

Monitoring suppliers' social programmes 2007-08

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Target Audience: Gas and electricity suppliers and potential new entrants; consumer groups in particular those representing the fuel poor and those vulnerable to fuel poverty as well as pensioners, the disabled, the chronically sick or people on low incomes and any other interested parties.

Overview:

In the 2008 Budget, the Chancellor announced an increase in suppliers' collective expenditure on their voluntary social programmes. Government requested that Ofgem lead a process to set the parameters for what can be included as part of this spend and the associated reporting arrangements. We published our final decision and guidance document setting this out in July 2008.

This document reports on the range of measures suppliers undertook to assist their vulnerable and fuel poor customers throughout 2007-08, including discounted tariffs, rebates, trust funds and partnership schemes, as well as energy efficiency and joint industry initiatives.

This report confirms the 2007-08 baseline level of expenditure by suppliers of £57m and concludes that no changes are needed to the targets Government has agreed with suppliers. Next year's report for 2008-09 will be the first report showing how suppliers have met their targets for the increased expenditure agreed with Government.

The number of customer accounts benefitting from some form of social tariff increased by 25% over the course of 2007-8 and has doubled again since then, reflecting the increased awareness among customers of the help available.

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Context

In the 2008 Budget, the Chancellor announced an increase in suppliers' collective expenditure on their social programmes.

Government requested that Ofgem lead a process to set the parameters for what can be included by suppliers as part of this spend on social initiatives and the associated reporting arrangements. This report sets the baseline level of expenditure for 2007-08 and reports on suppliers' social initiatives under the revised framework for the first time.

This report is one of the deliverables in Ofgem's Social Action Strategy for 2008-09. Ofgem's Social Action Strategy describes how we seek to meet our social responsibilities and help Government to meet its targets for eradicating fuel poverty.

Associated Documents

- Monitoring suppliers' social initiatives, July 2008, Ref 105/08
http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring_suppliers_10508.pdf
- Review of suppliers' voluntary initiatives to help vulnerable customers, August 2007, Ref 203/07
<http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Review%20of%20suppliers%20voluntary%20initiatives.pdf>
- Ofgem's review of suppliers' voluntary initiatives update, October 2007, Ref 235/07
<http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/CSR%20update%20open%20letter%2023507.pdf>
- Energy Supply Probe Initial Findings Report, October 2008, Ref 140/08
<http://www.ofgem.gov.uk/Markets/RetMkts/ensupro/Documents1/Energy%20Supply%20Probe%20-%20Initial%20Findings%20Report.pdf>
- Social Action Strategy 2008-09 Update, July 2008
<http://www.ofgem.gov.uk/Sustainability/SocAction/Documents1/sapstrategbroa4july07.pdf>

These documents can be requested in hard copy from: distribution@ofgem.gov.uk

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Summary

In the 2008 Budget the Chancellor announced an increase in suppliers' collective expenditure on their voluntary social programmes to at least £150m a year by 2011. This document reports on the range of voluntary measures suppliers undertook to assist their vulnerable and fuel poor customers in 2007-8, before this new agreement came into place. It confirms the 2007-8 baseline level of expenditure by suppliers.

In July 2008 we published guidance setting out the categories of expenditure we would include in reviewing suppliers performance against their social spend, as discussed below. We also introduced a new stricter definition of a social tariff. For the purpose of this report however we have continued to use the previous definition of a social tariff given that is what applied in 2007-8 i.e. being at least equal to the supplier's standard direct debit tariff.

Suppliers' collective expenditure, for 2007-08 totalled **£57.12m**. The vast majority (over 93%) of suppliers' spend on their social programmes is directed at their social tariffs, rebates and trust funds which provide direct assistance to customers in, and vulnerable to, fuel poverty. This baseline level of expenditure is in line with that assumed by Government when agreeing the targets with suppliers and hence no changes need to be made to these targets going forwards.

Across all suppliers, of the £57.12m total spend, **£33.87m is attributable to the contribution from social tariffs¹** or savings to customers from being on a social tariff. This is an increase of 36% from when we last reported in October 2007 when the savings to customers figure was calculated at almost £25m.

This increase is reflected in the number of customers on social tariffs. At the end of March 2008, there were approximately **460,000 customer accounts** benefiting from social tariffs - an increase of 25.5% from 365,000 customer accounts on social tariffs as at 31 August 2007.

Since March, suppliers have seen further increases in the numbers of customers on their social and discounted tariffs. Estimates are that there are **over 800,000 customer accounts** benefiting from a social or discounted tariff at the end of October 2008. This is a significant increase, almost doubling, from March 2008. This is largely attributable to a higher level of awareness amongst consumers following increased promotion by suppliers and others, partly as a result of commitments agreed at Ofgem's fuel poverty summit. Most suppliers expect further increases to the number of customer accounts benefiting from social tariffs for the remainder of the 2008-09 period. In the period, 2007-08, Suppliers contributed a total of £2.32m to other discounted tariffs not meeting the social tariff definition.

In addition to social and other discounted tariffs, suppliers also offer a range of other one-off rebates and discounts to their vulnerable and fuel poor customers. Rebates are typically offered once a year to specific customers or a specific group of customers. Almost 303,000 customers received some form of rebate from their supplier in 2007-08 totalling savings to customers of £7.97m.

¹ Under the previous definition of being at least as good as the supplier's standard direct debit tariff.

Suppliers have also provided over £9m support through trust funds and £3.96m of other assistance (partnership working and cross-industry initiatives aimed at targeting advice and support to those most in need).

In addition to the expenditure which counts towards suppliers' commitments, suppliers also play an important role in helping vulnerable customers through their wider pricing policies and debt management / customer services practices.

The very real difficulties in identifying and targeting the fuel poor are widely recognised. Suppliers have all taken different approaches to how they target and market their schemes in an attempt to devise effective ways to reach their most vulnerable customers. In a situation where there is no simple solution, this innovation and variety of approach is to be welcomed.

Whilst there has been a lot of recent focus and action on the possibility of data sharing between Government and energy suppliers which we welcome, it is encouraging to see suppliers making better use of the quite extensive data they do already have themselves on their own customers' circumstances.

In our July 2008 document Ofgem set stricter qualifying criteria for social tariffs. For a supplier's tariff to qualify as a 'social tariff' it must be at least as good as the lowest tariff offered by that supplier to a customer in that region on an enduring basis. This is regardless of that customer's payment method and includes online tariffs.

Since July 2008, suppliers have been considering the implications of our new definition for their existing social tariffs. Both SSE and Scottish Power have made a number of changes to their social tariffs to ensure that they are consistent with our new guidance. In December 2008, E.ON launched a new tariff, Warm Assist, which is consistent with our new social tariff definition. The other major suppliers are considering their positions.

We will continue to count other discounted tariffs which suppliers offer to vulnerable customers but which do not meet this stricter criteria towards their social spend commitments. However we would not expect these other discounted or reduced tariffs to be marketed or labelled as social tariffs. This stricter definition will ensure that the 'social tariff' label is credible, providing consumers and consumer advisers with assurance and a much simpler message.

Looking ahead, all suppliers have confirmed that they expect to meet the target spend of £2.10 per customer agreed with Government for 2008-9. We will publish a report reviewing this expenditure in 2009.

1. Introduction

1.1. Energy suppliers play an important part in helping fuel poor and vulnerable consumers through their social initiatives, as well as through statutory CERT (Carbon Emissions Reduction Target) obligations. Each of the six major energy suppliers undertakes a wide range of initiatives, including discounted tariffs, as part of their social programmes to assist their most vulnerable and fuel poor customers.

1.2. This report provides a summary of initiatives suppliers undertook as part of their social programmes throughout the 2007-08 period. It is the first time we have reported on suppliers' social programmes under the revised framework which was published in July 2008.

Background

1.3. In June 2007, Ofgem developed a reporting framework to highlight the range of voluntary social initiatives suppliers have in place to help their vulnerable customers. We published a review of these social initiatives in August 2007² which focussed on suppliers' social tariffs, rebates and trust fund arrangements. It was recognised, however, that these initiatives do not fully represent the wide range of help that suppliers provide. We therefore published a subsequent update to this review in October 2007³ which looked at the broader array of initiatives which suppliers undertake to assist their vulnerable customers.

1.4. Subsequent to this, the Chancellor announced in the 2008 Budget, an increase in suppliers' collective expenditure on their social initiatives to at least £150m per year in 2011. Government secured an agreement with suppliers that they would build up to deliver this commitment over the 2008-2011 period resulting in an additional £225m spend over three years. The increase will be split across suppliers based on market share and will be delivered incrementally over the 2008-11 period so that suppliers' collective spend in 2008-9 is £100m; £125m in 2009-10 and £150m in 2010-11.

1.5. The key elements of the agreement reached with suppliers include:

- suppliers' initiatives must be targeted at the fuel poor or those vulnerable to fuel poverty;

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<http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Review%20of%20suppliers%20voluntary%20initiatives.pdf>

3

<http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/CSR%20update%20open%20letter%2023507.pdf>

- suppliers' contributions need not be in the form of social tariffs or rebates but can also include energy efficiency measures and other programmes. Government actively encourages suppliers to innovate and compete in this area;
- should suppliers continue initiatives previously outlined in Ofgem's reports, it would be a reasonable presumption that these would be counted towards suppliers' contributions going forward; and
- should existing supplier initiatives be included in the revised framework (where they were not counted previously) this would increase the baseline and the targets accordingly.

1.6. Government asked Ofgem to lead a process to set the parameters for what can be included as part of this spend and the associated reporting arrangements. We consulted widely on our proposals and in July 2008 published our guidance⁴ on the types of measures that would be counted towards suppliers' social spend targets agreed with Government. It also set out the framework against which we will calculate, monitor and report suppliers' progress towards these commitments.

1.7. The reporting framework encompasses a wide range of initiatives and measures as eligible to be counted towards suppliers' spend commitments. This enables suppliers to innovate and compete in this area and also promotes a more holistic approach to tackling fuel poverty. The guidelines provide suppliers with flexibility in how they structure their own social programmes, so as not to deter those suppliers who prefer to offer a smaller amount of support to a much wider group of fuel poor customers (a 'breadth' approach) rather than offering fewer customers a greater level of assistance (a 'depth' approach).

1.8. In carrying out this review, given the context of the suppliers' commitment, we sought more detailed information on certain spend categories than we did for the 2007 review. As a result, and in order to ensure consistency of approach between suppliers, we have in some instances excluded expenditure on particular programmes which were included in the 2007 report. Equally, faced with clearer guidance on what would be included, some suppliers have included programmes that were not reported in 2007.

Next Steps

1.9. This report provides the baseline for assessing suppliers' performance against the commitment given to the Government in March this year. On the basis of this report no changes need to be made to the targets that suppliers have committed to. 2008-9 is the first year of the commitment and we expect to produce our report reviewing suppliers' performance against that commitment in late summer 2009.

⁴ Monitoring suppliers' social initiatives, July 2008, Ref 105/08

Monitoring and reporting framework

1.10. Under this monitoring and reporting framework, we have included suppliers' contributions to social and discounted tariffs; rebates and other discounts; trust funds and partnership initiatives. Also included is spend on energy efficiency measures (where these are additional to suppliers' existing statutory obligations under CERT), benefit entitlement checks (BECs), and joint industry initiatives, such as the Home Heat Helpline and the 2007-08 Winter Initiative mail-out. The report provides a summary of suppliers' expenditure in each of these categories and also on a per customer account basis. It also includes a number of examples of best practice regarding the efficacy of suppliers' initiatives or in how they have been effectively targeted at the fuel poor and those most in need of assistance.

1.11. This report is based on information submitted by suppliers, in accordance with our guidance, which has been reviewed and agreed as accurate by the Chief Executive of each of the suppliers' main UK Businesses.⁵

1.12. The report includes analysis undertaken by Ofgem on the relative value of suppliers' social and discounted tariffs when compared to their other tariffs and those available in the market more widely. This report also considers suppliers' overall pricing strategies and the contribution that this can make to alleviating fuel poverty, particularly given the difficulties in identifying the fuel poor.

1.13. Finally this report considers the other assistance available to customers which is not eligible for inclusion towards suppliers' social spend commitments. In particular, the help available for customers who pay for their energy using prepayment meters.

1.14. It should be noted that all references to "suppliers" and "all suppliers" refer to the six major energy suppliers in Great Britain i.e. British Gas, EDF Energy, E.ON (formerly Powergen), npower, ScottishPower and SSE.

⁵ SSE and npower have confirmed the accuracy of the figures we have used but continue to argue that other categories of expenditure which are noted in this report should have been included as part of their spend.

2. Social and discounted tariffs

Chapter Summary

In 2007-8 we saw a 36% increase in suppliers' spend on what was defined then as a social tariff. This marked upward trend has continued with around 800,000 customer accounts benefitting from a social or discounted tariff at October 2008. We have now tightened the definition of a social tariff to ensure that it reflects the lowest tariff available from that supplier in that region and three suppliers have since revised their social tariffs to bring them in line with this new definition which we will use in reporting on 2008-09. However we will continue to count expenditure on other discounts towards the suppliers' commitment recognising that some may prefer to offer small amounts of help to a broader number of customers. Following the Fuel Poverty Summit suppliers have improved the transparency of their offering which has contributed to the significant uptake. While it is not counted towards the commitments we continue to recognise the importance of competitive base tariffs, as offered by SSE, in helping those in fuel poverty.

Through our work on the Retail Supply Probe we have been looking at the wider issues of payment differentials. Broad programmes of PPM tariff equalisation do not count towards suppliers' commitments as they are not sufficiently targeted. Targeting of social tariffs is a very difficult issue and we are pleased to see suppliers making creative use of the information they have at their disposal to effectively target their offerings.

