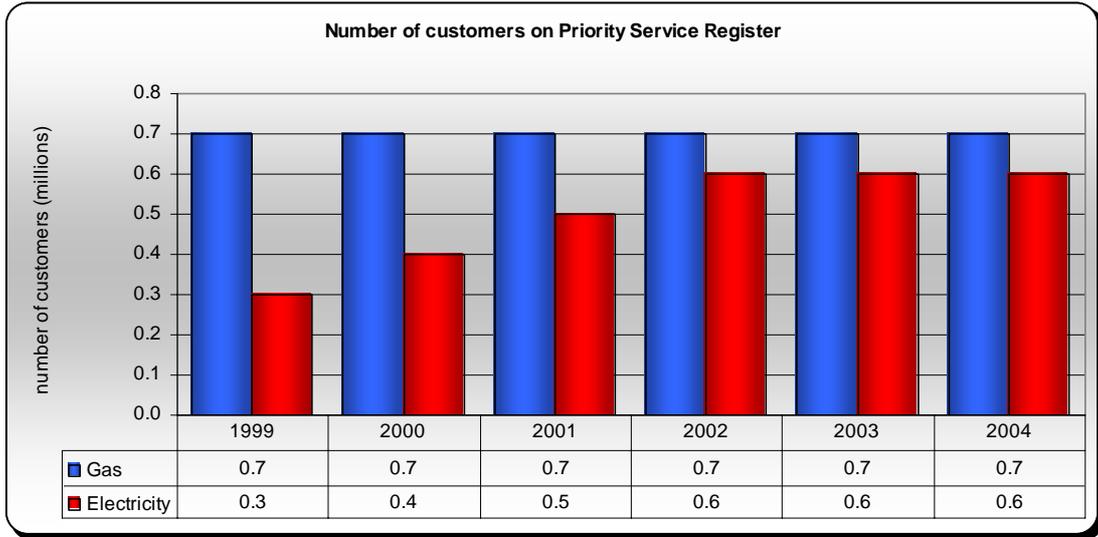
1.6 The gross number of customers switching suppliers is between 47% (gas) and 51% (electricity). This includes customers who have switched a number of times and includes those who may have switched back to their original supplier. Ofgem will publish further research later in the year.



(Source: JD Power)

Indicator 6: Priority Service Register

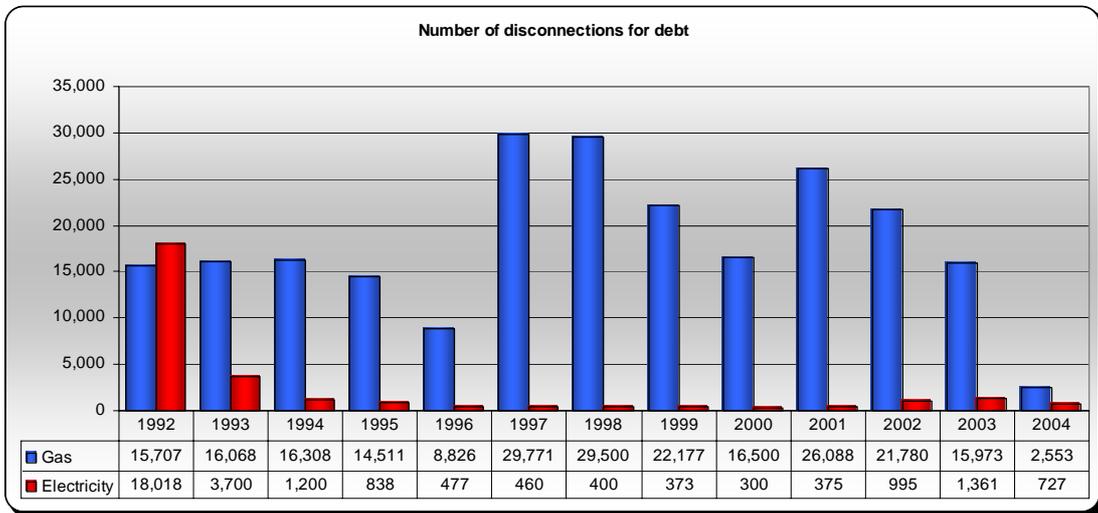
1.7 Research carried out by MORI suggests that around three quarters of eligible customers are unaware of the PSR. Numbers on the PSR have remained steady for three years.



(Source: Ofgem)

Indicator 7: Disconnections

1.8 Disconnections in both fuels decreased significantly in 2004 due to BGT temporarily stopping its disconnections and other suppliers taking a more cautious approach, as part of the ERA safety net for vulnerable customers.



