

## Monitoring suppliers' social programmes 2009-10

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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, people with disabilities, the chronically sick or those 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. This document reports on the range of measures suppliers undertook to assist their vulnerable and fuel poor customers in the second year of the voluntary commitment (April 2009 - March 2010).

The key findings of the report are:

- Suppliers' collective expenditure for 2009-10 was £153m (£3.18 per customer account) - exceeding Government's target by £28m
- £128m, 84% of total expenditure, was contributed through social and discounted tariffs and rebates
- At the end of March 2010, almost 1.6m customer accounts were benefiting from social and discounted tariffs and rebates, compared to 1.3m at the end of March 2009
- Suppliers also contributed £12.5m on trust funds and £12m of other assistance.

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## Context

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

Government requested that Ofgem set the parameters for what can be included by suppliers as part of this spend on social initiatives and annually monitor suppliers' progress against the voluntary commitment. This report confirms that all suppliers have met their social commitments for the period 1 April 2009 - 31 March 2010 and reviews each of the suppliers' different social initiatives.

This report is one of the deliverables in Ofgem's Social Action Strategy for 2010-11. 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](http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring_suppliers_10508.pdf)

Monitoring suppliers' social programmes 2007-08, December 2008, Ref 171/08

<http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring%20Suppliers%20Social%20Spend%20171.08.pdf>

Monitoring suppliers' social programmes 2008-9

[http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring\\_suppliers\\_social\\_spend\\_2008\\_09\\_final.pdf](http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring_suppliers_social_spend_2008_09_final.pdf)

Social Action Strategy 2010-11 Update, July 2010

<http://www.ofgem.gov.uk/SUSTAINABILITY/SOCACTION/Documents1/socialactionstrategyfs%20July%202010.pdf>

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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 2010-11. This document reports on the range of voluntary measures suppliers have undertaken to assist their vulnerable and fuel poor customers in the second year of the commitment (2009-10). It also confirms that suppliers have each met their second year spend targets as set by Government.

Ofgem has, for a number of years, been proactive in shining a light on suppliers' voluntary measures aimed at providing direct support, targeted at those most in need. Our aim in doing this has been to share and recognise good practice and help inform consumer advisers about the range of help available.

As a result of our work in this area, Government asked Ofgem to lead a process to set the parameters for what can be included as part of suppliers' commitment with Government and the associated reporting arrangements. We consulted widely on our proposals and in July 2008 published guidance on the types of measures that would be counted towards the commitment. We also published our report on the first year of the commitment (2008-9) in August 2009.

For the second year of the commitment, our main findings are:

- suppliers' collective expenditure on social programmes in 2009-10 was £153m. This exceeds Government's target of £125m for the second year of the voluntary commitment but is slightly lower than last year's expenditure of £157m;
- the vast majority (97%) of suppliers' expenditure on their social programmes was directed at social and discounted tariffs, rebates, trust funds and energy efficiency measures which provide direct assistance to customers in, and vulnerable to, fuel poverty;
- suppliers spent £113m (74%) on social and discounted tariffs, 13% less than in 2008-09. However, suppliers increased their expenditure on rebates by 54% to £15.2m, with almost 543,000 customer accounts receiving some form of rebate;
- the number of customers benefiting from a social or discounted tariff is very similar to last year at just over 1 million. With rebates included as well, almost 1.6m customer accounts benefited from some form of reduction in their energy bills, compared to nearly 1.3m in 2008-09;
- each supplier met its spend target for the second year of the commitment;
- each supplier provided at least one social or discounted tariff that ensured customers paying by standard credit or prepayment did not pay more than those on suppliers' standard direct debit tariffs.

The largest contribution to the overall commitment was made by British Gas with a contribution of £58m (38% of suppliers' collective expenditure). They also exceeded their spend target by £17m. In addition, npower and SSE also exceeded their spend targets by £3.1m and £4.5m respectively. British Gas was the only supplier to have spent less than the previous year; however this is compared to its very significant contribution of £82m in 2008-09.

Suppliers have also provided almost £12.5m of support through trust funds, £7.5m of energy efficiency measures additional to the Carbon Emissions Reduction Target (CERT) and £4.5m of other assistance such as partnership working, benefit entitlement checks (BECs) and cross-industry initiatives aimed at targeting advice and support to those most in need.

Ofgem has previously provided guidance to suppliers on social tariffs to encourage the development of tariffs which offer meaningful discounts to customers most in need. Suppliers are also now increasingly offering rebates. This direct support through tariffs and rebates accounted for 84% of suppliers' contributions in 2009-10. 1.6m customer accounts benefitted; an increase of 23% compared to 2008-9 and 110% compared to 2007-8.

During the reporting period, each of the 6 main suppliers offered social or discounted tariffs to fuel poor customers which were at least as good as the supplier's cheapest standard direct debit rate. Most suppliers offered such tariffs at rates considerably below their standard direct debit rate.

The identification of fuel poor customers continues to raise very real difficulties for targeting support to those customers most in need. Suppliers have taken different approaches to targeting and marketing their schemes and, in a situation where there is no simple solution, this innovation and variety of approach is welcomed.

One of the key commitments given at our Fuel Poverty Summit in April 2008 was for Government and suppliers to progress proposals to enable data sharing. Following the introduction of legislation enabling the Department for Work and Pensions (DWP) to match data on pension credit recipients with data from energy suppliers, a pilot data matching initiative, the Energy Rebate Scheme, was successfully carried out in 2009-10. This resulted in the six major suppliers giving eligible customers a rebate of £80 in 2010. In addition to the rebate, we have agreed with suppliers that some of the costs associated with the administration and delivery of the scheme (excluding the policy development costs) will be counted towards their 2010-11 social spend commitment.

Government has built on the voluntary commitment through introducing new legislation in the Energy Act 2010, which allows Government to introduce, through secondary legislation, mandatory social price support schemes to provide support for the fuel poor. Government will take a decision on whether to introduce mandatory support following the outcome of the Spending Review (due to be published on 20 October 2010).

## 1. Introduction

1.1. In recent years, significant energy price rises and difficult economic conditions have contributed to the growing issue of fuel poverty in the UK. Despite price decreases in early 2010, energy prices in 2009-10 remained at higher levels than at the beginning of the decade and high unemployment levels have persisted. 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) and CESP (Community Energy Saving Programme) obligations. Each of the six major energy suppliers undertakes a wide range of initiatives as part of their social programmes to assist their most vulnerable and fuel poor customers.

1.2. This report provides a summary of the different initiatives undertaken by the six major energy suppliers as part of their social programmes between 1 April 2009 and 31 March 2010 (2009-10). This is the second year of the suppliers' voluntary social commitment as announced by Government in the 2008 Budget and is the third time we have reported on suppliers' social programmes under the revised framework published in July 2008<sup>1</sup>.

### Background

1.3. The Chancellor announced in the 2008 Budget an increase in suppliers' collective expenditure on their voluntary social initiatives to at least £150m per year by 2010-11. Government secured an agreement with suppliers that they would deliver this commitment over the 2008-2011 period resulting in an additional £225m spend over three years. The increase has been split across suppliers based on market share and is being delivered incrementally between 2008-11 so that suppliers' collective spend would be at least £100m in 2008-09; £125m in 2009-10 and £150m in 2010-11.

1.4. 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 guidance on the types of measures that would be counted towards the commitment<sup>2</sup>. It also sets out the framework against which we will calculate, monitor and report on suppliers' progress towards these targets.

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<sup>1</sup> The first report using the new framework set the baseline for the social commitment and was published in December 2008 - Monitoring suppliers' social programmes 2007-08, Ref 171/08.