Introduction

2.1. In December 2004, Ofgem published guidance making clear that there were no regulatory or legal barriers to suppliers offering social tariffs⁶. Since then suppliers have developed a range of social and discounted tariff offerings which differ in approach in terms of the level of discount provided, who is eligible and how the schemes are promoted.

2.2. Throughout 2007-08, all but one supplier offered some form of social tariff. For the purposes of this report, we have included social tariffs where they are at least as good as the supplier's standard direct debit tariff. This was the definition under our previous reporting framework that was in place during the period covered by this report. As part of our revised guidance, which we published in July 2008, we specified stricter qualifying criteria for social tariffs which will be used in our reporting going forwards. This issue is discussed in more detail towards the end of this chapter.

⁶ Supplying low income and vulnerable customer groups, December 2004, Ref 272/04
<http://www.ofgem.gov.uk/Markets/RetMkts/Compet/Documents1/9008-27204.pdf>

2.3. The main social tariffs provided by suppliers in 2007-08 were offered to eligible customers regardless of their payment method and took the form of either:

- a discount off eligible customers' tariffs so that it was at least as good as the supplier's standard Direct Debit tariff;
- a tariff which is equivalent to a supplier's Direct Debit tariff;
- a tariff which is equivalent to a supplier's lowest tariff; or
- a fixed bill tariff for one year regardless of consumption in that year⁷.

Suppliers' contributions from social tariffs

2.4. Table 1 provides a summary of suppliers' social tariffs in 2007-08. It sets out the tariff name, the detail of the tariff offer, the number of customer accounts on the tariff at 31 March 2008, the average consumption of customers on the social tariff, the total savings to customers from being on the social tariff and the average saving per customer.

2.5. In calculating the savings to customers from being on the social tariff, we have used actual data from suppliers on the average actual consumption of customers on these tariffs and the split across different payment methods. We have also used monthly data on the number of customers on social tariffs as well as monthly price information to more accurately reflect price changes and the increases in the customer numbers on social tariffs to improve the accuracy of this analysis. Appendix 2 provides further detail on the methodology used in calculating these savings.

2.6. How these social tariffs compare with other tariffs offered by each supplier and those available in the market more widely is also considered further below (see Table 2).

E.ON's Social StayWarm tariff

2.7. E.ON's Social StayWarm tariff is difficult to compare with other suppliers' discounted tariffs in the same way because of its complex pricing structure. The StayWarm tariff offers customers a fixed price for their energy for a year based on where they live, the number of bedrooms and occupancy of the property. For customers on the Social StayWarm tariff, included in this report, customers on benefits or with special medical needs are offered the standard StayWarm price matrix despite their high energy usage. This provides these elderly and vulnerable customers with the peace of mind to be able to heat their homes to an adequate level of warmth without incurring higher bills.

⁷ For example, E.ON's Social StayWarm tariff which offers eligible customers (those on certain benefits or with certain medical needs and who have high consumption levels) a fixed bill for the year based on a low usage rate regardless of their actual consumption. As we are unable to compare this tariff fully there may be instances where this is not as good as a supplier's direct debit tariff.

2.8. Given the price structure of this tariff, we are not able to undertake the same analysis to calculate E.ON's contribution from this tariff. The figures reported are provided by E.ON. E.ON has, however, provided us both with data from a sample of its Social StayWarm customers and the methodology used to calculate the savings to these customers. We are therefore satisfied with the integrity of their figures.

2.9. Because the Social StayWarm tariff offers a fixed price regardless of consumption it may, to some extent, result in customers using more energy. Therefore comparing savings against E.ON's standard tariff (at the same consumption level) may overestimate the savings these customers are actually achieving. In calculating its contribution, E.ON has removed any outliers from their analysis and been conservative in their assumptions. In particular E.ON has assumed that all of the Social StayWarm customers pay by direct debit whilst acknowledging that some (around 27%) pay by standard credit (cash, cheque etc). This will therefore underestimate the savings some customers achieve. We are therefore confident that the savings to customers reported by E.ON, and therefore its contribution for the Social StayWarm tariff, are robust.

Table 1: Social tariffs: savings and costs (excluding Direct Debit) as at March 2008

Supplier	Tariff name	Tariff offer	Customer accounts on tariff at 31 March 2008	Actual average consumption (kWh)	Total savings to customers	Average saving per customer
British Gas⁸	Essentials (Electricity)	Equalises to Direct Debit tariff	113,584	3,976 / 4,215	£4.38m	£39
	Essentials (Gas)		200,845	19,476 / 14,429	£13.20m	£66
	Total		314,429		£17.59m	
EDF Energy	Energy Assist (Electricity)	15% discount off tariff	46,130	4,123	£2.95m	£64
	Energy Assist (Gas)		15,742	20,000	£1.30m	£82
	Total		61,872		£4.25m	
E.ON⁹	Social StayWarm (Electricity)	Fixed annual price regardless of consumption levels	26,833			
	Social StayWarm (Gas)		25,495			
	Total		52,328		£10.5m	£201
npower	First Step (Electricity)	Equalises to lowest tariff	2,108	7,000	£0.18m	£83
	First Step (Gas)		1,398	22,000	£0.06m	£40
	Total		3,506		£0.23m	
Scottish Power	Social tariff launched on 1 April 2008					
SSE	EnergyPlus Care (Electricity)	20% discount off tariff	15,282	4,037	£0.73m	£48
	EnergyPlus Care (Gas)		11,077	18,352	£0.57m	£52
	Total		26,359		£1.30m	
Total	Electricity		203,937			
	Gas		254,557			
	Total		458,494		£33.87m	

⁸ British Gas provided separate average annual consumption data for their Essentials customers who use prepayment meters.

⁹ E.ON did not provide average actual consumption data for Social StayWarm customers. The savings figures reported have been provided by E.ON. See paragraphs 2.7-2.9 for more detail.

2.10. Across all suppliers, the collective contribution from social tariffs, or the savings to customers from being on social tariffs, totals **£33.87m** (on the old definition of a social tariff). This is an increase of 36% from when we last reported in October when the savings to customers from social tariffs was calculated at almost £25m.

2.11. At the end of March 2008, there were approximately **460,000 customer accounts** benefiting from these social tariffs. This has also increased since our last report, up 25.5% from 365,000 customer accounts on social tariffs as at 31 August 2007.

2.12. Since March, suppliers have seen further increases in the numbers of customers on their social and discounted tariffs. Current estimates indicate that there are **over 800,000 customer accounts** benefiting from a social or discounted tariff at the end of October 2008. This is a significant increase, almost doubling, from the position at the end of March 2008. Most suppliers expect further increases to the number of customer accounts benefiting from social tariffs for the remainder of the 2008-09 period. We will report on this more fully as part of the 2008-09 review of suppliers' social spend commitments next year. But this serves to highlight the significant and growing contribution that suppliers are making to support vulnerable and fuel poor households through their social and discounted tariffs.

2.13. At the fuel poverty summit hosted by Ofgem in April there was a strong focus on suppliers improving the transparency of their social offerings and working with third parties to identify and target those most in need. Further details are set out at para 2.23, below. In addition an Energy Best Deal campaign was launched with Citizens Advice Bureaux (CAB) and suppliers agreed a pilot project involving eaga to provide referrals for tariff advice. These initiatives, together with wider government communications, will have contributed to consumers being more confident about the legitimacy of suppliers' social tariffs and hence encouraged their take-up.

Recent developments

Definition of a social tariff

2.14. As part of the process of carrying out our role to set the guidance and framework for monitoring and reporting on suppliers' social spend commitments in July 2008, we specified stricter qualifying criteria for the definition of a social tariff. Previously for a supplier's tariff to qualify as a 'social tariff' it had to be at least as good as the supplier's standard direct debit tariff. Under the new definition a 'social tariff' must be at least as good as the lowest tariff offered by that supplier to a customer in that region on an enduring basis. This is regardless of that customer's payment method and includes online tariffs.

2.15. Under this approach, should a customer be eligible for, and move onto their supplier's social tariff that customer can be confident that they would not be able to obtain a better tariff with their existing supplier. For some customers, there may still be better deals available from shopping around and switching to other suppliers. However, in the vast majority of cases to make any further substantial savings these customers would have to switch to another supplier's online tariff, which may not be accessible to many fuel poor and vulnerable customers. We encourage customers to shop around where possible and consumer advisers to continue to make customers aware of the range of tariff and payment options available. As part of the remedies emerging from our markets supply probe we are working to make the market more accessible to consumers.

2.16. The approach outlined above continues to allow suppliers flexibility in how they structure their social tariffs, provided these tariffs meet the new criteria. We will also continue to include other discounted tariffs not meeting this stricter criteria but which suppliers offer to fuel poor customers, in calculating suppliers' social spend commitments. This ensures that we do not deter those suppliers who prefer to offer a smaller level of discount to a much wider group of vulnerable customers, from doing so (a 'breadth' versus 'depth' approach). These other discounted tariffs in future however will not be reported under the 'social tariffs' category but will be included in the 'rebates and other discounts' category. We have also made it clear that we would not expect suppliers to market or label other discounted or reduced tariffs as 'social tariffs' unless they are consistent with the new guidance and eligibility criteria we have specified.

2.17. This stricter definition will set a much clearer standard and ensure that the 'social tariff' label is credible, providing consumers with assurance and a much simpler message. It will also give consumer advisers greater confidence in recommending social tariffs, especially to those customers who are unable to switch, or who choose not to do so either because of debt or other vulnerability. Advisers can now be confident that customers on a social tariff will be on the best tariff that their existing supplier can offer them and will no longer need to worry about advising the customer on complex choices around payment method. The need for this clarity was an important message arising from our Fuel Poverty Summit where we discussed the scope for a wider range of front line advisers to help in identifying and targeting support to those in, or at risk of, fuel poverty.

2.18. Since July, suppliers have been considering the implications of our new definition for their existing social tariffs. Both SSE and ScottishPower have made a number of changes to their social tariffs to ensure that they are consistent with our new guidance. In December 2008, E.ON launched a new tariff, Warm Assist, which is consistent with our new social tariff definition. Npower is also currently reviewing its Spreading Warmth tariff with the intention of complying with the new definition. All of these initiatives are welcome. In our reporting on suppliers' social spend agreement for 2008-9, we will highlight where suppliers' discounted tariffs are consistent with our revised social tariff definition.

2.19. Suppliers are free to decide which of their customer groups should be eligible for their social tariff. Debate continues as to whether Government should specify eligibility criteria for social tariffs and whether Government should mandate social tariffs.

Improving transparency and information on suppliers' social tariffs

2.20. The Fuel Poverty Action Programme¹⁰ that followed Ofgem's Fuel Poverty Summit in April sets out a number of commitments agreed between suppliers and consumer advice agencies to provide better information and advice on switching, social tariffs and other help that is available.

2.21. One of the commitments agreed at the Summit was for suppliers to provide greater visibility of their social offerings. In particular, to facilitate the role of advice organisations, switching sites and other intermediaries in making information available to their clients about suppliers' social tariffs and other assistance, suppliers agreed to update their websites to include clear information about their social tariffs and wider social programmes.

2.22. Ofgem sought advice from consumer organisations as to the sort of information that suppliers should include on their websites. We then set out the following guidance to suppliers on the key information that we would expect them to include on their website and that they should ensure this information is readily accessible and in plain and intelligible language:

- Name of the social tariff (consistent with our revised definition) and detail of the tariff offer. Where possible to also include an indication of the potential savings to customers from being on the tariff;
- Any qualification or eligibility criteria for the social tariff;
- Name of any other discounted tariffs offered, the detail of these offers and any eligibility criteria;
- Any time limitations or review process for these tariffs;
- Where there is a cap on the number of customers these tariffs or initiatives are available to, suppliers should only include the details for those that are still available;
- Details as to how customers can access the tariff, including any application process details/forms and the necessary contact details;
- A link to, or details of, the supplier's Priority Services Register on the same web page as their social programmes;
- Any partnerships or links with other third party agencies/intermediaries for further advice and assistance (including links to these other websites or contact details where appropriate);
- Details on other social initiatives such as trust funds, rebates, energy efficiency schemes, benefit entitlement checks etc (including their purpose, eligibility criteria, application process, relevant contact details etc)

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<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Fuel%20Poverty%20Summit%20Action%20Programme.pdf>

- Any details on the assistance available to people whose first language is not English that will enable them to understand this information.

2.23. All suppliers have now updated their websites to include relevant information about their social tariffs and programmes. We have included a summary of suppliers' website links in Appendix 1 where this information can be accessed.

Comparisons between social tariffs and other market tariffs

2.24. For a consumer or consumer adviser the critical question in considering a social tariff is how the tariff compares with other tariffs that may be available either from the customer's own supplier or more widely in the market. Given the range of tariffs available it is important that customers can be confident that if they go onto a supplier's social tariff they are getting the best deal available. As highlighted above, Ofgem's revised definition for a social tariff sets a much clearer standard in this area.

2.25. Table 2 below illustrates the potential savings available to customers on a social tariff compared with both the best tariff available from their own supplier and the best tariff available in the market from any supplier, throughout 2007-08, ahead of the new definition coming into effect.

2.26. The ranges represent the lowest to highest standard average bill across direct debit, standard credit and PPM payment methods, for 2007-08, and the comparisons are made between these average standard annual bills, available social tariffs provided by each supplier and the best tariff on the open market. The calculations include online tariffs where possible, but do not include dual fuel discounts.

2.27. Online tariffs require access to the internet and may require customers to sign-up and/or undertake all their transactions online. This provides the supplier with additional cost savings but may not be suitable for all customers. In looking at best tariffs we have not included fixed rate deals as the attractiveness of these may vary over time and there is often a limited window within which to apply. However in some cases these may provide more attractive options for certain customers.