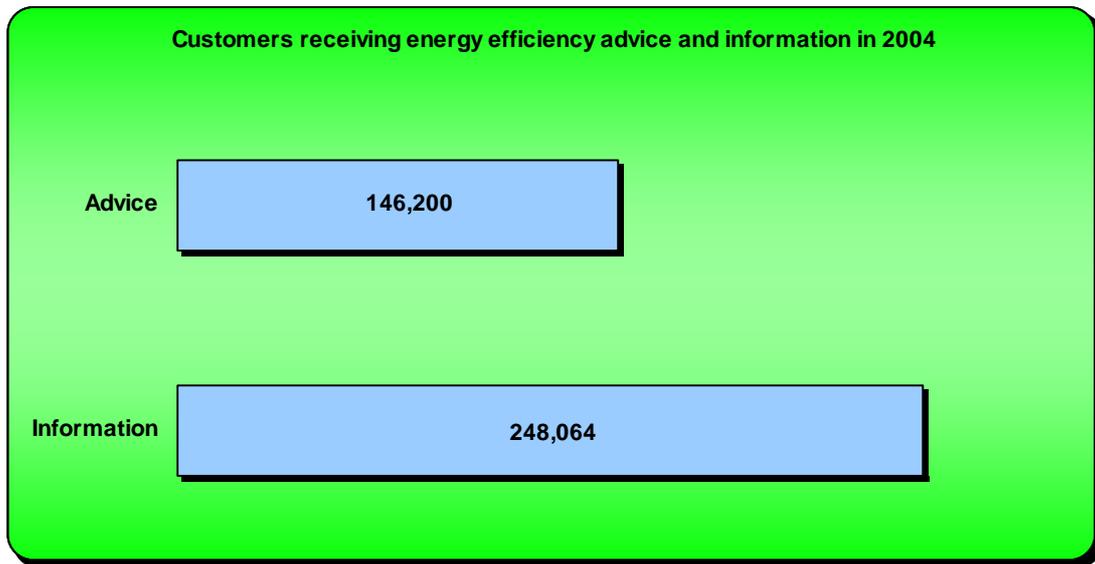
(Source: Ofgem)

Indicator 8: Self-disconnection

1.9 The last extensive study on self disconnection was undertaken during 2000 for the Electricity Association Fuel Poverty Task Force.¹⁵ As referred to in this Review, Energy Action Scotland published a study in 2004 looking at customers who have experienced fuel debt or payment problems. The report showed that 57% of those surveyed regularly used emergency credit, 44% had problems with their PPM and of these 14% had self disconnected from their supply on a regular basis.

Indicator 9: Effective energy efficiency advice

1.10 Around 150,000 customers received advice from their suppliers in 2004, an increase of 34% on last year. Around 250,000 customers received information about energy efficiency over the same period, again showing an increase of 23%.



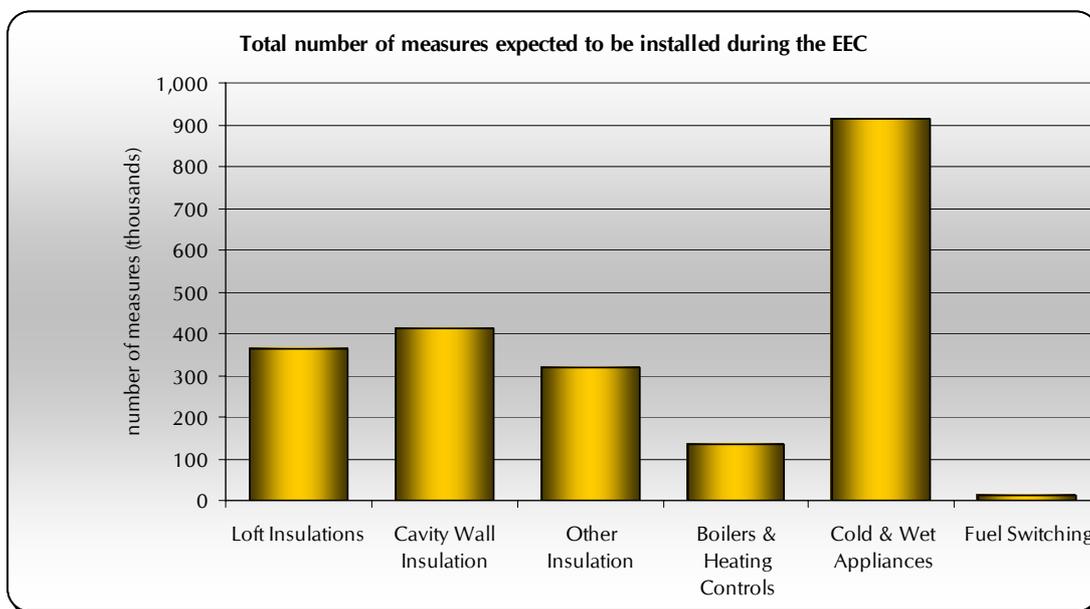
(Source: Ofgem)