<sup>2</sup> Link to guidance document:

[http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring\\_suppliers\\_10508.pdf](http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring_suppliers_10508.pdf)

## Wider Developments

### Mandatory social price support

1.5. In the Energy Act 2010 Government introduced new legislation which allows for the introduction of support schemes, generally referred to as social price support, for the purpose of reducing fuel poverty. The legislation allows Government to make regulations requiring energy suppliers to provide benefits to certain groups of customers. Government will take a decision on whether to introduce mandatory support following the outcome of the Spending Review (due to be published on the 20<sup>th</sup> October 2010).

### Ofgem's work directed towards vulnerable and fuel poor customers

1.6. Ofgem continues to undertake action more generally to help target existing help and assistance to benefit vulnerable and fuel poor customers who need it most. Initiatives that Ofgem contributed to in 2009-10 include:

- the introduction of two new licence conditions from September 2009, which require cost reflective tariff differentials for different payment methods and ban terms and conditions which unduly discriminate between different groups of customers;
- continuing to contribute to the work around data sharing between Government and suppliers which aims to help suppliers identify pensioners more likely to be in fuel poverty. A data matching model has been successfully piloted in 2009/10 and the scheme offered an opportunity to review the contribution data matching could make to help target assistance at fuel poor households in the future;
- assisting Citizens Advice with the roll out of the second year of its Energy Best Deal campaign in early 2010, following its success in 2009. The second year of the campaign has been funded by EDF Energy, E.ON, npower and ScottishPower and has been included in their voluntary contributions to social programmes. This campaign aims to provide vulnerable energy consumers who can be more difficult to reach, with tariff and energy efficiency information and advice;
- publishing a joint review with Consumer Focus of the protection for vulnerable customers from disconnection in October 2009<sup>3</sup>. As a result of our review, we secured a number of commitments from suppliers to improve their voluntary code of practice relating to disconnection. We also identified a number of good practices suppliers are taking forward to protect vulnerable customers against disconnection. Following the review, we have also introduced a new licence

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<sup>3</sup> Link to review of the protection for vulnerable customers from disconnection, October 2009: <http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Review%20of%20vulnerable%20customer%20disconnections%20report.pdf>

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condition clarifying that suppliers must take all reasonable steps to identify where a customer is vulnerable before disconnecting domestic premises<sup>4</sup>;

- continuing to monitor and report on supplier progress and practices in preventing and managing household consumer debt, encouraging best practice and using enforcement powers when necessary. In June 2010 we published our latest review in this area<sup>5</sup>;
- undertaking consumer research on vulnerable customer switching (omnibus switching survey for 2009 carried out by Ipsos MORI)<sup>6</sup>.

## Monitoring and reporting framework

1.7. Under this monitoring and reporting framework, we have included suppliers' contributions towards:

- social and discounted tariffs,
- rebates,
- trust funds,
- partnership initiatives,
- energy efficiency measures (where these are additional to suppliers' existing statutory obligations under CERT and CESP),
- benefit entitlement checks (BECs), and
- joint industry initiatives such as the Home Heat Helpline.

1.8. The report provides a summary of suppliers' expenditure in each of these categories and also on a per customer account basis. 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<sup>7</sup> of each of the suppliers' main UK businesses.

1.9. 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.

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<sup>4</sup> Notification of this licence amendment can be found at the following link:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=170&refer=Sustainability/SocAction/Publications>

Ofgem's review of suppliers' approaches to debt management and prevention, June 2010, is available at the following link:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=151&refer=Sustainability/SocAction/Publications>

<sup>5</sup> The switching report, 'customer engagement with the energy market' March 2010, is available at:

<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Ipsos-MORI%20switchingsurvey2009.pdf>

<sup>7</sup> Where the Chief Executive is not available and based on prior agreement with Ofgem, it may be acceptable for the information to be reviewed and agreed as accurate by an appropriate delegate within the supply business.



1.10. 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 known as Powergen), npower, ScottishPower and Scottish and Southern Energy (SSE).

## 2. Summary of suppliers' contributions

In 2009-10, suppliers' total expenditure on social programmes was £153m (£3.18 per customer account) compared to £157m in 2008-09. While the total spent is less than last year, it still significantly exceeds Government's £125m target for the second year of the commitment and also slightly exceeds its £150m target for 2010-11. Each supplier has met its target for the second year of the commitment.

This chapter also summarises suppliers' approaches to targeting the fuel poor for help.

### Suppliers' contributions

2.1. Suppliers' collective spend on social programmes for 2009-10 totalled £153m. This is equivalent to an average of £3.18 per customer account. The spend comprised:

	<b>£m</b>	<b>(% of total contribution)</b>
Social and discounted tariffs	113.0	(74)
Other rebates and discounts	15.2	(10)
Trust funds	12.5	(8)
Energy efficiency initiatives	7.5	(5)
Other initiatives	4.5	(3)
<b>Total</b>	<b>£153m</b>	

2.2. This expenditure significantly exceeds the target of £125m (£2.65 per customer account) set by Government for the second year of the social commitment. It also exceeds the overall commitment for social initiatives of at least £150 million a year by 2010-11 as set in the 2008 Budget. In addition, each supplier has met its second year individual social spend target as set by Government.

2.3. This expenditure represents a 3% decrease compared with 2008-09, when the total spent was calculated at £157m.

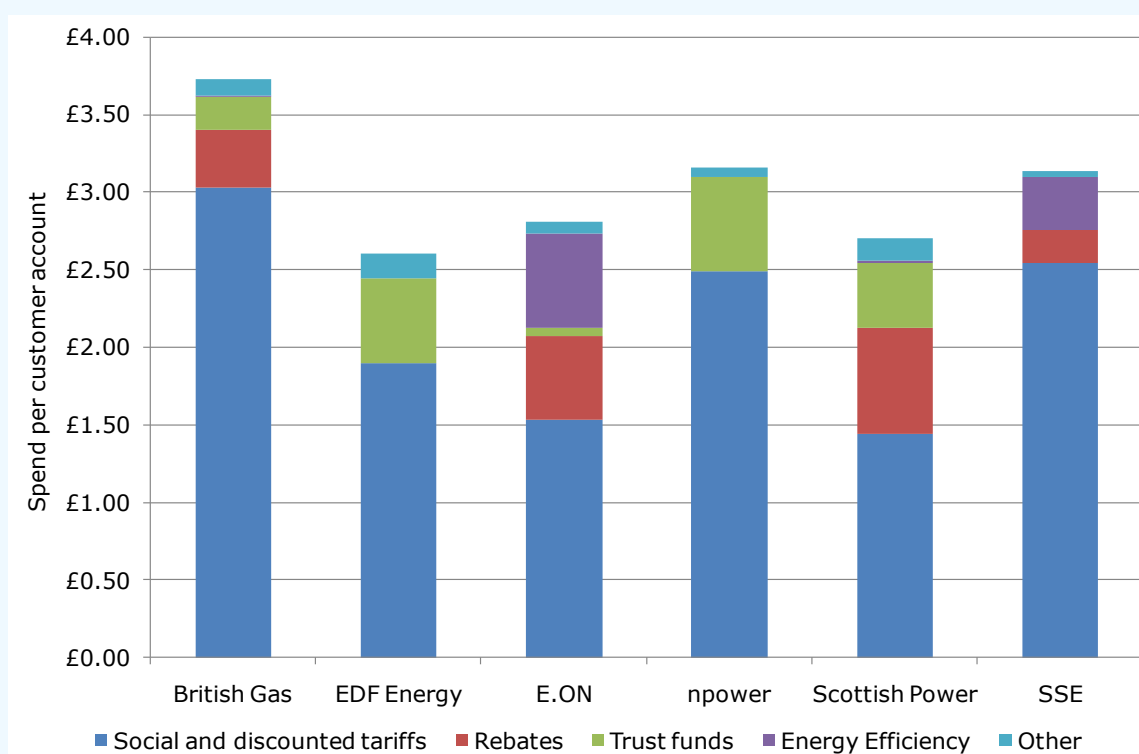
2.4. In 2009-10, there was a 13% decrease (from £130m to £113m) in the amount of money directed towards suppliers' social and discounted tariffs compared to 2008-09. This is largely because British Gas spent £30m less on social and discounted tariffs in the second year of the commitment compared to the first year when it significantly exceeded its target.