Table 2: Average savings to customers on the social tariff in comparison to the best offer available with that supplier or in the market (April 2007 - March 2008)

Supplier	Tariff name	Average Annual Bill	Savings over supplier's best offer	Savings over best market offer (all suppliers)
British Gas	Essentials (Electricity)	344	(-59)	(-59)
	Essentials (Gas)	511	(-9)	(-51)
EDF Energy	Energy Assist (Electricity)	301-309	46-55	(-16)-(-25)
	Energy Assist (Gas)	498-522	67-91	(-38)-(-62)
E.ON	StayWarm (N/A for this analysis)			
npower	First Step ¹¹ (Electricity)	298-319	7-28	(-13)-(-34)
	First Step (Gas)	475-496	17-38	(-16)-(-37)
Scottish Power	Social tariff launched 1 April 2008			
SSE	EnergyPlus Care (Electricity)	270-285	36-50	0-15
	EnergyPlus Care (Gas)	404-463	32-56	32-56

Note: Negative figures are presented in brackets and illustrate the average cost disadvantage of the social tariff over the best offer from the same supplier and best market offer. It should also be reiterated that Tables 1 and 2 represent historical tariff information covering the reporting period between 1 April 2007 and 31 March 2008. Information on suppliers' current social tariffs and other initiatives is at Appendix 1.

2.28. The table shows that in 2007-08, three suppliers offered a social tariff that was at least as good as their own best open market tariff.¹² Thus for those customers who were unable, or who chose not, to switch supplier the social tariff would have represented a relative saving.

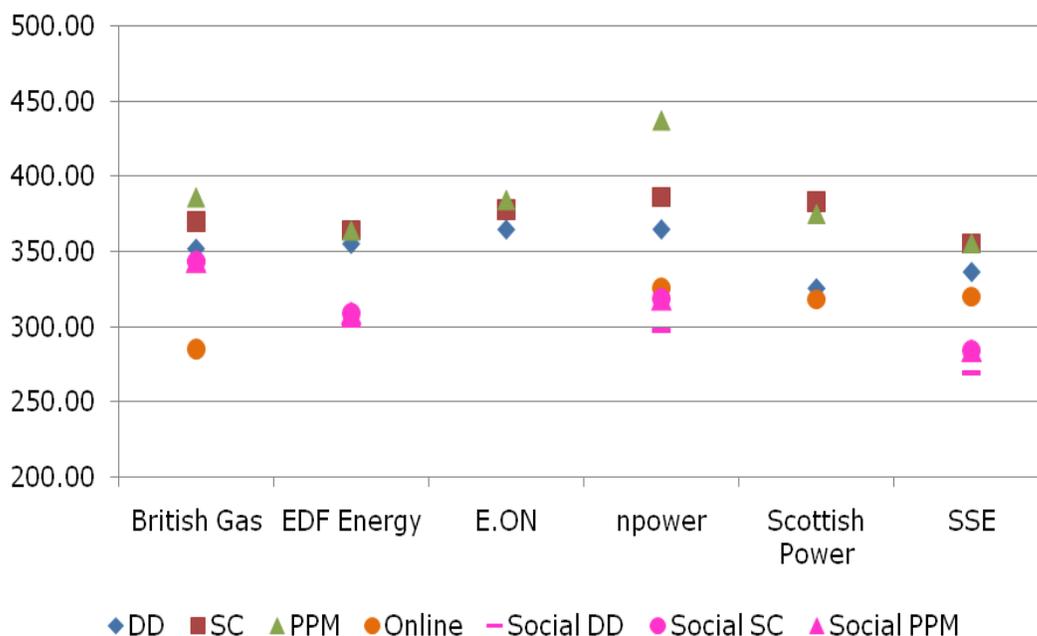
11 Npower's First Step Tariff for both gas and electricity is a legacy tariff which is no longer available to new customers.

12 These tariffs would not necessarily meet Ofgem's revised definition as the social tariff typically varied by payment method.

2.29. However, in some cases, for customers on a social tariff who were able to switch suppliers there were potentially greater savings to be made by doing so. This saving would have been greater where the customer was also able to access direct debit rates or online tariffs.

2.30. Further details are provided on suppliers' 2007-08 average annual tariffs, by payment method, in charts 1 and 2 below for electricity and gas, respectively. These charts compare the different tariffs offered by suppliers across payment methods and highlight where prepayment tariffs were aligned by a supplier in 2007-8. The charts also show that for each supplier, as noted above, the social tariff was at least equal to its direct debit rate.

Chart 1: Comparison of average annual electricity bills for customers on social, direct debit, standard credit, PPM and online tariffs (April 2007 - March 2008)



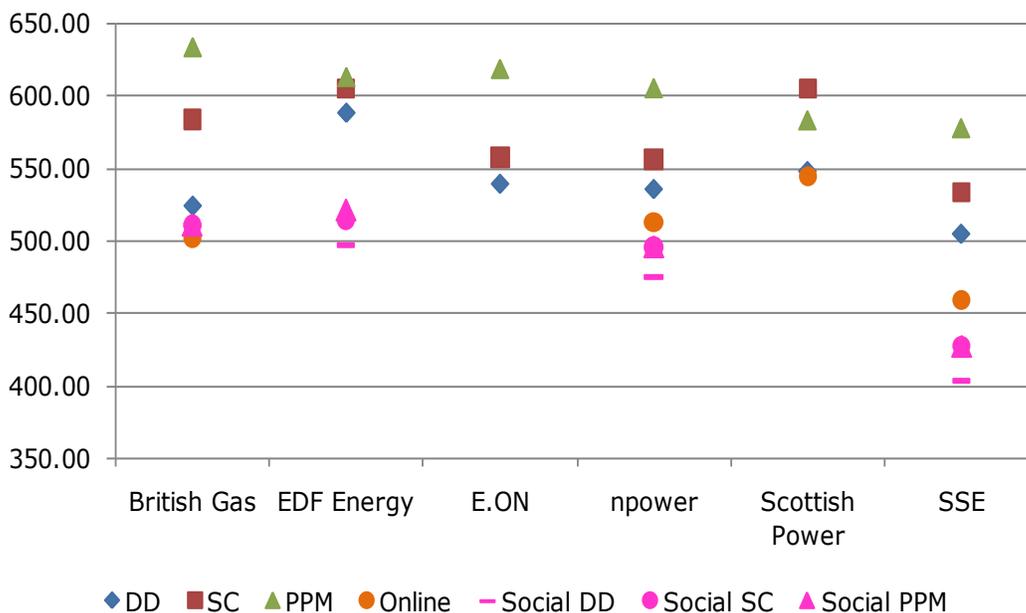
Notes:

- Annual bills have been calculated based on a consumption level of 3,300 kWh and are averaged across all regions and the year.
- EDF Energy did not have an online tariff.
- Because of the structure of E.ON's Social StayWarm tariff it is not possible to compare it in this analysis.
- ScottishPower launched its social tariff on 1 April 2008.
- BGT, SSE and npower, each committed to freezing their social tariffs – BGT for Feb and March 08, npower and SSE throughout the period until April 08.

2.31. The above chart shows that throughout 2007-08 in electricity:

- A number of suppliers had aligned their PPM and standard credit rates. Scottish Power has actually set its PPM rate below its standard credit rate. However, npower had a very significant differential between its PPM and other rates;
- SSE and Scottish Power had direct debit tariffs that were below British Gas' social tariff showing that, as noted above, for some customers the savings to be achieved from switching supplier may be greater than that were available from their supplier's social tariff.

Chart 2: Comparison of average annual gas bills in 2007-08 for customers on social, direct debit, standard credit, PPM and online tariffs (April 2007 - March 2008)



Notes:

- Annual bills have been calculated based on a consumption level of 20,500 kWh and are averaged across all regions and the year.
- EDF Energy and E.ON did not have an online gas tariff.
- Because of the structure of E.ON's Social StayWarm tariff it is not possible to compare it in this analysis.
- ScottishPower launched its social tariff on 1 April 2008.
- BGT, SSE and npower, each committed to freezing their social tariffs – BGT for Feb and March 08, npower and SSE throughout the period until April 08.

2.32. The above chart shows that throughout 2007-08 in gas:

- The PPM differential was typically wider in gas than for electricity. However, EDF Energy had a relatively narrow differential and Scottish Power again had set their PPM rate below their standard credit rate;
- For all suppliers excluding BGT, their lowest tariff was their social tariff which shows that eligible customers can make savings by switching to their current supplier's social tariff.
- Alternatively, benefits can also sometimes be gained from switching supplier - SSE's direct debit tariff was below British Gas' social tariff.

Suppliers' general pricing strategies

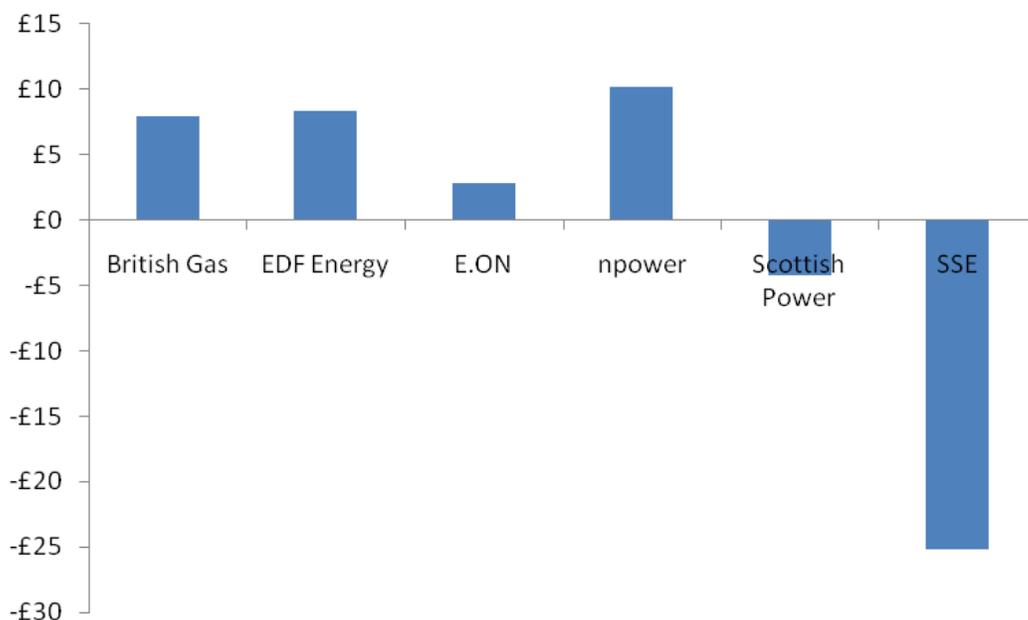
2.33. In our previous reporting on suppliers' social initiatives, we have aimed to capture the benefits to vulnerable and fuel poor customers of suppliers' more general pricing strategies. For example, where a supplier adopts a particularly competitive pricing strategy, this will benefit all of its customers, including those who are fuel poor and vulnerable and hard to reach and who have not been otherwise identified for assistance.

2.34. We have undertaken some analysis to evaluate the value to fuel poor customers of suppliers' pricing strategies. This updates the analysis we included in our October 2007 letter. In that analysis, we assumed customers took gas and electricity from the same supplier. In the analysis below we have weighted it to reflect the actual proportion of gas and electricity accounts across each supplier.

2.35. Chart 3 below shows the difference in each supplier's average annual gas and electricity bill from the average bill. The graph is formed by calculating each supplier's average bill weighted by the proportion of fuel poor customers on each payment method. An average across all suppliers is then taken and the difference from the average is calculated for each supplier.

2.36. Chart 3 shows that for 2007-8 SSE's fuel poor customers were around £25 per annum better off than the average as a result of their competitive pricing strategy, including their decision to delay tariff increases at the beginning of 2008.

Chart 3: Difference in each supplier's average annual gas and electricity bill from the average bill, weighted by fuel poor customers' payment method (April 2007 - March 2008)



Ofgem's Energy Supply Markets Probe

2.37. Ofgem has looked closely at the issue of payment differentials as part of its Energy Supply Markets Probe. We published our initial findings report on 6 October 2008¹³ which highlighted that, while on average differences between prepayment and direct debit prices reflect cost differences, some prepayment customers (particularly those that consume a lot of gas and electricity) still pay a higher premium than is justified by the differences in costs. This is also the case for those that pay by standard credit. We consulted on a number of remedies to ensure the energy market is working well for all customers. A number of suppliers have responded with price cuts for prepayment meter users and customers who are off the gas grid. These are welcome but Ofgem wants to go further and has announced plans to consult on changes to suppliers' licences to end prices that are not justified by associated cost to the supplier. This will ensure that customers are not unfairly penalised due to their payment method or the fact that their home is not connected to the gas grid.

2.38. In setting the new framework and guidance for monitoring suppliers social spend commitments in July, we committed to revisiting the social tariff definition in December to take account of conclusions from the Probe. In particular, we agreed to further consider the possibility of adopting an approach where

¹³ Energy Supply Probe Initial Findings Report, October 2008, Ref 140/08

suppliers' social tariffs were measured against a cross industry benchmark. This would ensure customers could be confident that they would always be better off on their existing suppliers' social tariff and avoid instances where a customer could benefit more from switching supplier.

2.39. As part of the Probe we are also moving ahead with seeing how we can develop an easy-to-understand price metric that would allow customers to more easily compare tariff offers in the energy market. Depending on how a price metric is structured it may be possible to use it as part of a cross industry benchmark for assessing social tariffs. We therefore intend to look again at this issue, once further work has been undertaken on its development.

Effectiveness of the targeting of social tariffs

2.40. The very real difficulties in identifying and targeting the fuel poor are widely recognised. To target the fuel poor more effectively one must look at a combination of housing, income and other metrics but this becomes difficult in practice without a full and costly house condition survey.

2.41. As noted above suppliers have all taken different approaches to how they target and market their schemes in an attempt to devise effective ways to reach their most vulnerable customers and/or those customers most likely to be at risk of fuel poverty. In a situation where there is no simple solution, this innovation and variety of approaches is to be welcomed.