Indicator 10: Warm homes initiatives

1.11 The indicative number of measures likely to be installed in or provided to Priority Group households (excluding lighting) under the Energy Efficiency

¹⁵ See Social Action Plan Annual Review 2001, March 2001 (30/01)
Social Action Plan Annual Review 2005
Office of Gas and Electricity Markets

Commitment during the period 2002 – 2005 by cost contribution is set out below, broken down by type of measure.

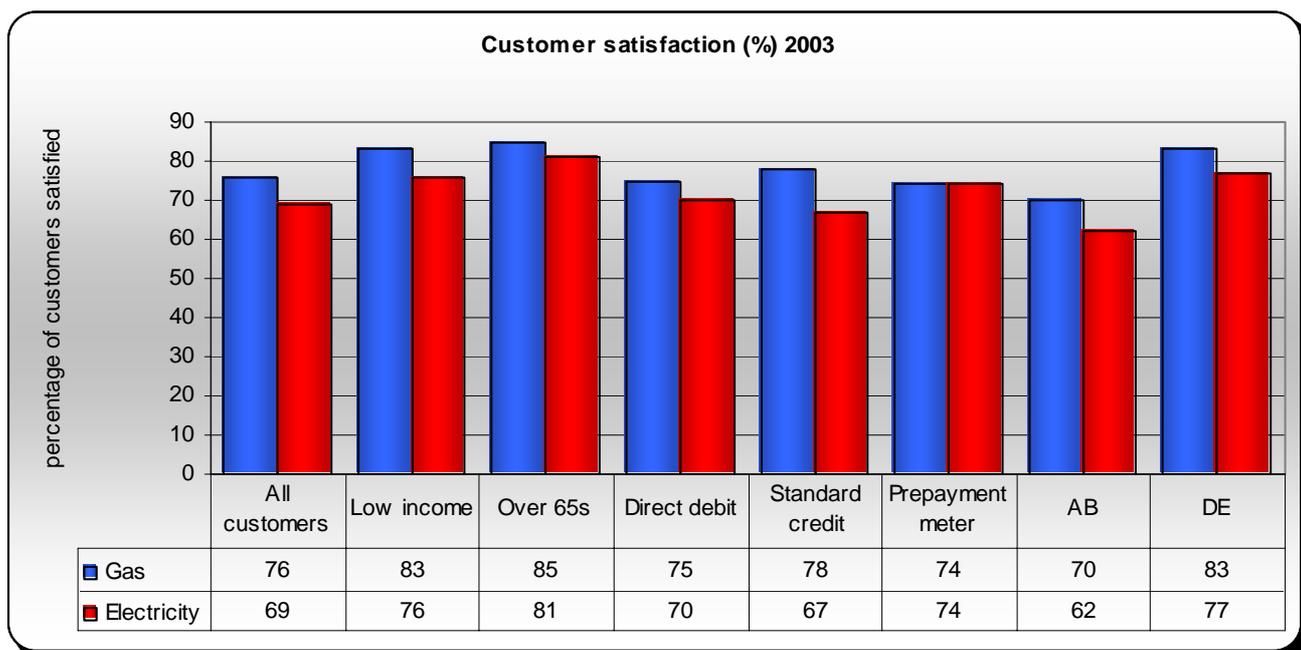


Measure	Number of measures provided at no cost to the consumer	Number of measures provided at a cost to the consumer	Total number of measures expected to be installed during the EEC
Loft insulation	294,100	70,500	364,600
Cavity wall insulation	388,000	23,000	411,000
Other Insulation	287,000	31,000	318,000
Boilers and heating controls	118,160	15,740	133,900
Fuel switching	6,800	5,800	12,600
Cold & wet appliances	0	916,000	916,000

(Source: Ofgem, figures correct at July 2004)