2.5. In contrast, the amount spent on rebates has increased from £9.9m in the first year of the commitment to £15.2m in the second. Again, British Gas' activities have been significant in this shift - it increased its expenditure on rebates by £6m in 2009-10 compared to the previous year.

2.6. The largest contribution to the overall commitment was made by British Gas with a total spend of £58m (38% of the total), implying a contribution of £3.73 per customer account. It also exceeded its target by £17m (42%). npower and SSE also exceeded their commitments by £3m (18%) and £4.5m (20%) respectively. All suppliers apart from British Gas increased their spend in 2009-10, however British Gas' contribution is still the largest and is significantly above its target.

2.7. Figure 1 below shows suppliers' social spend contributions between 1 April 2009 and 31 March 2010 on a per customer account basis. The majority of suppliers' social spend was directed at their social and discounted tariffs, rebates and trust funds which directly help customers in, or vulnerable to, fuel poverty.

**Figure 1: Suppliers' social spend contributions for 2009-10 on a per customer account basis**



**Source: Ofgem, supplier data**

Note: In calculating these figures we have used suppliers' customer numbers as at the end of December 2008 which they submitted for CERT.

2.8. The conclusions from this analysis are that:

- there has been a slight decrease in spend on social initiatives in 2009-10 and the main focus of spend has been on social and discounted tariffs (74% of the total);

- the amount spent on rebates and trust funds was similar; at 10% and 8% of total spend respectively. Suppliers' individual contributions to each of these categories varied. EDF Energy and npower made the largest contributions through trust funds, with both suppliers choosing not to offer rebates. ScottishPower, followed by E.ON, made the largest contributions through rebates;
- E.ON and SSE spent significantly more than the other suppliers on energy efficiency activities in 2009-10. E.ON contributed 60% and SSE contributed 36% towards the total spend on energy efficiency activities;
- British Gas contributed significantly more than any other supplier, both overall and per customer account. npower and SSE also exceeded their targets;
- overall, the amount spent on social and discounted tariffs has decreased and the amount spent on rebates has increased compared to 2008-9.

### **Effectiveness of the targeting of assistance**

2.9. Effective targeting of the fuel poor in order to assist them to pay for energy has historically been widely accepted as a significant challenge. Following the introduction of legislation enabling the Department for Work and Pensions (DWP) to match data on pension credit recipients with data from energy suppliers, a pilot data matching initiative, the Energy Rebate Scheme, was successfully carried out in 2009-10. Customers were eligible for the rebate if they were over 70 (or their partner was over 70), receiving the guarantee credit element of Pension Credit, and living at home. In addition the recipient (or their partner) had to be responsible for paying the electricity bill at the place where they lived and not in receipt of a social or discounted tariff from their energy supplier. Eligible consumers will receive a rebate of £80 on their electricity account in 2010.

2.10. The success of the data matching pilot is very encouraging and the scheme was also an opportunity to review the contribution data matching could make to help target assistance at fuel poor households in the future.

2.11. In the meantime, and looking back at the 2009-10 period, suppliers have also been making use of the data they hold on their customers to try and effectively target assistance to the groups that need it most, via social and discounted tariffs or other initiatives such as rebates and energy efficiency advice. They have continued to utilise links with other advice agencies such as the Citizens Advice to target customers, some of whom will fall outside of the current data sharing proposals. Some suppliers have also taken encouraging steps to enhance their in-house capability for identifying and providing assistance to vulnerable customers. Below are some examples of good practice in targeting:

- British Gas continues to work with a number of housing authorities to identify poor housing stock and prioritise customers whose homes require insulation and other energy efficiency products. The 'Here to Help' Programme also offers these groups of customers benefit entitlement checks and referrals to charity partners for additional help. British Gas notifies its third party partners such as the Money

Advice Trust and various charity partners of the eligibility criteria for its Essentials tariff. In addition to this, during 2009 a small number of the members of British Gas' specialist team that deals with vulnerable customers were trained to carry out Benefits Entitlements Checks, extending British Gas' capabilities to identify and support vulnerable customers more holistically than before.

- EDF Energy uses a range of methods to target fuel poor and vulnerable customers such as matching in-house billing data to income data from a third party data supplier and using its Priority Services Register to identify vulnerable customers. In 2009-10 they have explored new opportunities to target hard to reach customers by developing new partnerships with the Citizens Advice and three credit unions in the South East of England.
- npower's eligibility criteria for their Spreading Warmth Tariff were created with input from internal modelling and external stakeholders such as energywatch (now Consumer Focus). These eligibility criteria make the Spreading Warmth Tariff accessible to a range of customers with different forms of vulnerability, which can include those of pensionable age, households with a child under 16, with a disability or chronic illness provided they also have a low household income.
- ScottishPower overlaid their customer database with the Experian Fuel Poverty propensity model in 2009-10 to provide an indication of the number of their customers that could be classed as fuel poor. The Experian model utilises indicators such as socio-demographics, income etc. to derive a fuel poverty propensity score. This was further aligned with ScottishPower's known transactional data, such as consumption and debt levels, to assist in identifying which customers to target as part of their winter rebate programme.
- SSE use a number of methods to identify vulnerable and fuel poor customers such as in-house training of front line staff to ensure they are equipped to identify such customers who could benefit from their social tariff and using third party agencies such as Citizens Advice, Energy Assistance Package (in Scotland), Age UK and local Councils across Scotland, England and Wales who refer vulnerable and fuel poor customers to SSE.
- SSE also mailed a target group of 450,000 customers in Winter 2009 (those on budget schemes, fuel direct, electricity PPMs with debt and Priority Services Register (PSR) customers) that they had identified as being most likely to be in or vulnerable to fuel poverty. These customers were offered a free winter energy reduction pack plus an energy saving product. Over 120,000 customers contacted them to take advantage of the free energy savings pack. In addition, in the week before Christmas SSE took a sample of customers from their PSR and cross-matched this with their prepayment (PPM) database. They further segmented customers by category (supply critical, oxygen machines etc.) and identified 1,700 customers that they believed would benefit from an urgent phone call given the cold weather to ensure they were coping and not struggling to keep their heating on. By Christmas Eve they had contacted all 1,700 customers and in some cases SSE gave the customer a £50 rebate payment in order to prevent the customer from worrying about their energy usage over the winter period.

### 3. Social and discounted tariffs

In 2009-10, suppliers' expenditure on social and discounted tariffs was £113m – a decrease of £17m compared to 2008-09. The number of customer accounts benefiting from social and discounted tariffs remained very similar to last year at just over 1 million.

All of the six main suppliers offer a social or discounted tariff which is at least as good as their standard direct debit offer. Three of these suppliers offered social or discounted tariffs which were at least as good as their best offer during the reporting period.

#### Introduction

3.1. The six major energy suppliers all offer a range of social and discounted tariffs. Under the current voluntary social commitment, the level of discount provided by these tariffs compared with standard tariff prices, who is eligible (keeping in mind that support should be targeted towards customers vulnerable to fuel poverty) and how the schemes are promoted is at the discretion of the suppliers.