2.42. Whilst there has been a lot of recent focus and action on the possibility of data sharing between Government and energy suppliers, it is encouraging to see suppliers making use of the quite extensive data they already have on their own customers' circumstances. Some examples of good practice in targeting are as follows:

- EDF Energy undertook to increase the number of customers benefiting from their social tariff by 50% in July 2008 from 60,000 to 90,000 by automatically transferring a tranche of customers most likely to be in fuel poverty. EDF has targeted two priority groups: 3,000 customers who currently pay for their energy via Fuel Direct (where payments towards fuel bills is directly deducted from their benefits) and 30,000 customers identified from their fuel poverty propensity model and who are on their Priority Services Register (and not already on a cheaper fixed price deal). EDF has advised that they now currently have 115,000 customers on their Energy Assist tariff.
- Npower launched their new "Spreading Warmth" tariff which is targeted at low income vulnerable customers i.e. households where the total gross income is under £13,500 and which contain someone who is of pensionable age, disabled, chronically ill or a child. Npower has advised that there are now over 75,000 customer accounts on this tariff.

- ScottishPower are delivering "Fresh Start", a holistic package of assistance that will be targeted at their most vulnerable customer groups. This package will aim to address each element known to contribute towards fuel poverty including the cost of energy through a revised social tariff, free energy efficiency advice and access to measures where available, access to free Benefits Health Checks and assistance with debt. ScottishPower aim to have 80,000 customer accounts on this package by 31 March 2009.
- SSE has recently undertaken a data mining exercise of their existing customer base and are in the process of moving a tranche of these customers onto their social tariff and are writing out to advise these customers of the change. SSE has advised that they currently have 72,000 customers on this tariff.

3. Other social initiatives

Chapter Summary

This chapter summarises the other elements of suppliers' social programmes which are counted towards their social spend commitments. In particular it examines suppliers' rebates, trust funds, partnerships, benefit entitlement checks, energy efficiency and joint industry initiatives.

We have always stressed the value in the wide range of other initiatives that suppliers pursue in particular where they involve partnership working or the provision of holistic advice and support to ensure that those who may be hardest to reach get the full range of help available.

Other discounted tariffs and rebates

3.1. British Gas has, throughout the reporting period, continued to operate the Price Promise joint initiative with Help the Aged. Although it ceased taking on new Price Promise customers in late 2005, it has contributed £2.19m to this price support scheme over the reporting period. The Price Promise scheme, targeted at pension credit customers and promoted in partnership with Help the Aged was launched in 2004 to cap eligible customers' energy prices until October 2007. At the price change in January 2008, Price Promise customers had their capped tariff rate increased by the same percentage rate as Essential customers. At the price change on 30th July, British Gas again froze Price Promise customers' rates until April 09.

3.2. SSE's easywarm tariff is a preserved tariff no longer available to new customers. Originally open to customers over 60, living in South Wales, easywarm customers pay a fixed monthly amount for fuel, irrespective of actual consumption. SSE has identified 1,058 dual fuel customers on the tariff with special needs who are vulnerable to or are in fuel poverty and have estimated that the additional benefit to them of being on the easywarm tariff is around £130 per annum. The total cost to SSE totalling £138,000 per annum. easywarm customers can remain on the tariff until they choose to change.

3.3. In 2007/08, suppliers contributed a total of £2.32m to other discounted tariffs, not meeting the (old) social tariff definition. As well as providing discounted tariffs, suppliers also offer a range of other one-off rebates and discounts to their vulnerable and fuel poor customers.

3.4. Rebates are typically offered once a year to specific customers or a specific group of customers. Almost 303,000 customers received some form of rebate from their supplier in 2007-08 totalling savings to customers of £7.97 million:

- British Gas offered a Winter Warmer rebate of £60 for gas and £30 for electricity customers to customers in receipt of certain benefits.
- E.ON offered a Cold Weather Payment to customers aged between 60 and 79 who were on their Age Concern tariff. E.ON also offered a further Cold Weather Payment to customers aged 80 and over who were on their Age Concern tariff.
- Npower offered a Spreading Warmth Winter Discount to their most vulnerable and fuel poor customers targeting customers who were on their Priority Services Register, First Step Programme, the Fuel Direct payment scheme and their Health Through Warmth Programme.
- ScottishPower offered a Carefree Winter Rebate of £9 to electricity customers and £21.99 to gas customers who were on their Priority Services Register.
- SSE offered welfare rebate payments to customers identified as being vulnerable or in fuel poverty and in need of assistance. Customers targeted for these rebate payments were either on SSE's Priority Services Register, EnergyPlus Care tariff or were typically on a low income and hence paying for their energy bills through a budget scheme.

3.5. **Table 3** below shows the overall value of the rebates that were offered by suppliers in 2007-08.

Table 3: Rebates offered by suppliers to their customers during 2007-08

Supplier	Scheme name	Number of customers receiving rebate	Total savings to customers (£m)	Average payment to customer
British Gas	Winter Warmer Rebate	25,000	£1.83m	£73.15
EDF Energy	N/A			
E.ON	Age Concern Cold Weather Payment	149,641	£2.11m	£14.11
npower	Spreading Warmth Winter Rebate	50,000	£2.00m	£40.00
Scottish Power	Carefree Winter Rebate	62,154	£0.86m	£13.90
SSE	Welfare Rebate Payments	15,798	£1.16m	£73.69

Trust Funds

3.6. Trust funds refer to a trust run and funded by a supplier, or funded by the supplier and independently run by a third party. The supplier provides a sum of money that is then spent on helping individual customers or on a number of projects chosen by the company or charitable trust.

3.7. The main forms of assistance provided by trust funds include direct assistance to customers in debt and the funding of third party projects or organisations aimed at customers in fuel poverty or with severe financial difficulties. Where grants are provided to third party projects these will typically benefit all customers not just that suppliers' own customers. Below is a summary of suppliers' trust funds:

- British Gas and EDF Energy both contribute to independently managed Trust Funds that provide assistance to their customers who are in need, poverty, hardship or other distress and struggling to pay energy debts or other essential household bills and costs. Both British Gas and EDF also provide organisational grants to not-for-profit agencies providing specialist debt advice.
- E.ON's Trust Fund is managed internally and provides their low income customers with assistance in affording heating systems and appliances to improve the energy efficiency of their property (outside of their EEC/CERT obligation) as well as assistance towards energy debts.
- Npower manages two Funds internally through its Health Through Warmth Programme and its First Step Programme. The Health Through Warmth Crisis Fund provides heating and insulation measures where customers cannot afford to pay. The First Step Fund is used to clear energy arrears for those customers on the First Step tariff.
- The ScottishPower Energy People Trust was established with the objective to help combat fuel poverty. The independent Trust aims to do this by providing funds to not for profit organisations and groups that work directly with those in fuel poverty, particularly those that aim to assist families with young children and young people. The Trust funds projects which deliver energy efficiency measures or advice, crisis funding, and income maximisation projects. To ensure a sustainable solution to fuel poverty, the Trust will only fund income maximisation and crisis funding projects that also deliver Energy Efficiency Advice and/or measures. Finally, the Trust invites funding applications for research, to understand the links between fuel poverty and health. To date, ScottishPower has donated £4m to the Trust and twelve funding rounds have seen the Trust award over £4m to 94 not-for-profit organisations assisting over 100,000 households and 236,000 individuals across Britain.

3.8. Table 4 below shows how much each supplier donated to their trust fund in 2007-08 along with how much the trust fund spent and how many customers were assisted.

Table 4: Suppliers' contribution to trust funds during 2007-08

Supplier	Scheme name	Amount donated to Fund	Total spent by Fund	Number assisted by the Trust
British Gas	British Gas Energy Trust	£3.89m	£3.92m	6,439
EDF Energy	EDF Energy Trust Fund	£2.45m	£2.11m	3,858
E.ON	Caring Energy Hardship Fund	£0.34m	£0.34m	365
npower	Health Through Warmth Crisis Fund	£1.10m	£1.10m	2,391
	First Step Fund	£0.23m	£0.23m	1,912
Scottish Power	The ScottishPower Energy People Trust	£1.00m	£1.55m	44,898
SSE	N/A			

3.9. For the purpose of assessing suppliers' spend against their commitment, we have used the amount donated to the fund rather than the amount that is spent, where the fund is independently managed. This is because the funds are committed at the point of donation and suppliers have no control over when it is spent. For internally managed funds we have taken the view that the spend is only committed once it is spent and suppliers control the decision to that point. Ultimately, clearly, all spend is counted but how it is treated can impact on the timing between years. On this basis the total contribution to trust funds, in 2007-08 was £9m.

3.10. As indicated above suppliers have taken a range of approaches as to how they use trust funds and there is no single simple solution. However, some examples of best practice include:

- Trust funds being widely promoted through advice networks such as Citizens Advice Bureaux, Money Advice Agencies and the Charis Grant website and within suppliers' own credit and customer service teams. Well supported application processes (such as online application forms and application telephone helplines) with simple evidence based requirements are also welcome. This is evident with British Gas and EDF Energy's trust funds;
- How well the trust funds are integrated with energy efficiency advice and the provision of energy efficiency measures to help customers manage and reduce future energy expenditure. This is evident with E.ON and npower's trust funds;
- The value of trust funds in providing support to trusted third party intermediaries and organisations to target assistance to those in fuel poverty, particularly those who are the most difficult to identify and hardest-to-reach. This is evident in ScottishPower's trust fund which assisted a large number of households and gives

priority to projects aimed at helping families with young children and young people.

The role of debt write-off as part of suppliers' social spend

3.11. A number of the supplier initiatives we have reported on are either partly or wholly used for debt write-off for customers who are struggling to pay their bills. In particular, a number of the suppliers' trust and hardship funds are for this main purpose. In addition, some of suppliers' rebate payments are to assist customers with debt.

3.12. In our August 2007 review we noted that there was some scepticism externally that many of these trust funds are simply a different way of writing off debt and recycling funds back into the company. Most consumer group respondents to our May 2008 consultation on the revised social spend monitoring framework supported the inclusion of trust funds towards suppliers' spend targets noting the assistance that they can provide to low income and fuel poor customers. However some, whilst acknowledging the important benefits that a trust fund can have on recipients (many of whom are fuel poor), considered that this spend should not be included.

3.13. The valued assistance and relief that debt write-off can bring for low income and fuel poor customers is well recognised and in setting our guidance in July we agreed to include it towards suppliers' spend targets. We do however believe there is a balance to be struck between suppliers' spend on initiatives that focus on debt write-off and other initiatives that provide on-going and sustainable assistance to fuel poor customers.

3.14. In discussing with suppliers what elements of expenditure we would count towards the commitment we have stressed that we will not include debt write-off that is provided as part of normal debt management processes. We have set out some key principles that suppliers should adhere to if debt write off is to be counted as a part of their social programmes. Specifically we have said that it should be well targeted at the fuel poor, part of a holistic package of measures and not related to any billing errors etc where the customer would not have been responsible for the debt in the first instance. We would also expect that debt write-off would not form a significant proportion of a supplier's total social spend.

Other eligible social initiatives

3.15. In our 2007 reporting on suppliers' voluntary social initiatives we recognised the benefit of suppliers' diverse approaches to helping vulnerable and fuel poor customers and aimed to reflect this in our reporting. As part of our October 2007 update on suppliers' voluntary social initiatives, we particularly sought to take account of the wide range of other initiatives and support

suppliers offer their vulnerable customers, which do not fall into the social tariff, rebate and trust fund categories that were the focus of the August 2007 review.

3.16. We agreed, as part of our monitoring framework for the social spend commitments suppliers agreed with government, to include suppliers' spend on partnerships, energy efficiency measures where they are clearly additional to suppliers' existing statutory obligations, benefit entitlement checks and efficient administration costs for joint industry projects.

3.17. We remain of the view that it is important to take account of, and recognise, the wide range of other initiatives and support suppliers offer their fuel poor and vulnerable customers, which do not fall into the social tariff, rebate and trust fund categories. Below is a summary of suppliers' spend in each of these areas during 2007-08.

Partnerships

3.18. Partnerships can be schemes which are run by suppliers in partnership with other organisations, or where the supplier provides funding to another organisation for the delivery of assistance and advice. They can be particularly effective at providing targeted assistance and/or advice to fuel poor consumers particularly those who may otherwise be hard to reach.

3.19. All suppliers undertook a range of partnership activities in 2007-08 which are summarised below. Collectively suppliers spent just over £2.1 million on their partnerships over this period.