Indicator 11: Customer satisfaction

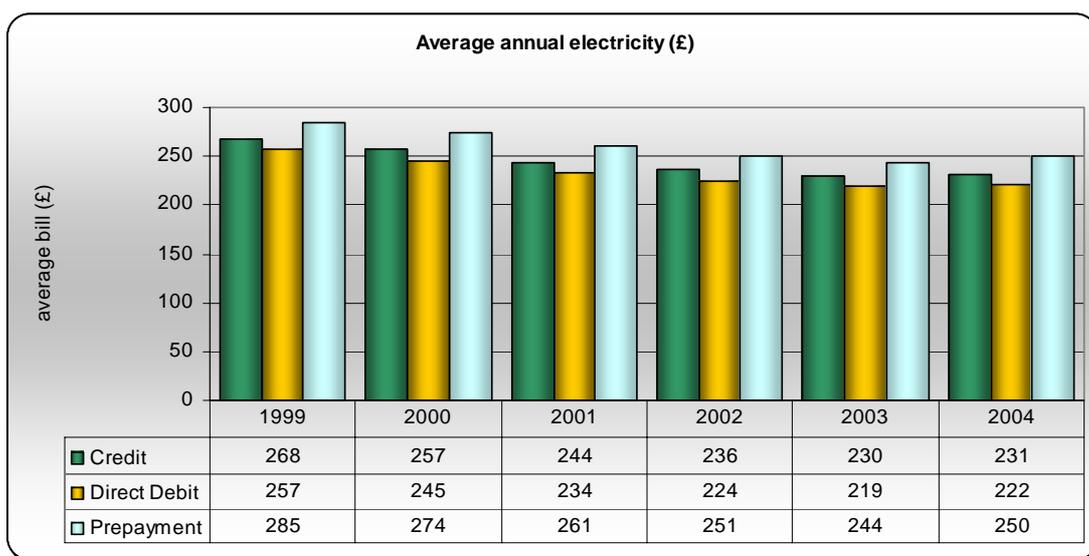
1.12 Ofgem is due to publish further research on customer satisfaction later in the year. The table below shows data from the 2003 survey.

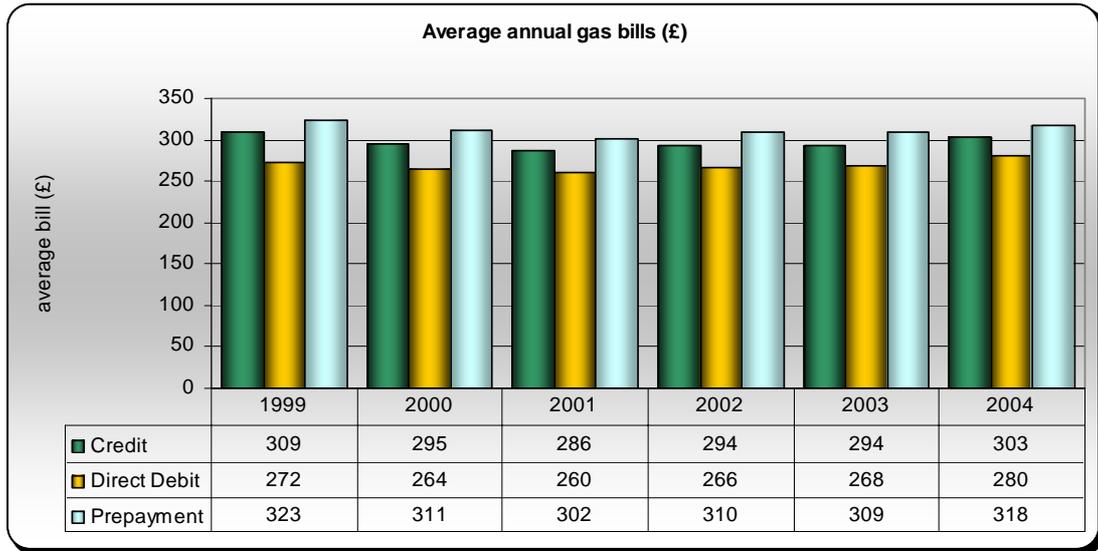


(Source: JD Power)

Indicator 12: Prices

1.13 Prices have now begun to rise in real terms, having fallen since the introduction of competition. The figures used to calculate the tables below do not take full account of price rises made towards the end of 2004. The full impact on bills from the price rises is likely to be felt in 2005.





(Source: DTI Based on a quarterly survey of suppliers and assumes 3,300kWh per annum consumption for electricity customers and 18,000 kWh for gas customers. The figures are calculated in real 2000 terms, using the GDP deflator).