3.2. In July 2008 we published revised guidance which tightened the definition of a social tariff<sup>8</sup>. Under this definition, we suggested a 'social tariff' should be at least as good as the lowest tariff offered by that supplier to a customer in that region on an enduring basis. Given that this definition of a social tariff is unlikely to be a feature of any future mandatory scheme, we recognise that suppliers wish to retain flexibility as to how they structure these tariffs. We have therefore continued to report social and discounted tariffs together for 2009-10. However, we have set out below the tariffs which meet this definition of a social tariff.

3.3. 'Discounted tariffs' for the purposes of this report include discounted tariffs which suppliers offer to fuel poor customers which do not meet the stricter definition of a social tariff but are at least as good as a supplier's cheapest standard direct debit rate.

#### Suppliers' contributions from social and discounted tariffs

3.4. In calculating the savings to customers on a social or discounted tariff, we have used:

- actual average consumption data<sup>9</sup> for customers on these tariffs for gas, electricity and dual fuel (where applicable);

<sup>8</sup> 'Monitoring suppliers' social initiatives', July 2008, is available at the following link: [http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring\\_suppliers\\_10508.pdf](http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/Monitoring_suppliers_10508.pdf)

<sup>9</sup> Average consumption data for customers on social and discounted tariffs has been provided to Ofgem by suppliers.

- monthly data on the number of customers on social or discounted tariffs split across the different payment methods; and
- monthly price information split across the different payment methods.

3.5. This data has been provided by each of the suppliers and allows us to accurately reflect price changes and changes in the number of customers on social and discounted tariffs. Figure 2 provides a summary of suppliers' social and discounted tariffs in 2009-10. Appendix 2 provides further detail on the methodology used in calculating these savings.

3.6. Figure 2 shows that at the end of March 2010 there were just over 1 million customer accounts benefiting from social and discounted tariffs, which is a similar level as at the end of March 2009. However, total spend on social and discounted tariffs has fallen by 13% from £130m in 2008-09 to £113m in 2009-10. This is largely because British Gas spent £30m less on social and discounted tariffs in the second year of the commitment compared to the first year.

3.7. British Gas contributed £48m through social and discounted tariffs - the biggest contribution of any supplier. Its contribution was 42% of the total, which is significantly more than its market share. £45m of its contribution was through its Essentials tariff and £3m was through its Price Promise tariff.

3.8. EDF Energy, npower, ScottishPower and SSE all increased their contribution through social and discounted tariffs since last year, by 8%, 29%, 500% and 44% respectively. Of particular note is the increase in ScottishPower's contribution, from £1.5m in the first year of the voluntary commitment, to £7.5m in 2009-10, though it should be noted that this increase was from the lowest base in 2008-9. ScottishPower's increased contribution this year brings it more in line with the level of contribution of the other suppliers.

**Figure 2: Number of customer accounts on social and discounted tariffs and contributions as at March 2010**

Supplier	Tariff name	Tariff offer	Customer accounts on tariff at 31 March 2010	Average actual consumption (kWh)	Supplier's contribution	Average contribution per customer
<b>British Gas</b>	Essentials (Electricity)	From June 2009, tariff is now 15% lower than standard tariff rates across all payment methods apart from online. Customer pays the same on the tariff regardless of payment method.	178,498	4,222	£14.5m	£81
	Essentials (Gas)		298,104	16,387	£29.8m	£100
	Price Promise (Electricity)	Tariff closed to new customers since 2007. Customers have had prices frozen since its launch, with the exception of a 15% price increase in 2008. Tariff is generally cheaper than Essentials.	10,096	4,282	£700,000	£70
	Price Promise (Gas)		10,165	18,923	£2.1m	£206
	<b>Total</b>		<b>496,863</b>		<b>£47.1m</b>	
<b>EDF Energy</b>	Energy Assist (Electricity)	From June 2009, this tariff now offers EDF Energy's direct debit tariff to customers most likely to be fuel poor regardless of their payment method, plus a further £37.50 discount per fuel per year. Tariff includes other benefits, e.g. BECs and energy efficiency advice.	64,849	4,334	£3.7m	£58
	Energy Assist (Gas)		4,169	15,660	£2.6m	£59
	Energy Assist (Dual Fuel)*		94,960	4,334/15,660	£5.6m	£118**
	<b>Total</b>		<b>163,978</b>		<b>£9.6m</b>	
<b>E.ON</b>	Staywarm social (Electricity)	Fixed annual price regardless of consumption levels. Now closed to new customers.	11,568	6,391	£8.9m	
	Staywarm social (Gas)		10,942	29,086		
	WarmAssist Fixed (Electricity)	12 month subscription product (dual fuel or electricity only) where the annual charge is calculated from the customer's previous 12 months consumption. Pricing is set at a 15% discount off standard prices. The same discount applies for all payment methods.	8,877	6,348	£2.1m	
	WarmAssist Fixed (Gas)		8,223	26,734		
	WarmAssist (Electricity)	15% discount off standard prices.	856	4,567	£41,000	£48
	WarmAssist (Gas)		219	15,745	£14,000	£66
	WarmAssist (Dual Fuel)*		3,659	4,567/15,745	£290,000	£79
	<b>Total</b>		<b>44,344</b>		<b>£11.4m</b>	



<b>npower</b>	First Step (Electricity)	Legacy tariff closed to new customers. Offering an 18% discount against npower's standard prices.	351	6,055	£116,000	£288
	First Step (Gas)		459	19,739	£80,000	£217
	First Step (Dual Fuel)*		958	6,055/19,739	£247,000	£515**
	Spreading Warmth (Electricity)	Lowest tariff offering on average over 20% discount against npower's standard prices, with customers on Spreading Warmth paying the same regardless of payment method.	21,391	4,084	£3.0m	£139
	Spreading Warmth (Gas)		3,962	16,097	£490,000	£141
	Spreading Warmth (Dual Fuel)*		84,592	4,084/16,097	£12.1m	£286**
<b>Total</b>		<b>111,713</b>		<b>£15.9m</b>		
<b>Scottish Power</b>	Fresh Start (Electricity)	Lowest tariff regardless of payment method. Open to direct debit and standard credit customers as a tariff. PPM customers receive a rebate equivalent to the average savings they would have received on the social tariff (covered in rebates section of this report).	51,795	4,424	£2.9m	£57
	Fresh Start (Gas)		32,878	15,926	£4.6m	£139
	<b>Total</b>		<b>84,673</b>		<b>£7.5m</b>	
<b>SSE</b>	Energyplus Care (Electricity)	Lowest price regardless of payment method. Customers also receive other benefits such as free energy efficiency advice or measures.	25,591	4,341	£4.5m	£175
	Energyplus Care (Dual Fuel)*		83,220	4,341/17,881	£17m	£409**
	<b>Total</b>		<b>108,811</b>		<b>£21.5m</b>	
<b>Total</b>	<b>Electricity</b>		<b>373,872</b>			
	<b>Gas</b>		<b>369,121</b>			
	<b>Dual Fuel</b>		<b>267,389</b>			
	<b>Total</b>		<b>1,010,382</b>		<b>£113m</b>	<b>£112</b>

**Source: Ofgem suppliers**

Notes:

\*Dual fuel customer account numbers are counted on the basis of an account per fuel, therefore the overall number of dual fuel customers is half the number of dual fuel customer accounts.

\*\*Total contributions for dual fuel accounts are based on a joint electricity and gas bill, therefore contributions are based on both the electricity and gas accounts.

Suppliers' contributions have been calculated excluding VAT.

## **E.ON's 'StayWarm social' and 'WarmAssist Fixed' tariffs**

### *StayWarm social*

3.9. E.ON's 'StayWarm social' tariff offers customers in receipt of certain benefits or with special medical needs an annual fixed price for their energy based on where they live, the number of bedrooms and the level of occupancy of the property to customers. 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.