Table 5: Summary of suppliers' partnerships during 2007-08

Supplier	Partnership organisation	Description
British Gas	Here to Help Programme	Here to Help is a fuel poverty initiative that aims to provide energy efficiency measures combined with quality of life support working with a number of charity partners (Help the Aged, Scope, Save the Children, RNIB and National Debt Line)
	Help the Aged	Funding for an awareness campaign, benefits advice and tangible tools to help such as Thermometers and a Cold Can Kill Booklet (Winter Campaign)
	Save the Children	Provides grants of up to £3,000 per annum for young people to tackle issues in their communities relating to poverty and isolation
	National Energy Action (NEA)	Pilot project called REECH, which was designed to train volunteers from ethnic minority groups in Coventry on energy efficiency and fuel debt. These volunteers then answered calls from within their communities to offer advice
	TOTAL	£1,647,005
EDF	Bristol Debt	Provides literature and direct contact to promote EDF

Energy	Advice Centre	Energy's Trust Fund and energy efficiency advice
	Devon Fire & Rescue and Pound & Financial Education Pilot	Provides literature to Devon Fire and Rescue to leave on home visits (when appropriate) and EDF signpost customers to Devon Fire and Rescue for smoke alarms. Also provided light bulbs and literature to the Devon Pound & Financial Education Pilot
	WRVS and the Safe Warm & Well winter risk campaign	Work with the Women's Royal Voluntary Service to distribute energy advice and to highlight the risks of the cold to older people and assist in signposting them to support
	National Energy Action (NEA)	Sponsorship of NEA and their work on tackling fuel poverty and improving energy efficiency
	National Right to Fuel Campaign	Sponsorship of NRFC events to raise awareness of fuel poverty issues
	TOTAL	£241,000
E.ON	National Energy Action (NEA)	Sponsored Forums in the East Midlands and Eastern Regions which assisted in bringing together all organisations within those areas who had responsibility and wanted to help fuel poor customers through finance, warmer homes and advice.
	Caring Energy with Auriga	Partnership with Auriga where applicants can receive new A rated energy efficient essential household appliances and assistance with energy debts.
	TOTAL	£84,027
Npower	National Energy Action (NEA)	Produced the "Heat is On" DVD for provision of energy efficiency advice to households who speak a language other than English. In addition to funding for the Affordable Warmth Sustainable World awards, sponsorship of Fuel Poverty Forums, the NEA Wales Conference and Countdown to 2010 campaign in your constituency.
	TOTAL	£82,500
Scottish Power	National Energy Action (NEA)	Provided funding for the NEA annual conference "Countdown to 2010"
	TOTAL	£40,000
SSE	Energy Action Scotland (EAS)	Sponsorship of EAS and their work on tackling fuel poverty and improving energy efficiency
	TOTAL	£14,394

Benefit Entitlement Checks

3.20. Where suppliers undertake Benefit Entitlement Checks (BECs) for customers who are fuel poor or vulnerable to fuel poverty, we agreed to count the costs of providing these. For most suppliers, BECs are undertaken as part of their other programmes and therefore spend on these initiatives has been captured elsewhere.

3.21. In total, suppliers carried out over 28,000 BECs during 2007-08 and spent slightly less than £35,000.

Energy efficiency initiatives

3.22. As part of our previous reporting on suppliers' social programmes, we did not include any initiatives that suppliers are obliged to undertake, for example initiatives to fulfil their statutory commitments under the Energy Efficiency Commitment (EEC), now Carbon Emissions Reduction Target (CERT). However, going forward, we have agreed to include energy efficiency initiatives where they are additional to their statutory obligations.

3.23. Some suppliers have highlighted examples of where they make additional contributions to provide measures under CERT that in their view would not otherwise be seen as cost effective. We have not included such measures as the extent of the additional contribution is subjective and the supplier is receiving a CERT credit for the measure anyway.

3.24. We have, however, included supplier contributions that act as 'top-ups' to Government funded schemes, such as Warm Front, or that provide support for community based initiatives, bringing together support from a range of sources.

3.25. An example of good practice in progressing wider fuel poverty objectives and energy efficiency over and above CERT obligations is EDF Energy's London Warm Zone scheme.

3.26. The scheme was launched as a pilot in 2001 to provide advice on warmth and energy issues and to help vulnerable customers to access improved heating systems and home insulation. The scheme provides specialist assessment of individual household energy needs through benefit health checks and practical advice on warmth and energy efficiency. This is carried out on a street to street, door to door basis. In assessing the scheme we have counted the sponsorship costs and the costs of providing any measures not covered by CERT.

3.27. London Warm Zone has now been rolled out across seventeen London Boroughs, with EDF contributing £265,000 to the scheme above their CERT obligations in 2007-08.

3.28. The Community Energy Savings Programme (CESP), announced in September, is expected to play an important part of suppliers' contribution to tackling fuel poverty.

3.29. The Government will be consulting on CESP early in 2009. Until the scheme is finalised and CESP becomes a formal obligation, community activity (that will then count under CESP) will be included within the energy efficiency element of the social spend. Once the CESP becomes a formal obligation we will cease to include spend on these activities unless this goes above and beyond the

CESP obligation. In addition, elements such as benefits entitlement checks which will not count towards the carbon reduction requirements of CESP will still be eligible to be counted as a part of suppliers' social programmes.

3.30. Other welcome initiatives are those promoting microgeneration to fuel poor customers. For example SSE have a number of pilot projects working with NEA to which they have contributed £146,000.

Joint industry initiatives

3.31. In our guidance we said we would include suppliers' delivery and administration costs where they relate to specific projects involving joint working across industry and where they are targeted at assistance or advice to fuel poor consumers and those vulnerable to fuel poverty. For 2007-08 we have included suppliers' spend on the Home Heat Helpline and the Winter Initiative mail-out. Suppliers' collective expenditure on these initiatives totalled just over £1 million.

3.32. The Home Heat Helpline is run through the Energy Retailers Association and is funded by the energy suppliers. It provides a telephone line to advise and refer customers on energy efficiency and fuel poverty issues.

3.33. The Home Heat Helpline was re-launched on 28 November 2008 to increase the services available to help the fuel poor. The amount of guidance given has been expanded and there is improved signposting to other organisations including charities. The Helpline is also able to carry out mid-call transfers to other specialist organisations that could help with specific concerns a caller may have.

3.34. From early 2009, the Home Heat Helpline will accept emails requests for information through a new interactive website

3.35. Building on the 2006-07 Winter Initiative mail-out, in January 2008 Government (DECC and DWP) and suppliers sent a targeted mailer using DWP data to nearly 250,000 pensioners who were aged 70 and over and on pension credit encouraging them to take up energy efficiency measures, benefits checks and tariff advice. The costs of this mailer have been included.

Other initiatives

3.36. In our guidance we made clear that we would not normally expect to include the internal operational costs of suppliers in running their own schemes given the practical difficulties in ensuring that these were considered on a like for like basis between suppliers and the fact that significant elements of customer service support for vulnerable customers should be a part of business as usual.

3.37. However we are aware that this risks creating perverse incentives for suppliers to outsource the provision of schemes which would have the potential to reduce their effectiveness and integration with other activities. We have therefore agreed to include a proportion of npower's costs of running its Health Through Warmth Programme given that this is a clearly self contained programme, separate from business as usual, with a clear aim of tackling fuel poverty through working with health professionals in the community.

Further information

3.38. Appendix 1 to this report sets out more detail on the different elements of suppliers' current social programmes.

4. Calculation of suppliers' contributions

The total spend across all suppliers on social programmes, as defined in Ofgem's guidance, was £57m in 2007/8. This is in line with the baseline assumed by Government in agreeing the targets for future years with suppliers. Suppliers have confirmed that they are on track to meet this commitment.

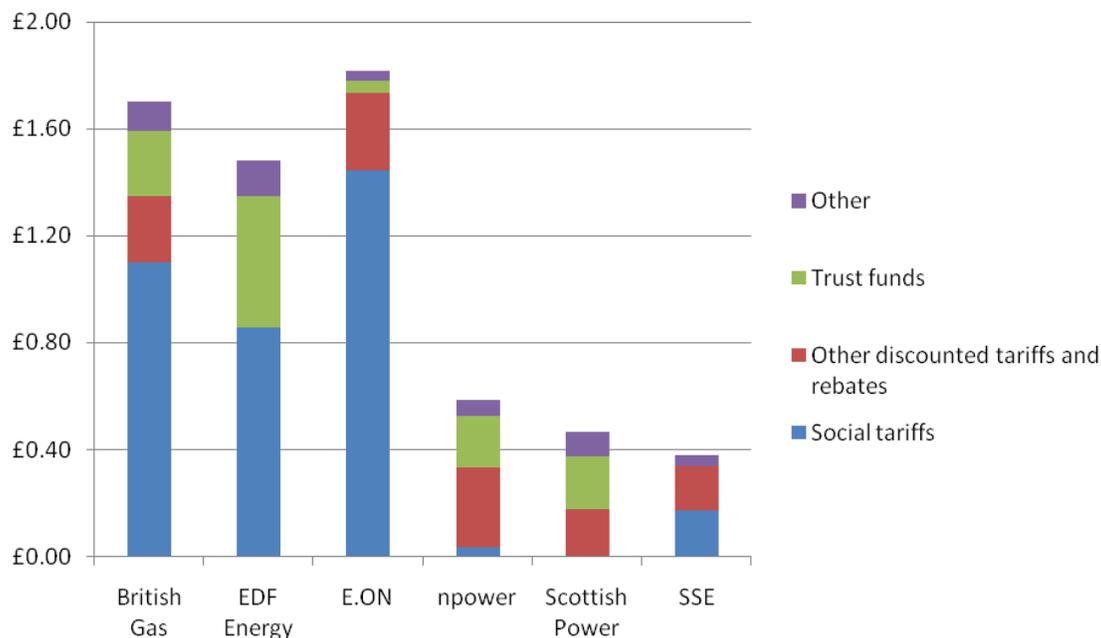
Calculating suppliers' social spend contribution

4.1. **Chart 4** below shows suppliers' social spend contributions, in accordance with our guidance, for 2007-08. This is shown on a per customer account basis. This shows that the vast majority (over 93%) of suppliers' spend on their social programmes is directed at their social tariffs, rebates and trust funds which provide direct assistance to customers in, and vulnerable to, fuel poverty.

4.2. Suppliers' collective expenditure for 2007-08 totalled **£57.12m**. This is equivalent to an average of **£1.19** per customer account. The spend comprised:

	£m
Social tariffs (old definition)	33.87
Other rebates and discounts	10.29
Trust funds	9.00
Other initiatives	3.96
Total	57.12

4.3. This expenditure is very much in line with the figure that BERR (now DECC) had taken as the baseline is setting the expected contributions from suppliers for future years. Given this, DECC have confirmed that they see no need to revise the figures that were agreed with suppliers in March. On this basis the target that all suppliers have committed to meet for 2008-9 is £2.10 per customer account. This baseline report and the process underpinning it has provided suppliers with greater clarity as to what categories of expenditures will count towards that commitment. All suppliers have confirmed to us that they believe they are on track to meet this target and in some cases expect to exceed it.

Chart 4: Suppliers' social spend contribution for 2007-08 on a per customer account basis

Note: In calculating these figures we have used December 2007 customer numbers (from CERT) which is the basis for the targets going forwards. For some suppliers such as SSE and npower this leads to a lower figure than if 2006 customer numbers were used.

4.4. The conclusions from this analysis are that:

- British Gas and EDF Energy both had social tariffs providing significant benefits to large numbers of their vulnerable customers. Npower had one of the lowest social tariffs but this was only available to a limited number of customers.¹⁴
- Npower supplemented its social tariff provision with rebates to a further 50,000 customers as part of a diverse and targeted programme of other initiatives.
- E.ON followed a different approach through their StayWarm fixed bill tariff and also offered rebates across a broad number of customers.
- SSE had the lowest social tariff but in 2007/8 it was only available to a very limited number of customers. However, their standard tariffs were some of the lowest which therefore provided benefits to all their vulnerable customers.
- Scottish Power did not have a social tariff, instead it gave rebates to its PSR customers and invested in a trust fund.

4.5. As indicated above, in order to ensure that we followed a consistent approach across suppliers we have in some cases excluded certain categories of costs from the analysis for 2007-8. We have noted in chapter 5 some examples

¹⁴ The social tariffs referred to in this graph and analysis are under the old definition that the tariff had to be at least as good as the supplier's standard direct debit tariff.

of other initiatives undertaken by suppliers but which are not covered in the baseline calculation. We have also highlighted in chapter 2 the additional contributions suppliers may make through PPM equalisation or low base tariffs, which again have not been counted.

5. Other assistance for vulnerable customers

This chapter summarises suppliers' support for vulnerable customers, not counted as part of their social spend commitment. In addition to the expenditure which counts towards suppliers' commitments, suppliers also play an important role in helping vulnerable customers through their wider pricing policies and debt management / customer services practices, and through their statutory CERT obligations.

Assistance for Prepayment Meter (PPM) customers

5.1. We have been clear that, as part of this monitoring and reporting framework, suppliers' costs associated with their PPM equalisation policies would not be eligible for inclusion towards their spend targets given that they are not well targeted at the fuel poor. However, in order to highlight the full range of assistance that suppliers offer their customers we have included this information as part of our reporting. Key areas of assistance for PPM customers between April 2007 and March 2008 are outlined below:

- EDF equalised electricity PPM prices to standard credit which assisted 588,000 customers with a saving on average of £20 – the total savings to customers was £11.75m;
- E.ON's price freeze for gas and electricity PPM customers from February until April assisted 473,000 customers with a saving on average of £14.58 – a total saving of £6.9m;
- Npower's price freeze for token PPM customers from January until April assisted 120,000 customers with a saving on average of £11 – a total saving of £1.32m;
- ScottishPower reduced gas and electricity PPM prices to below standard credit which assisted 598,000 customers with a saving on average of £36.55 – a total saving of £13.65m.
- SSE equalised their electricity PPM and standard credit tariffs giving a saving of £12.5m;
- Since March 2008, beyond the timeframe for this report, a number of suppliers have introduced further price equalisation policies.

5.2. SSE also offers equigas and equipower tariffs via their longstanding partnership with EBICo, a not for profit charitable organisation. This arrangement costs SSE around £500,000 per year. Customers on equigas and equipower tariffs pay the same price for their energy supply irrespective of payment method with no separate standing charge. This means that in effect direct debit and quarterly credit customers pass on their savings to prepayment meter customers, whose rates are cheaper than SSE's standard prepayment tariff. EBICo targets its marketing of the tariffs to customers who wish to help other customers who are in financial hardship. EBICo also works to ensure those on PPM tariffs who would benefit from this 'subsidy' are indeed in need of that assistance.