3.10. 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 that we have done for other suppliers. Following the same process we used in our previous reports<sup>10</sup>, E.ON has provided us with data from a sample of its 'StayWarm social' customers and the methodology used to calculate the savings to all 'StayWarm social' customers. We are therefore satisfied with the integrity of its figures.

### *WarmAssist Fixed*

3.11. Similar to E.ON's 'StayWarm social' product, the WarmAssist Fixed tariff offers customers an annual fixed price for their energy. The product is only available to customers who have previously been on the 'StayWarm social' product. An annual price is calculated for customers based upon their previous 12 months consumption based on standard prices. A discount of 15% is then applied to the calculated annual price. The customer's WarmAssist Fixed annual price is capped at 125% of their previous year's 'StayWarm social' price. If the calculated WarmAssist Fixed price is less than 125% of the previous year's 'StayWarm social' price then this annual price applies.

3.12. 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. As with 'StayWarm Social' E.ON has provided us with data from a sample of its WarmAssist Fixed customers and the methodology used to calculate the savings to all WarmAssist Fixed customers. We are satisfied with the integrity of their figures.

## **Social Tariffs**

3.13. As part of the voluntary agreement with Government, suppliers are currently free to decide the eligibility criteria for their social tariff (keeping in mind that support should be targeted towards customers vulnerable to fuel poverty). Typically social tariffs are only available to a supplier's existing customers.

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<sup>10</sup> See 'Monitoring suppliers' social programmes 2007-08', December 2008, Ref 171/08, paragraphs 2.7-2.9.

3.14. During the reporting period, npower, Scottish Power and SSE met our suggested definition of a social tariff (see paragraph 3.2 for definition). Details of these tariffs are as follows:

- npower – Spreading Warmth  
The Spreading Warmth Tariff consists of a reduced unit rate in each region which is consistent across payment methods. Savings to the average customer in 2009-10 were 20% or more across all fuels and payment methods based on actual average consumption. The tariff is open to customers who are over the age of 60, include in the household children under 16, disabled or chronically sick and on a low income (less than £13,500).
- ScottishPower – Fresh Start  
The Fresh Start tariff provides customers with ScottishPower's lowest tariff in each region, regardless of payment method. It is open to customers aged over 60 and in receipt of certain benefits.
- SSE – EnergyPlus Care  
Customers on the EnergyPlus Care tariff pay the same rate in each region regardless of payment method. Eligibility for the tariff is determined through assessing the scale of fuel poverty a customer is living in, in addition to other factors such as health.

3.15. British Gas' Essentials tariff did not meet our suggested definition of a social tariff in 2009-10 as it was not consistently their cheapest tariff during the reporting period. However, it should be noted that the Essentials tariff, which is 15% below British Gas' standard rates and equalised across payment methods from June 2009, was their lowest tariff for the majority of the reporting period in each region.

### **Comparisons between social and discounted tariffs and other market tariffs**

3.16. Figure 3 below illustrates the potential savings available to customers on a social or discounted tariff compared with both the best tariff available from their own supplier and the best tariff available in the market from any supplier.

3.17. The average annual bill column shows a national average bill for customers on each supplier's social or discounted tariff for 2009-10 based on a typical medium consumption level (3,300kWh for electricity and 20,500kWh for gas). Currently the majority of suppliers equalise their social and discounted tariffs across payment methods. However, where this is not the case the range of average bills between the payment methods has been provided. Comparisons are made between each supplier's average annual social or discounted tariff bill and the supplier's average

best non-social or discounted bill<sup>11</sup> ('Savings over supplier's best offer') and the best tariff on the open market ('Savings over best market offer (all suppliers)'). The calculations include online tariffs where available.

**Figure 3: Average savings to customers on social or discounted tariffs in comparison to the best offer available (April 2009 – March 2010)**

Supplier	Tariff name	Average Annual Bill (£)	Savings over supplier's best offer (£)	Savings over best market offer (all suppliers) (£)
British Gas	Essentials (Electricity)	346	(12)	(12)
	Essentials (Gas)	653	<b>10</b>	<b>10</b>
	Essentials (Dual Fuel)	984	(2)	(2)
EDF Energy	Energy Assist (Electricity)	378-379	(11)-(13)	(44)-(45)
	Energy Assist (Gas)	668-679	<b>61-51</b>	(5)-(16)
	Energy Assist (Dual Fuel)	1046-1058	(51)-(63)	(64)-(76)
E.ON	Warm Assist (Electricity)	381	(12)	(47)
	Warm Assist (Gas)	667	<b>56</b>	(4)
	Warm Assist (Dual Fuel)	1048	(64)	(66)
npower	Spreading Warmth (Electricity)	331	<b>20</b>	<b>3</b>
	Spreading Warmth (Gas)	618	<b>89</b>	<b>45</b>
	Spreading Warmth (Dual Fuel)	901	<b>93</b>	<b>81</b>
Scottish Power	Fresh Start (Electricity)	391	(7)	(57)
	Fresh Start (Gas)	627	<b>128</b>	<b>36</b>
	Fresh Start (Dual Fuel)	989	<b>9</b>	(8)
SSE	EnergyPlus Care (Electricity)	308	<b>77</b>	<b>25</b>
	EnergyPlus Care (Dual Fuel)	763	<b>266</b>	<b>219</b>

**Source: Ofgem; supplier and TheEnergyShop.com data**

Notes:

- Figures in bold illustrate where customers can save by being on their supplier's social or discounted tariff compared to other tariffs with their supplier or the best market offer. Figures in brackets indicate where the social or discounted tariff is more expensive than a supplier's best offer or the best offer in the market.
- Figures include VAT as this is included in customer bills.

<sup>11</sup> This is based on an average of each supplier's best non-social or discounted tariff bill per month between April 2009 and March 2010. In any month in this period, a supplier's cheapest non-social tariff bill could be based on any of the tariffs they offer and will always be the cheapest of these.

3.18. Figure 3 shows that in 2009-10, npower and SSE offered social tariffs which were lower than their own best offers for electricity, gas (where available) and dual fuel (where available) and the overall best market offer<sup>12</sup>. All suppliers offered gas social or discounted tariffs that were lower than their own best offer. In addition, British Gas, npower and ScottishPower offered a gas social or discounted tariff that was lower than the best market offer.

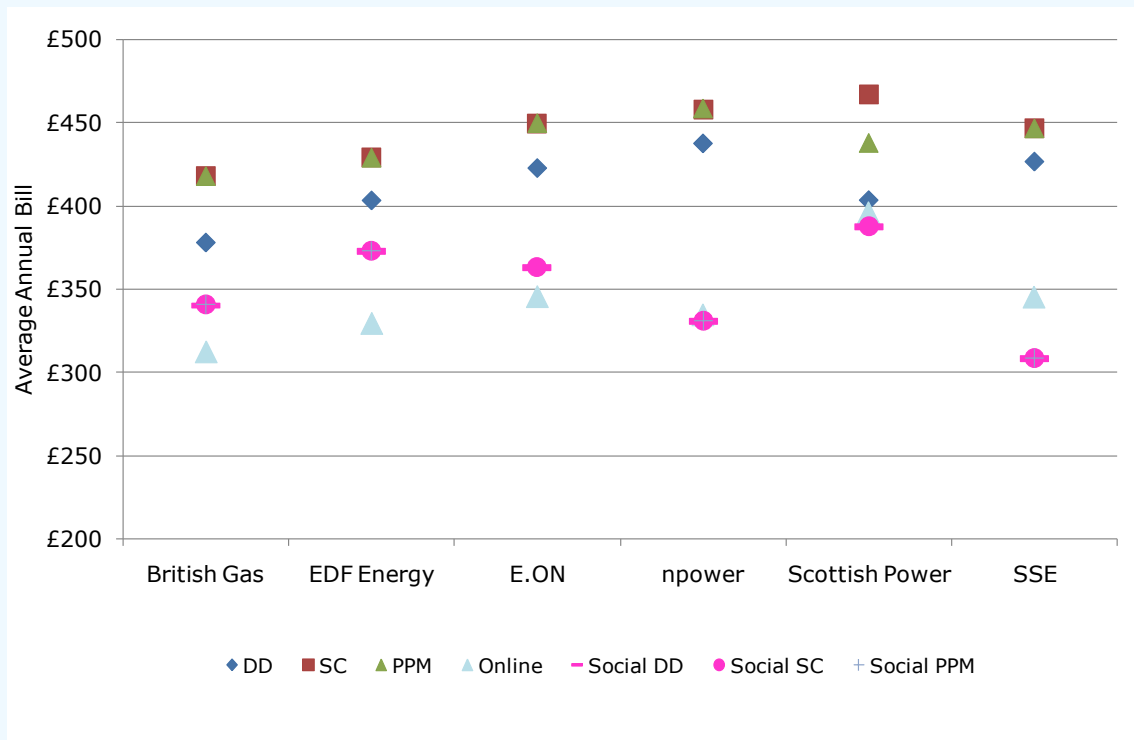
3.19. Figure 3 shows that customers on some social or discounted tariffs could find a better deal by potentially switching to another supplier's social or discounted tariff, if they were able to, or to another supplier's non-social tariff.

3.20. Figures 4, 5 and 6 below compare the social or discounted tariff offered by each supplier with their own standard and online tariffs, by taking a snapshot of the average annual bill for each tariff in March 2010. Social and discounted tariffs and standard tariffs have been split out according to different payment methods.

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<sup>12</sup> ScottishPower also offered a social tariff that was lower than its own best offer for electricity, gas and dual fuel in each region. However, this is only apparent when regional bills are averaged according to the number of customers on ScottishPower's social tariff in each region. This is not illustrated in Figure 3 because bills are averaged across regions without taking into account the number of customers on a particular tariff in each region.

**Figure 4: Comparison of average annual electricity bills for customers on social or discounted, direct debit, standard credit, PPM and online tariffs (average annual bills in March 2010)**



**Source: Ofgem, supplier data; TheEnergyShop.com**

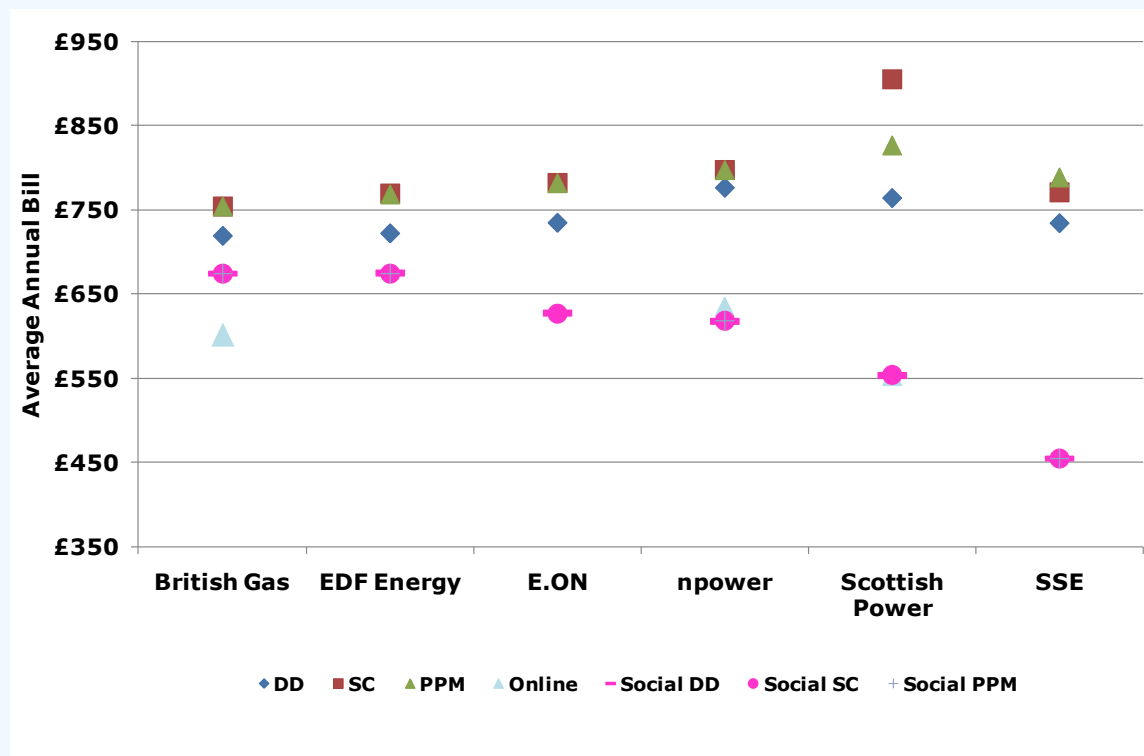
Notes:

- Annual bills have been calculated based on a consumption level of 3,300kWh and are averaged across all regions;
- Prompt pay or other discounts have not been included in this analysis;
- Online tariffs are the cheapest online tariffs available to new customers as at March 2010;
- Suppliers' social and discounted tariffs were all aligned across payment methods as at March 2010;
- ScottishPower and E.ON did not offer PPM social tariffs (PPM customers were instead provided rebates equivalent to their social or discounted tariffs). Details of rebates made to social tariff PPM customers can be found in the rebates section of this report;
- Figures include VAT as this is included in customer bills.

3.21. Figure 4 above shows that in March 2010 for electricity:

- npower, ScottishPower and SSE all had social tariffs that were their lowest rate compared to their other tariffs, including online;
- All suppliers' social or discounted tariffs were lower than their direct debit rates;
- PPM rates have now been aligned with standard credit rates and in the case of ScottishPower, their standard PPM rate is lower than their standard credit rate.

**Figure 5: Comparison of average gas bills for customers on social or discounted, direct debit, standard credit, PPM and online tariffs (average annual bills in March 2010)**



**Source: Ofgem, supplier data; TheEnergyShop.com**

Notes:

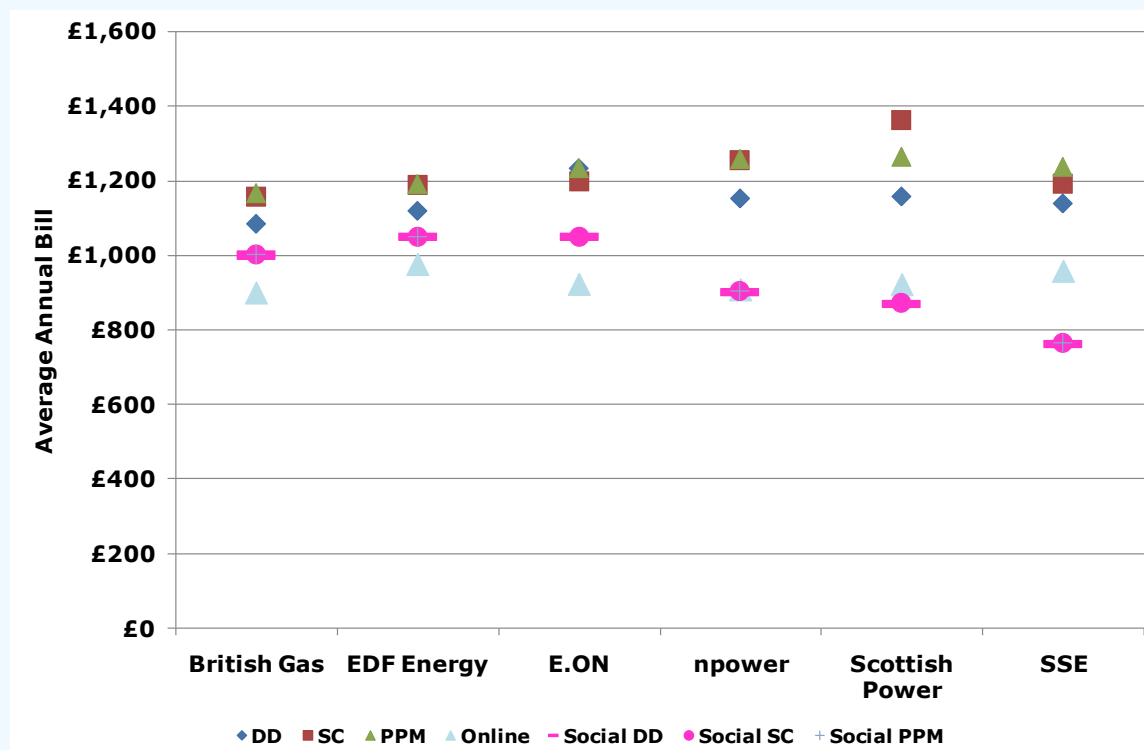
- Annual bills have been calculated based on a consumption level of 20,500kWh and are averaged across all regions;
- Prompt pay or other discounts have not been included in this analysis;
- Online tariffs are the cheapest online tariffs available to new customers as at March 2010;
- EDF Energy and E.ON did not have online gas tariffs open to new customers as at March 2010;
- Suppliers' social or discounted tariffs were aligned across payment methods as at March 2010;
- ScottishPower and E.ON did not offer PPM social tariffs (PPM customers were instead given rebates equivalent to their social or discounted tariffs). Details of rebates made to social tariff PPM customers can be found in the rebates section of this report;
- Figures include VAT as this is included in customer bills.

3.22. Figure 5 above shows that in March 2010 for gas:

- npower, ScottishPower and SSE all had social tariffs that were at least as good as their lowest offers, including online tariffs;

- EDF Energy's and E.ON's discounted tariffs were also their lowest offer compared to their other tariffs, however these suppliers did not offer single fuel gas online tariffs to new customers in March 2010;
- All suppliers' social or discounted tariffs were lower than their direct debit rates;
- PPM rates have now been aligned with standard credit rates by all suppliers apart from SSE. In the case of ScottishPower, their standard PPM rate is lower than their standard credit rate.

**Figure 6: Comparison of average dual fuel bills for customers on social or discounted, direct debit, standard credit, PPM and online tariffs (average annual bills in March 2010)**



Source: Ofgem, supplier data; TheEnergyShop.com

Notes:

- Annual bills have been calculated based on a consumption level of 3,300kWh for electricity and 20,500kWh for gas and are averaged across all regions;
- Prompt pay or other discounts have not been included in this analysis;
- Online tariffs are the cheapest online tariffs available to new customers as at March 2010;
- British Gas and ScottishPower did not provide information on their social or discounted tariffs on a dual fuel basis; therefore their average bills for these tariffs are not shown in this chart;
- Supplier's social or discounted tariffs were all aligned across payment methods as at March 2010;



- ScottishPower and E.ON did not offer PPM social tariffs, providing rebates instead to PPM customers. Details of rebates made to social tariff PPM customers can be found in the rebates section of this report;
- Figures include VAT as this is included in customer bills.

3.23. Figure 6 shows that in March 2010 for dual fuel:

- npower, ScottishPower and SSE both had social tariffs that were at least as good as their lowest offers, including online tariffs;
- All suppliers' social or discounted tariffs were lower than their direct debit rates;
- All suppliers, with the exception of SSE, have aligned their PPM tariffs with those paid by standard credit customers.

## Suppliers' general pricing strategies

3.24. In our previous reporting on suppliers' social initiatives, we aimed to capture the benefits of suppliers' more general pricing strategies to vulnerable and fuel poor customers. While the benefits of competitive pricing are not specifically targeted at customers in fuel poverty, we recognise that competitive pricing strategies will benefit all customers, including those that are fuel poor and hard to reach who have not been otherwise identified for assistance.

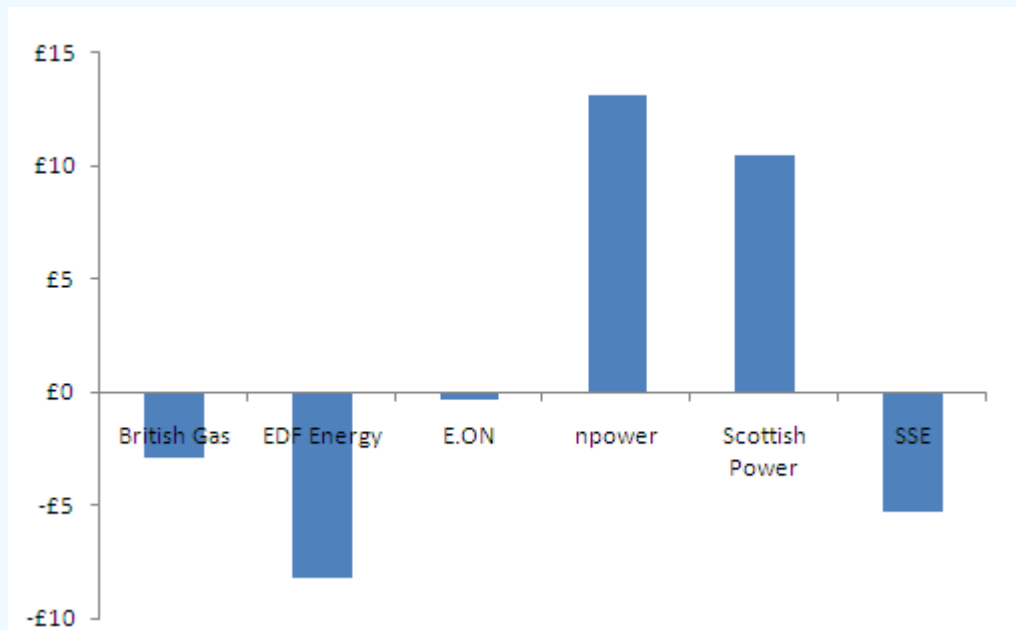
3.25. In order to assess the value to fuel poor customers of being with a competitively priced supplier, figure 7 illustrates the difference between each supplier's average electricity and gas bills compared to the average electricity and gas bill across all suppliers<sup>13</sup>.

3.26. Figure 7 shows that in 2009-10, British Gas, EDF Energy and SSE's fuel poor customers were around £3, £8 and £5 per annum better off, respectively, than the average as a result of these suppliers' competitive pricing strategies. In particular, fuel poor customers with British Gas have seen the biggest improvement - in 2008-09 they were paying around £30 per annum more than the average, while now they are paying around £3 less. npower's and ScottishPower's fuel poor customers in 2009-10 were paying around £13 and £10 more respectively than the average. In 2009-10 the spread between the highest average annual bill and the lowest average annual bill has reduced by around £16 compared to 2008-09.

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<sup>13</sup> Electricity and gas bills are based on suppliers' standard direct debit, PPM and standard credit tariffs and on a medium annual consumption level of 3,300 kWh for electricity and 20,500 kWh for gas. Each supplier's average direct debit, PPM and standard credit bills are 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. The numbers of fuel poor customers on each payment method are taken from 'The UK Fuel Poverty Strategy - 7th Annual Progress Report 2009', published by DECC in October 2009.