Other assistance

5.3. Suppliers offer a range of other assistance to their customers, often as part of good debt management practices, which does not qualify against their social spend. However we recognise the important part this plays in providing assistance to vulnerable customers. This assistance includes:

- ScottishPower employs 13 dedicated Community Liaison Officers (CLOs), to provide face to face customer contact and support. These employees undertake customer visits, dealing with many aspects of customer accounts including high value bills and serious customer complaints as well as providing heating advice and information about ScottishPower's Priority Services Register, Carefree.
- Npower's 'SAFE' team (Solutions Available For Everyone) which provides assistance for those customers struggling to manage their bills but who are not eligible for their social initiative programme. This team provides a one to one account management relationship with the customer and coordinates any referrals to external third parties.
- SSE have written off debt for a wider section of their customer base, including PPM customers, including debt resulting from delayed token PPM recalibration. The total cost of such debt write-offs not included above was £10.3m.

Appendices

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Appendix 1 - Current social programmes offered by suppliers (as at end of Nov 2008)

Initiatives listed below are all those that were available from the major suppliers at the end of November 2008. They have been provided here to assist consumer advisers and others in knowing what is currently offered by suppliers.

1. Discounted Tariffs

The offers included in these tables are:

- Equal to or lower than a supplier's current direct debit tariff.
- Targeted at helping vulnerable customers or those most likely to be fuel poor.
- Applicable to ongoing charges levied to customers for the provision of energy. It may be delivered alongside other help and support offered to vulnerable customers but should be clearly distinguishable from, for example, energy efficiency measures.
- Any other price support mechanisms a supplier may have in place to assist vulnerable customers, for example fixed price tariffs or discounted tariffs.
- Clear in whether the tariff is open to new and/or existing customers who meet the qualification criteria.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
British Gas	Essentials	<ul style="list-style-type: none"> ▪ Tariff enables registered customers to pay direct debit rates no matter how they pay their bills. 	<ul style="list-style-type: none"> ▪ Open to any existing BGT customer (regardless of location and fuel type) 	The tariff is not time limited.	<ul style="list-style-type: none"> ▪ Automatic for customers who qualified in 2006 for 	<ul style="list-style-type: none"> ▪ Direct mail outs to those customers who have been eligible

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
		<ul style="list-style-type: none"> ▪ The tariff will be targeted at the supplier's most vulnerable customers. ▪ Those customers in receipt of the winter rebate were automatically transferred to this tariff. 	<ul style="list-style-type: none"> ▪ who meets the prescribed qualification criteria. ▪ To qualify customers must be eligible to claim a range of 13 Government benefits such as Pension Credit, Disability Living Allowance or Child tax Credit. 		<ul style="list-style-type: none"> ▪ the Winter Rebate Scheme. ▪ Referral from third party. 	<ul style="list-style-type: none"> ▪ for previous propositions ▪ Extensive PR activity in regional and national media. ▪ All front line staff specifically trained to look out for and identify signs of vulnerability ▪ Work with charity partners to identify customers ▪ Emailed all MPs and Welsh Assembly members.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
British Gas	Essentials Advance ¹⁵	<ul style="list-style-type: none"> ▪ Launched in October 2008, Essentials Advance provides customers with ▪ Energy Efficiency measures ▪ £50 rebate ▪ Energy efficiency advice. 	Customers must be in receipt of one of the qualifying benefits for free CERT measures.	As Essentials Advance is a one off rebate, this is not time limited.	Customers need to apply directly to British Gas to benefit from Essentials Advance	<ul style="list-style-type: none"> ▪ Promoted via www.britishtogas.co.uk/support which has been created to provide a simple reference point for third party agencies ▪ Agents will promote E.A at point of contact.

¹⁵ Launched in October 2008.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
British Gas	Price freeze for Essentials customers	All customers on Essentials tariff had their prices frozen during the January price increase until 1 March.	Essentials customer base and those on Price promise	Protected from price increases until 1st March 2008	Application referral by a third party	Wrote to customers at the same time as standard customer base, to explain that while British Gas were putting their prices up, they would be frozen for these customers until 1st March. Also put details in all relevant press releases and informed charity partners of plans.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
British Gas	Price freeze for Essentials Extra customers ¹⁶	All customers on Essentials Extra are currently benefiting from their prices being frozen from the July 2008 price increases until the end of March 2009.	Essentials Extra customers	Protected from price increases until 1st April 2009	See "Essentials Extra" above	
EDF Energy	Energy Assist	<ul style="list-style-type: none"> ▪ Eligible customers receive a discounted tariff, currently at 15% of their prepayment, standard or direct debit tariff. ▪ PPM customers receive the tariff via an annual rebate on their standard tariff rates. 	<ul style="list-style-type: none"> ▪ Be supplied by EDF Energy and spend more than 10% of their total net annual household income on their annual household energy costs. ▪ Or be in receipt of income support and/or in 	<ul style="list-style-type: none"> ▪ Available until at least 31 March 2009. ▪ Customer will remain on the tariff until it is reviewed in 2009. ▪ EDF Energy have committed to offering 	When customers were originally placed on this product, selected those from fuel poverty model with the greatest propensity to be in fuel poverty, but since then the product has been open to all customers	<ul style="list-style-type: none"> ▪ Promoted through Priority Services Team to customers identified as fuel poor. ▪ All customer service advisors aware of the tariff and can refer eligible customers

¹⁶ Prices frozen from July 2008 price increases.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
			receipt of pension credit benefits.	a social tariff until 2012.	who can prove their eligibility. At the time of the July 2008 price change, EDF Energy added another 33,000 customer accounts onto the tariff based on a)customers paying by fuel direct who we know to be on benefits and already struggling with energy costs and b)customers on our PSR register who we have modelled as	<p>to the specialist team.</p> <ul style="list-style-type: none"> ▪ Promoted with external stakeholders and partners. ▪ Information on EDF's website. ▪ Information with Home Heat Helpline.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
					fuel poor.	
npower	Spreading Warmth Tariff	<ul style="list-style-type: none"> ▪ A discounted tariff to vulnerable households on a low income. ▪ Launched in June 2008. ▪ Customers will receive a discount of £125 per fuel onto their energy account on 1 January 2009 provided they are set up on the tariff by 31 December 2008. ▪ How the discounted tariff will pass on the savings of the tariff after 1 January 2009 	<ul style="list-style-type: none"> ▪ Gross household income of below £13,500 and anyone in the household is aged 60 or over, disabled, chronically sick or a child under 16. 	Tariff is not time limited but eligibility can be reviewed.	Through dedicated team and telephone number.	<ul style="list-style-type: none"> ▪ Internal referrals. ▪ Direct mail, billing comms and press advertising ▪ Website. ▪ External referrals from advice agencies.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
		will be communicated to customers and stakeholders.				
npower	First Step Tariff	<ul style="list-style-type: none"> ▪ A legacy tariff which was offered as part of joining npower's First Step programme. ▪ Although the tariff is no longer offered, the tariff still has customers on it and has offered customers savings during the reporting period. 	<ul style="list-style-type: none"> ▪ To be eligible for the First step tariff a customer must be deemed to be vulnerable and struggling to pay their energy bills. ▪ This highly targeted approach has ensured around 80% of First Step customers being fuel poor. ▪ Customers 	The tariff is not time limited, but eligibility is reviewed on an annual basis.	Referral made by internal and external sources.	First Step is promoted to customers through customers services and operations staff and third party agencies.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
			must also take their heating fuel from npower.			
SSE	Energyplus Care	<p>Three parts to tariff:</p> <ol style="list-style-type: none"> 1. Price - 20% discount on a customer's existing tariff. 2. Energy efficiency - offer a home visit, free fridge or discounted fridge-freezer and other energy efficiency measures. 3. Welfare - offer a benefit entitlement check. <p>Gas PPM customers who are eligible for the tariff will have their PPM tariff aligned with gas standard credit before having the 20% discount applied.</p>	Available to all customers in acute fuel poverty, customers with a disability or other extenuating circumstances, and not restricted by area or fuel type.	<ul style="list-style-type: none"> ▪ A customer's eligibility will be reviewed after 2 years. ▪ SSE will contact the customer to re-apply for the tariff. If eligible, the tariff will continue. 	Automatic (12,000 customer accounts on the tariff in this way) application, third-party referral.	Work closely with councils and agencies and receive referrals. Promoted the tariff to various debt and advice agencies. Promote tariff on each of their websites under each of the energy brands. Targeted households identified as having high chance of fuel poverty and placed them

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
		Therefore gas PPM customers on the tariff receive a double benefit. SSE will not apply its August 2008 price increase to energyplus Care customers until the end of the winter period.				automatically on tariff.
SSE	1. Easywarm 2. Equipower and Equigas	Easywarm is a preserved tariff. Originally targeted at older people, customers pay a set amount each month for fuel bills regardless of how much they use. 2. SSE's partnership with EBICo offers 2 standard tariffs, equipower and equigas. Customers do not pay a standing charge and are on equalised tariffs regardless of payment method. EBICo is a not	Now preserved tariff and not open to new applicants. It was only available to over 60's in South Wales. 2. Anyone is eligible to become an SSE customer through EBICo.	Customers remain on the tariff until they choose to leave. 2. It is a permanent arrangement where gas and electricity customers pay the same tariff regardless of payment method.	Originally by application 2. By application	These tariffs are no longer marketed 2. The EBICo tariff is marketed by EBICo themselves. SSE pays EBICo a fee for each customer gained.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
		for profit company which aims to tackle issues of social concern.				
E.ON	StayWarm Social	StayWarm customers with above average consumptions. customers who are on benefits, have special needs or special circumstances pay the StayWarm standard product price, which is based upon the number of occupants and the number of bedrooms in the property not consumption, rather than Medium or High User prices.	Over 60, with income related benefits, or special needs or special circumstances, < 4 bedrooms.	The tariff is not time limited.	At annual contract renewal a StayWarm customer with significantly higher than average consumption is prompted to call us - if the customer is on income related benefits, or has special needs or special circumstances they automatically	At annual contract renewal during telephone conversations with StayWarm customers.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
					go on the social tariff.	
E.ON	WarmAssist ¹⁷	On 1 December E.ON launched WarmAssist, developed to deliver a sustainable energy solution to a group of the most vulnerable customers by offering a 15% discount on standard electricity and gas prices. WarmAssist customers will be offered energy advice and have free cavity and loft insulation installed. In addition the customer can access E.ON's other advice services.	E.ON customers receiving pension credit, who have been a customer for at least 12 months and have annual energy bills of more than 10% of Pension Credit benefits levels. Product is also available to low income customers aged 60 and over with a medical dependency on energy.	No end date.	By application.	Initially through introduction by customer service agents and referrals from outside agencies. Marketing plans are being developed.

¹⁷ Launched on 1 Dec.

Current social programmes offered by suppliers as at end of November 2008						
Supplier	Tariff Name	Detail of tariff offer	Qualification Criteria/ who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How Do Customers Access This Tariff? Automatically or by application?	Details of how the tariff is marketed to customers
Scottish Power	Carefree Plus	The tariff, launched on 1 April 2008, provides a holistic solution to vulnerable customers. The tariff works by applying a daily discount to the customers gas and electricity account, to the value of up to £111.56 (inc VAT). All Carefree customers can also access a Benefit Health Check, energy efficiency advice and access to energy efficiency measures.	The Carefree Plus Tariff is available to ScottishPower customers who are (i) 60 years or over (ii) registered on the ScottishPower Priority Services register (iii) pay by for their fuel by a method other than Direct Debit, Standing Charge and Fuel Direct (iv) and are in receipt of one or more passport benefits.	No time limit set.	<ul style="list-style-type: none"> ▪ Application ▪ Referral by third party. ▪ Identified by Carefree agents. 	The tariff was marketed to customers through Press Releases and by customers contacting the call centre. All PSR customers will be mailed to be advised of the new product.

2. Rebates (targeted at vulnerable customers)

- A rebate is any one off payment or refund of part of a fuel bill targeted at vulnerable customers.
- It may be delivered alongside other help and support offered to vulnerable customers but should be clearly distinguishable from for example energy efficiency measures.
- It does not include refunds or discounts given to all customers such as dual fuel or direct debit payments.

Current social programmes offered by suppliers as at end of November 2008					
Supplier	Detail of rebate/scheme name	Qualification Criteria	Is it automatic or have to be applied for?	How is it marketed	How often is the rebate made?
npower	Spreading Warmth Winter Discount	<ul style="list-style-type: none"> ▪ Customers were identified as vulnerable through being on the PSR, First Step, Fuel Direct and Health Through Warmth. ▪ In addition using fuel poverty analysis the rebate was then targeted at those who were believed to be fuel poor. 	Automatic	Customers were informed they would receive the rebate through a personalised mailing. Also used this opportunity to inform customers of the other services available to vulnerable customers at that time. e.g. free energy saving light bulbs, incentivised free insulation (an additional £20 rebate), home visits etc.	On or around 1 March 2008.

E.ON	<p>1. Additional cold weather payment to Age Concern customers between 60 and 79.</p> <p>2. Additional cold weather payment to Age Concern customers over 80.</p>	<p>1. Customers on our Age Concern product whose age is between 60 and 79.</p> <p>2. Customers on our Age Concern product whose age is recorded on our customer database as over 80.</p>	<p>Automatic</p> <p>Automatic</p>	<p>1. It is feature of the Age Concern product which is included in marketing material.</p> <p>2. It is feature of the Age Concern product which is included in marketing material.</p>	Credit on the customers spring bill.
Scottish Power	Carefree Winter Rebate	The Customer was required to be registered on the Carefree Priority Services Registers on the 1st February 2008.	Automatic	The rebate was marketed to customers through press releases.	Payments are made from the 1st February onwards.
SSE	Various welfare payments and debt write off	Required to be struggling with debt as well as to keep up ongoing payments.	Referral from third party.	Not marketed; customer service advisors trained to identify eligible customers on a case by case basis.	Ad-hoc

3. PPM Price Equalisation

- PPM price equalisation refers to PPM tariffs which are aligned to be equal or lower than the price paid by customers on other payment methods such as standard credit.

Current social programmes offered by suppliers as at end of November 2008				
Supplier	Discount Offered	Qualification Criteria	Is it automatic?	How is it marketed?
EDF Energy	Electricity PPM price alignment with standard credit tariff; the removal of the prepayment surcharge on electricity tariffs (where the infrastructure allowed), brought tariffs down to the same level as credit customers.	Having an electricity prepayment meter.	Automatic	Make it clear to electricity prepayment customers that they will benefit from this during acquisition and retention activities.
E.ON	On 22 August 2008 equalised gas PPM prices to standard credit.	Gas PPM customer.	Automatic	Not marketed as it automatically applied.
Scottish Power	PPM Prices set below quarterly cash/cheque prices.	Being a domestic customer with a PPM gas and/or electricity meter.	Automatic; Eligible customers are identified through their meter type.	This programme is imbedded in Sales and Customer Services processes.

SSE	Equalise Electricity PPM tariff	Having an electricity prepayment meter.	All customers with electricity PPMs qualify automatically.	All customers with electricity PPMs qualify automatically.
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4. Trust funds

- Trust funds are financed by suppliers.
- They are either run and funded by a supplier or funded by the supplier and independently run.
- The trust may operate by providing financial assistance to individual customers or to projects chosen by the company or charitable trust.

Current social programmes offered by suppliers as at end of November 2008						
Supplier Name	Name of trust fund	Company run or charitable trust	Third party or own customers	Qualification Criteria for funding	Automatic /application process	How is it marketed?
British Gas	British Gas Energy Trust	Charitable trust	Own customers	An existing customer of British/Scottish Gas with an energy debt.	Application	<ul style="list-style-type: none"> ▪ Web site with on-line application form ▪ Help line telephone application line ▪ Charis Grant web site ▪ CAB and Money Advice Agencies UK wide have posters and information and application forms. ▪ The BGET Trust Fund provides Organisational Grants to CABs and Money Advice Agencies in areas of deprivation, to support 2 or 3 yr project for Debt workers who raise awareness of Trust fund and fuel poverty, and support individual applications to Trust
			Third party organisations	Organisations invited to submit a bid/business case for funding. The decision on how grants are awarded is taken by the Trust independently.	Application	

EDF Energy	Trust Fund	Charitable trust	Own customers	Existing domestic EDF Energy customer who is in need, poverty, hardship or other distress, and are struggling to pay their debts.	Application by account holder or by somebody on their behalf (providing explanation can be given).	Marketing through Charis (management agency) and EDF Energy as well as partnerships with third party debt agencies.
			Third party organisations	Awards focused on voluntary organisations who i) establish, extend or develop the provision of debt counselling/ money advice services and/or ii) provide education in the prevention of debt	Application	
npower	First Step Fund	Company run	Own Customers	To be a vulnerable customer and/or fuel poor customer who is in outstanding balance or struggling to pay their energy bills.	Application. The customer must demonstrate commitment to pay by staying with agreed plan - after an agreed period of time some or all of the debt may be	First Step Fund: Through the application process for the First Step programme which will be explained to the customer through a personal phone call from their First Step adviser.

					written off.	
npower	Health Through Warmth Crisis Fund	Company run	Available to all households in a HTW area regardless of who their energy supplier is.	HTW is available to households where there is a cold and damp related illness. The crisis fund is open to individuals who are deemed to need additional assistance either because another grant scheme requires client contributions or if they are ineligible for that scheme.	Application from a trained HTW referrer.	Links with community workers and health professionals who are trained to refer to HTW.
E.ON	Caring Energy	Company run	Own customers	E.ON customers on a household income of less than £15,460.	Customers applying for assistance with heating and insulation measures must also be E.ON customer and a home owner.	Through E.ON customer service agents and third parties such as CAB, Warmfront, etc.
Scottish Power	The Scottish Power Energy People Trust	Charitable trust	Third Parties only	Funding is available for voluntary and not for profit organisations only. The grant application is assessed on whether it provides assistance in the	Applications are accepted for eligible projects from not-for-profit	Applicants hear about the fund through the website; Through various presentations to organisations throughout the year.

				<p>following areas which help eliminate fuel poverty; Crisis funding, benefits health check/income maximisation, Energy efficiency measures and/or research into the issue. In order to provide a sustainable solution to fuel poverty projects that seek funding for Crisis Funds and/or income maximisation projects are required to provide energy efficiency advice. Priority will be given to projects aimed at helping families with young children and young people.</p> <p>An independent panel of Trustees assess projects on a quarterly basis to ensure that funding bids meet the aim of the Trust, to help eradicate fuel poverty.</p> <p>Individuals benefiting from the projects funded do not need to be Scottish Power customers.</p>	<p>organisations and voluntary groups (such as children's charities, Local Authorities, Housing Associations, local Community groups, support organisations and others) throughout Britain.</p>	<p>Through Events sponsorship i.e. NEA Conference September 2007. Through Press Releases.</p>
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5. Partnerships

- Partnerships are schemes run by suppliers in partnership with other organisations for the benefit of vulnerable customers. There is likely to be some cross over with a suppliers EEC commitments with these schemes.

Current social programmes offered by suppliers as at end of November 2008				
Supplier Name	Name of partner(s) involved	Name of scheme(s)	Role of supplier	Brief description of what was offered by scheme
British Gas	UK charities including Help the Aged, Scope, Save the Children, RNIB, NEA REECH and National Debt Line	Here to HELP	Funding; refers individuals in need of support to charity partners and provides British Gas customers with additional services	A fuel poverty initiative that aims to provide energy efficiency measures combined with quality of life support. Customers are given direct access to services, products and support from a number of UK charities; free benefit assessment (provided to all); free products advice and support from our 'here to HELP' charity partners (provided to all); British Gas additional services provided to BGT customers only.
EDF Energy	1. WRVS 2. Plymouth CAB. 3. Citizen's Advice Bureaux 4. London Warm Zone 5. National Energy Action 6. National Right to Fuel Campaign 7. Home Heat Helpline 8. Bristol Debt Advice	Various	See next column	1. WRVS – EDF Energy working with WRVS to deliver a Safe Warm and Well communications campaign to signpost elderly customers to support. 2. Plymouth CAB – strong working relationship including secondment of EDF Energy Manager for 6 months to develop telephone advice service 3. Citizen's Advice Bureaux - offer a dedicated debt advice line for all CABs to contact us to discuss and resolve clients' cases 4. London Warm Zone partnership involves EDF Energy sponsorship in addition to the CERT

Current social programmes offered by suppliers as at end of November 2008				
Supplier Name	Name of partner(s) involved	Name of scheme(s)	Role of supplier	Brief description of what was offered by scheme
	centre 9.My Devon/ Care Direct			<p>spend to secure wider fuel poverty objectives for the project - including the benefit entitlement checks and core funding, as well as secondment of a Manager</p> <p>5. Sponsorship of National Energy Action organisation working on fuel poverty and energy efficiency</p> <p>6. Sponsorship of National Right to Fuel Campaign events</p> <p>7. EDF Energy contribution to the ERA Home Heat Helpline providing a telephone line to advise and refer customers on energy efficiency and fuel poverty issues</p> <p>8. Bristol Debt Advice centre – providing literature & direct contact promoting EDF Trust fund E/E advice etc.</p> <p>9.My Devon/ Care Direct – Referral system – both organisations aware of products available and where to signpost when necessary.</p>

Current social programmes offered by suppliers as at end of November 2008				
Supplier Name	Name of partner(s) involved	Name of scheme(s)	Role of supplier	Brief description of what was offered by scheme
npower	NHS; 23 Local Authorities; 20 Primary Care Trusts; and Care and Repair agencies. npower Health Through Warmth operates in 12 geographically-defined areas of England and Wales.	npower Health Through Warmth (HTW)	See next column	<p>The Health Through Warmth scheme (HTW) operates through locally based partnerships that seek to identify vulnerable people of any age, whose health is adversely affected by the cold and damp conditions in their home.</p> <p>This is achieved by facilitating the installation of appropriate energy efficiency and heating measures. The scheme trains community workers, such as nurses, midwives, occupational therapists, the police and fire service, so they can identify people who need help and refer them to their area HTW co-ordinator.</p> <p>Vulnerable people are often the least likely to seek assistance, but by linking up with existing community workers, they can be more easily identified. If clients aren't eligible for statutory national and locally grant schemes, financial support may be offered from the unique npower HTW Crisis Fund, depending on their circumstances. This fund ensures that households who are ineligible for any funding are not left without the help they need to improve their health, comfort and quality of life.</p> <p>npower HTW have appointed and part fund local scheme co-ordinators in the 12 areas of England and Wales to operate the scheme. HTW clients</p>

Current social programmes offered by suppliers as at end of November 2008				
Supplier Name	Name of partner(s) involved	Name of scheme(s)	Role of supplier	Brief description of what was offered by scheme
				<p>do not have to be, or become, npower energy customers, the only criteria is that they are ill due to living in a cold, damp home.</p> <p>Since inception HTW Up till the end of August 2008 has Received 40,813 referrals and trained 15,516 key community workers. Funding for heating and insulation measures has been accessed from various sources including; Grants and funds £32.4 million, Charities £412,000 and npower HTW Crisis Fund £3.2 million.</p>
E.ON	National Energy Action (NEA)	Caring Energy	Funding	<p>Agreed to sponsor NEA Fuel Poverty Monitor</p> <p>E.ON have funded a joint project with the NEA (National Energy Action) working with organisations that support disabled householders in the East Midlands. NEA will produce a resource pack & training tailored to the needs of the differing types of vulnerability. The aim of the project is;</p> <ol style="list-style-type: none"> 1. To improve access to all appropriate services for disabled householders in the East Midlands region. <p>And the objective is;</p> <ol style="list-style-type: none"> 2. To achieve affordable warmth & overall improved quality of life for service users.

Current social programmes offered by suppliers as at end of November 2008				
Supplier Name	Name of partner(s) involved	Name of scheme(s)	Role of supplier	Brief description of what was offered by scheme
E.ON	Auriga	Caring Energy	Funding	Supplied "A" rated energy efficiency essential household appliances to all E.ON customers who Auriga identified as needing new appliances. In addition we have an arrangement to jointly reduce (and in some cases write off) the E.ON energy debts of successful applicants to Auriga.
E.ON	Age Concern	Energy Right	Funding	Energy Efficiency advice in older people's homes provided by Age Concern staff. E.ON have funded the training of Age Concern staff and pay for a number of regional co-ordinators.
SSE	1. Numerous partnerships with community agencies, local authorities and other agencies (such as CAB, Age Concern).		Funding	SSE partners with advocacy organisations in order to target fuel poor and vulnerable customers. Examples of other partnerships include: 1. New technology trials to investigate improving more efficient source of heat to rural fuel poor 2. A pilot project on micro generation

Current social programmes offered by suppliers as at end of November 2008				
Supplier Name	Name of partner(s) involved	Name of scheme(s)	Role of supplier	Brief description of what was offered by scheme
	<ul style="list-style-type: none"> 2. Support NEA and EAS. 3. Funding for Home Heat Helpline with other ERA members. 			<ul style="list-style-type: none"> technologies for hard to heat rural properties. 3. Sponsoring a number of events and publications of EAS and others on an ad hoc basis.
Scottish Power	<ul style="list-style-type: none"> 1. ERA 2. A range of Charity and not profit organisations 3. Warm Zones, CES and other area based schemes. 4. NEA 	<ul style="list-style-type: none"> 1. Home Heat Helpline 2. ScottishPower Energy People Trust 3. Newcastle, Gateshead, Go Warm, North Tyneside, North Staffs and Kirklees Warm Zones 4. National Energy Action Annual Conference 	<ul style="list-style-type: none"> 1. See next column 2. ScottishPower provide funds to the Energy People Trust. 3. Funding 4. Provided sponsorship for the NEA Annual Conference 'Countdown to 2010' 	<ul style="list-style-type: none"> 1. ScottishPower contribute to the ERA Home Heat Helpline providing a telephone line to advise and refer customers on energy efficiency and fuel poverty issues 2. The Trust provides funding for a range of projects to help end fuel poverty including, crisis funding, income maximisation/benefit health checks, energy efficiency advice and measures and research into fuel poverty. 3. ScottishPower have provided funding to WarmZones to contribute towards core costs, home energy/fuel poverty assessments, delivering a comprehensive package of benefits advice and claim support. 4. Provided sponsorship to the NEA Event.

6. Benefit entitlement checks

- A benefit entitlement check assesses whether a customer is receiving all the benefits they are entitled to. The table below sets out the number of checks a supplier has carried out or funded in order to determine whether a vulnerable customer is receiving the correct level of income support.
- There will be some cross over with a supplier's EEC activities.

Current social programmes offered by suppliers as at end of November 2008			
Supplier Name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
British Gas	The results from the Quality of Life survey; through the Help the Aged Benefits Advice programme	External	Marketed as part of Here to HELP programme and also promoted by BGT's charity partners; specific targeted programme in collaboration with Help the Aged to promote BECs to older people by providing assistance in local community centres and home visits. Also undertook a specific targeted programme in collaboration with Help the Aged (Benefits Advice Programme) to promote the benefits checks to older people by providing assistance in local community centres and home visits. Differs in each project, but usual methods are posters and flyers in libraries, GP's surgeries, local shops, etc. Talks and presentations are luncheon clubs, church groups and mosques. Advertorials and press releases and other local news media.

Current social programmes offered by suppliers as at end of November 2008			
Supplier Name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
EDF Energy	The benefit entitlement check is a facet of the Energy Assist product. London Warm Zone customers are also offered a BEC as part of their household assessment.	External	In the case of Energy Assist, agents check the eligibility of the customer to be registered onto Energy Assist over the phone asking if the customer already receives the qualifying benefits. If not, the fuel poor calculation is undertaken based on the income communicated by the customer and their energy consumption. During the conversation, agents who have been trained for these calls, assess whether the customer might benefit from checking their entitlement to other benefits and advise the customer to call EAGA for a benefits entitlement check, either providing the free phone number to the customer or offering the possibility to transfer the customer to EAGA on the same number. In the case of London Warm Zone clients are referred to the LWZ benefits team who write to each client informing them of the project and that a benefits advisor will telephone or visit them. If the customer is entitled to a benefit the advisor offers a home visit to complete the forms. Clients are also made aware of the service through LWZ integrated marketing & customer communications activity.

Current social programmes offered by suppliers as at end of November 2008			
Supplier Name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
npower	Customers are offered a check through either: a doorstep assessment on a regional programme (Warm Zones or Community Warmth); when they call the Energy Efficiency line or the Warm Response Line; when they join the First Step Programme; and when they are referred via Health Through Warmth advisers.	Initial checks are provided in-house using our Ferret system and if a customer is identified that they may be eligible they will be referred to external parties for completion. Citizen Advice Bureaux and Welfare Rights Units.	Checks are promoted through various routes Warm: Zones, Health Through Warmth, First Step and Spreading Warmth Winter Campaign but carried out initially by the First Step Team or Warm Response Team then third party organisations.
E.ON	All customers who call through to E.ON's CaringEnergy service are offered a Benefits Entitlement Check.	Internal	Information released to the press during the year explaining the benefits of the service and how to apply. Literature sent to customers with details of the service and E.ON customer service and sales field agents promote the service.

Current social programmes offered by suppliers as at end of November 2008			
Supplier Name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
Scottish Power	Leaflets distributed via ScottishPower insulation scheme or on request when a customer contacts SP energy efficiency helpline, through the new social tariff or insulation scheme.	External - eaga	Leaflets distributed via ScottishPower insulation scheme or on request when a customer contacts SP energy efficiency helpline, through the new social tariff or insulation scheme. Additional benefit health checks are carried out by Warm Zones ScottishPower supports. A number of projects funded by the Trust carry out BECs.
SSE	Customers are offered a health benefit check by customer service advisers who are trained to identify eligible customers.	External - eaga	Market the benefit checks alongside their social tariff, energyplus care.

7. Other Initiatives

- The table below sets out any other products aimed at vulnerable customers that do not fit into the above categories.

Current social programmes offered by suppliers as at end of November 2008	
Supplier Name	Brief description of other initiatives/ programmes which are in addition to EEC and licence obligations and not mentioned elsewhere
EDF Energy	Safe Warm and Well winter communications campaign in partnership with WRVS – During the winter 2008/09 will target elderly households with messages about how to access support this winter including information about insulation, claiming all the benefits they're entitled to and asking their energy supplier for help through the Home Heat Helpline. Both communications to our customers and high profile media and PR campaign for all customers.
npower	<p>1. Spreading Warmth - a targeted winter awareness campaign to increase awareness of products and services amongst npower staff.</p> <p>2. Warm response line for vulnerable customers to act as a single point of contact to access spreading warmth products and services.</p> <p>3. Energy efficiency Home advisors service where trained staff help vulnerable customers to achieve affordable warm homes by visiting homes and conducting community talks.</p> <p>4. Real Time Displays - This initiative was set up to provide 4,000 real time displays as part of the Spreading Warmth Programme, at a cost of £110,640. Real time electricity displays enable customers and us to see how much electricity they use, how much energy they may have saved through changes in behaviour and the cost of the electricity they are using.</p> <p>5. NEA (micro generation project) - npower is working with National Energy Action (NEA) to install micro-generation technology into vulnerable/fuel poor customers homes within the West Midlands region. The project will allow the installation of various micro-generation technologies into the properties. The households taking part in the project are receiving assistance from npower's First Step Programme which is a holistic solution for vulnerable customers unable to pay their energy bills including a customer assistance fund and social tariff. Prior to the micro-generation technology being</p>

	<p>installed they will also receive where appropriate energy efficiency advice and measures including loft and cavity wall insulation, energy saving light bulbs, draft proofing and energy measurement device.</p> <p>6. Warm Response Service mailing - npower conducting a number of mailings to customers during the winter period of 07-08, in order to inform customers of relevant products and services that could be beneficial to them over this period.</p> <p>7. Christians Against Poverty - Christians Against Poverty is a national debt counselling charity working through a network of 72 centres based in local churches. CAP offers hope and a solution to anyone in debt through its unique, in-depth service. npower made an agreement with the charity to provide £16,000p/annum in order to provide assistance from the charity for customers dealing with debt.</p> <p>8. NEA partnership projects including; The "Heat is On" DVD for provision of energy efficiency advice to households who speak language other than English; Affordable Warmth sustainable world awards £10,000; Sponsorship of Fuel Poverty Forums £9,000; NEA Wales Conference £10,000; and Countdown to 2010 campaign in your constituency £20,000.</p> <p>9. Cross Industry initiatives including the Home Heat Helpline and joint winter initiative between DWP and energy suppliers.</p>
<p>ScottishPower</p>	<p>Citizens Advice Bureau: ScottishPower have a dedicated phone line for all Citizens Advice Bureau advisors throughout Great Britain to call our Collections Team for specialist advice on accounts in debt. Furthermore our Energy People Trust has funded several CAB Projects:</p> <ul style="list-style-type: none"> a) Netherley CAB's Debt and Disconnection Project which employs a full time specialist advisor b) Dumfries and Galloway CAB's Fuel Advice & Benefits (FAB Project), a specialist service aimed at actively engaging low income families lone parents and other hard to reach groups, to maximise their income and reduce fuel/household poverty. <p>A number of projects funded by The Trust have also employed workers to advise on Income maximisation.</p> <p>Special Advice Teams - Community Liaison Officers (CLOs): ScottishPower employs 13 dedicated Community Liaison Officers, to provided face to face customer contact and support. These highly skilled and experienced employees are a key tool in ScottishPower's advice initiative. The CLOs undertake customer visits, dealing with many aspects of customer accounts including high value bills, serious customer complaints as well as providing heating advice and</p>

	information about our Priority Services Register, Carefree.
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Appendix 2 - Supplier contact details for general public enquiries

	General Enquiries	Debt Advice	Energy Efficiency Advice	Social Programmes
British Gas	0800 048 0202 (Credit Customers) 0800 048 0303 (Pay As You Go)	0800 048 0404	0800 072 8629	0800 072 7100
	www.britishgas.co.uk/support			
EDF Energy	0800 096 9000	0800 269 450	0800 096 9966	0800 269 450
	http://www.edfenergy.com			
E.ON	0845 059 9905	0845 059 9905	0500 201 000	0800 051 1480
	http://www.eonenergy.com/At-Home/Going-Green/Energy-Saving-Advice/Guidance-And-Caring-Energy.htm?WT.mc_id=Guidance_and_CaringEnergy&WT.svl=8			
npower	0845 602 6363 (Lines open Mon to Fri 8am-8pm & Sat 8am-6pm)	0808 602 6363 (Lines open Mon to Fri 8am-8pm & Sat 8am-6pm)	0800 02 22 20 (Lines open Mon to Fri 8am-6pm & Sat 9am-5pm)	0800 172 6999 (Lines open Mon to Fri 8am-6pm & Sat 9am-6pm)
	http://www.npower.com/spreading_warmth/Content/Spreadingwarmthtariff/index.htm			
Scottish Power	0845 2700 700	0800 027 7037	0800 33 22 33	0845 2700 700
	CareFree and CareFree Plus: http://www.scottishpower.co.uk/Home_Energy/Product_Information/CareFree_Plus/ Trust Fund: http://www.scottishpower.co.uk/About_Us/About_Us/			

Scottish & Southern Energy	Southern Electric General 0845 7444 555 (E) 0845 758 5401 (G) Scottish Hydro Electric General 0845 300 2141(E) 0845 755 2233 (G) Swalec General 0800 052 5252 (E) 0800 052 0567 (G) Atlantic General 0845 073 3030 (E) 0845 678 0055 (G)	Same as general phone numbers	0800 0727 201	0800 300 111 (energyplus Care) 0800 622 838 (Careline – PSR)
	http://www.hydro.co.uk/Help/ForYourHome/SpecialPackages/Default.aspx http://www.hydroenergytips.co.uk/help.aspx http://www.swalec.co.uk/Help/ForYourHome/SpecialPackages/Default.aspx http://www.swalecenergytips.co.uk/help.aspx http://www.southern-electric.co.uk/Help/ForYourHome/SpecialPackages/Default.aspx http://www.southernenergytips.co.uk/help.aspx http://www.atlanticenergytips.co.uk/help.aspx			

Appendix 3 - Methodology to calculate contributions from suppliers' discounted tariffs

1.1. To calculate the savings a customer makes by being on the supplier's discounted tariff, suppliers provided the number of gas and electricity customer accounts that were on their discounted tariffs broken down by each of the payment methods, for each month, as well as average annual consumption data for those customers.

1.2. The difference was then calculated between what these customers would have paid on the average tariff for their payment method compared to what they paid on the discounted tariff. An example is provided using the table below:

- Using Ofgem's pricing database, for each month we calculated what the supplier's average annual bill (across all regions) would be for customers on their standard tariff for each payment method using actual average consumption data;
- We then calculated what the supplier's average annual bill (across all regions) would be for customers on their discounted tariff for each payment method using actual average consumption data;
- We then subtracted the monthly annual discounted tariff bills from the standard tariff bills for each payment method to give the saving offered by the supplier on a per customer basis. This value was then multiplied by the number of customers on the discounted tariff for each payment method.
- These savings were then summed and divided by 12 to give the total savings to a supplier's discounted tariff customers for the year.

1.3. This revised methodology has enabled us to better take account of the changes in numbers on each supplier's discounted tariffs as well as price changes. As it uses average actual consumption data it also better reflects the savings actually achieved by customers on the discounted tariffs.

1.4. Our analysis shows that our calculation of suppliers' contributions from their discounted tariff is very similar to suppliers' own estimations of the costs of their discounted tariffs.

Appendix 4 – The Authority's Powers and Duties

1.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority ("the Authority"), the regulator of the gas and electricity industries in Great Britain. This Appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

1.2. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Act 2004, as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts.¹⁸

1.3. Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This Appendix must be read accordingly¹⁹.

1.4. The Authority's principal objective when carrying out certain of its functions under each of the Gas Act and the Electricity Act is to protect the interests of consumers, present and future, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the shipping, transportation or supply of gas conveyed through pipes, and the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors.

1.5. The Authority must when carrying out those functions have regard to:

- The need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- The need to secure that all reasonable demands for electricity are met;
- The need to secure that licence holders are able to finance the activities which are the subject of obligations on them²⁰; and
- The interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.²¹

¹⁸ entitled "Gas Supply" and "Electricity Supply" respectively.

¹⁹ However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

²⁰ under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Act in the case of Electricity Act functions.

²¹ The Authority may have regard to other descriptions of consumers.

1.6. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

- Promote efficiency and economy on the part of those licensed²² under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
- Protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity;
- Contribute to the achievement of sustainable development; and
- Secure a diverse and viable long-term energy supply.

1.7. In carrying out the functions referred to, the Authority must also have regard, to:

- The effect on the environment of activities connected with the conveyance of gas through pipes or with the generation, transmission, distribution or supply of electricity;
- The principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- Certain statutory guidance on social and environmental matters issued by the Secretary of State.

1.8. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation²³ and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

²² or persons authorised by exemptions to carry on any activity.

²³ Council Regulation (EC) 1/2003

Appendix 5 - Glossary

B

BERR

(Department of) Business, Enterprise and Regulatory Reform

BEC

Benefit entitlement check

C

CAB

Citizens Advice Bureau

CERT

Carbon Emissions Reduction Target

CESP

Community Energy Savings Programme

CSR

Corporate Social Responsibility

D

DECC

Department of Energy and Climate Change

DD

Direct Debit

DWP

Department for Work and Pensions

E

EEC

Energy Efficiency Commitment

F

FPAG

Fuel Poverty Advisory Group

H**Home Heat Helpline**

The Home Heat Helpline is a free, central phone number offering practical energy advice for people concerned about paying their energy bills. To speak to a specially trained advisor for free advice call 0800 33 66 99.

P**Prepayment meter (PPM)**

Prepayment meters currently use electronic tokens, keys or cards to enable an amount of energy to be bought by the consumer to be used. The consumer needs to be provided with a network of outlets where tokens can be purchased or card and keys can be charge up. This network of outlets needs to be linked to a payment settlement system for suppliers.

Priority Service Register (PSR)

Suppliers are required by their licence to establish and maintain a list of those domestic customers who by virtue of being of pensionable age or disabled or chronically sick require information and advice in respect of services specified in the licence.

S**SC**

Standard Credit

Social Tariff

Definition for previous reporting framework was for a tariff to qualify as a "social tariff" it must be at least as good as the suppliers' standard direct debit tariff. New definition in Ofgem's decision document published on 25 July 2008 confirms that in future, for a suppliers' tariff to qualify as a "social tariff" it must be at least as good as the lowest tariff offered by that supplier to a customer in that region on an enduring basis. This is regardless of that customer's payment method and includes online tariffs.

W**Warm Zones**

Warm Zones aim to identify all households that need help (in particular the vulnerable and fuel poor) in a given area and give them all available help in a concentrated, cost-effective way. Warm Zones are typically funded through partnerships with local government, European Union agencies, energy companies and other supporters. Further information on Warm Zones can be found at:

<http://www.warmzones.co.uk>

Appendix 6 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

- Does the report adequately reflect your views? If not, why not?
- Does the report offer a clear explanation as to why not all the views offered had been taken forward?
- Did the report offer a clear explanation and justification for the decision? If not, how could this information have been better presented?
- Do you have any comments about the overall tone and content of the report?
- Was the report easy to read and understand, could it have been better written?
- Please add any further comments?

1.2. Please send your comments to:

Andrew MacFaul
Consultation Co-ordinator
Ofgem
9 Millbank
London
SW1P 3GE
andrew.macfaul@ofgem.gov.uk