**Figure 7: Difference in each supplier's average annual gas and electricity bills from the average bill (April 2009-March 2010)**



**Source: Ofgem**

Note: Figures include VAT as this is included in customer bills

### Ofgem's energy supply markets probe

3.27. The Energy Supply Probe revealed a number of tariff differentials in the GB energy supply market that appeared to have no cost justification<sup>14</sup>. These included differentials between payment methods, between customers with mains gas and those without (referred to as off-gas grid customers, just over 20% of which are in fuel poverty), and differentials on the tariffs charged by the five former electricity incumbents between "in-area" and "out-of-area" customers<sup>15</sup>. In relation to payment methods, the Probe found that standard credit and prepayment meter customers paid significantly more compared to those using direct debit than could be justified by the underlying costs.

3.28. As a result, in September 2009 we implemented two new licence conditions that require tariff differentials between different payment methods to be cost reflective and that ban undue discrimination between different customer groups.

<sup>14</sup> Energy Supply Probe – Initial findings report:

<http://www.ofgem.gov.uk/Markets/RetMkts/ensupro/Documents1/Energy%20Supply%20Probe%20-%20Initial%20Findings%20Report.pdf>

<sup>15</sup> "In-area" customers are those in a region where the electricity supplier formerly had a monopoly, while "out-of-area" customers are those outside the supplier's former monopoly regions.

3.29. Since the probe and the introduction of the two new licence conditions, price premiums for customers on a prepayment meter have been eliminated and are on average £19 below standard credit terms. In addition, since October 2007 the average differential between a PPM and direct debit bill has fallen from £126 to £81<sup>16</sup>, and electricity profits per customer are now lower than gas, implying the cross-subsidisation from electricity revenues to gas has diminished, benefiting those customers without access to gas. Since the middle of 2008, the average differential between in-area and out-of-area electricity standard credit bills has nearly halved, falling from over £30 per customer per year to £18<sup>17</sup>, benefiting those customers that remain with their incumbent electricity supplier. However, there remain a small number of premiums in this area which we are taking forward with the suppliers concerned.

3.30. In contrast, the differential between SC and DD bills has increased by £29 since October 2007. We have raised this increase with suppliers and based on our discussions we understand this to be reflective of the more widespread use of prompt pay discounts and the increased concentration of bad-debt costs onto the non-prompt-paying group. For those customers that pay promptly, SC-DD differentials have fallen to £45.

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<sup>16</sup> Update on Probe Monitoring: tariff differentials and consumer switching July 2010:  
[http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Update%20on%20Probe%20Monitoring\\_FINAL.pdf](http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Update%20on%20Probe%20Monitoring_FINAL.pdf)

<sup>17</sup> Update on Probe Monitoring: tariff differentials and consumer switching July 2010:  
[http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Update%20on%20Probe%20Monitoring\\_FINAL.pdf](http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Update%20on%20Probe%20Monitoring_FINAL.pdf)

## 4. Rebates, trust funds and other social initiatives

We recognise the benefit of suppliers' diverse approaches to helping vulnerable and fuel poor customers. We will continue to report on the wide range of other initiatives and support suppliers offer their vulnerable customers, which do not fall into the social and discounted tariff categories.

This chapter summarises suppliers' contributions towards their social spend commitments through rebates, trust funds, partnerships, benefit entitlement checks, energy efficiency and joint industry initiatives. These initiatives made up 26% of suppliers' social spend in 2009-10.

### Rebates

4.1. Rebates are typically offered once a year to specific customers or a specific group of customers as a lump sum payment or deduction from the customer's bill. Around 540,000 customers received some form of rebate from their supplier in 2009-10 (more than double the number of customers in 2008-09). The total contribution to customers was £15.2m, a third more than last year when the suppliers jointly spent £9.9m. However, the average rebate has fallen from £39 in 2008-09 to £30 in 2009-10.

4.2. Four of the six suppliers offered some form of rebate to eligible customers. EDF Energy and npower were the two suppliers who chose not to during the reporting period. The following descriptions show the variety of different rebates provided to customers during 2009-10:

- British Gas offered two rebates during 2009-10:
  - the Essentials Winter rebate of £20 to 291,000 customers in receipt of its Essentials tariff before 1 December 2009. All its Essentials customers automatically received a cheque;
  - the Essentials Advance rebate of £50 to 551 gas and electricity customers in receipt of certain benefits.
- E.ON offered three rebates during 2009-10:
  - the Age Concern Cold Weather Payment to gas customers aged over 60 and on E.ON's Age Concern tariff. Nearly 164,000 customers received the rebate at a value of £23.25;
  - the WarmAssist Prepayment Rebate was sent as a cheque to all E.ON's 1,500 prepayment customers on its WarmAssist tariff. The rebate was equivalent to a 15% discount on the customer's bill;
  - the WarmAssist Fixed installation rebate was provided to 150 customers joining E.ON's WarmAssist Fixed product and having energy efficiency measures installed. The rebate was provided to enable customers to see the immediate benefit of their reduced energy consumption. Payments varied from £25 to £175 depending on the type of energy efficiency measures installed.

- ScottishPower offered five rebates during 2009-10:
  - the Electric Heating Winter Rebate was provided to 53,000 ScottishPower customers believed to be fuel poor and relying on electricity to heat their homes. A £50 rebate was applied directly to these customers' accounts;
  - the Internal Debt Assistance Programme removed up to 75% of existing debt from customers' accounts where they were over 60, had a special needs flag on their account and had a debt of more than £225 which was greater than 6 months old. These customers were also offered a benefits entitlement check and, in line with suppliers' licence obligations, energy efficiency advice and payment advice;
  - the Internal Hardship Fund helped 74 customers clear their debts on their gas and/or electricity accounts. Payments were on average around £650 and were provided to customers identified as vulnerable and in need of financial assistance by ScottishPower's Community Liaison Officers during home visits;
  - the PPM Fresh Start rebate 1 was applied to the accounts of nearly 4,700 PPM customers over the age of 60 and in receipt of certain benefits. The average payment was approximately £32 for electricity customers and £48 for gas customers;
  - the PPM Fresh Start rebate 2 was sent as a cheque to nearly 5,900 PPM customers over the age of 60 and in receipt of certain benefits. The average payment was approximately £41 for electricity customers and £79 for gas customers.
  
- SSE provided approximately 22,000 electricity and gas customers with one-off rebates of approximately £86 for electricity and £77 for gas. The majority of these rebates were to clear some or all of a gas and/or electricity debt. These rebates were given to customers identified as vulnerable because they had a special needs marker on their account, were on SSE's Energyplus Care tariff or paid by Fuel Direct (where energy bills are paid directly from customers' social security benefits).

4.3. Figure 8 below shows the overall value of the rebates that were offered by suppliers in 2009-10.

**Figure 8: Rebates offered by suppliers to their customers during 2009-10**

Supplier	Scheme name	Number of customers receiving rebate	Total rebates to customers	Average rebate to customers
<b>British Gas</b>	Essentials Winter Rebate	291,000	£5.8m	£20
	Essentials Advance	551	£27,550	£50
	<b>Total</b>	<b>291,551</b>	<b>£5.8m</b>	
<b>E.ON</b>	Age Concern Cold Weather Payment	163,659	£3.8m	£23
	WarmAssist Prepayment Rebate	1,565	£0.2m	£102
	WarmAssist Fixed Installation Rebate	150	£12,000	£78
	<b>Total</b>	<b>165,374</b>	<b>£4m</b>	
<b>Scottish Power</b>	Electric Heating Winter Rebate	53,290	£2.7m	£50
	Internal Debt Assistance Programme	802	£0.4m	£440
	Internal Hardship Fund	74	£48,000	£649
	PPM Fresh Start Rebate 1	3,721	£0.2m	£49
	PPM Fresh Start Rebate 2	5,894	£0.3m	£51
	<b>Total</b>	<b>63,781</b>	<b>£3.6m</b>	
<b>SSE</b>	One-off rebates	21,936	£1.8m	£83
<b>Total</b>		<b>542,642</b>	<b>£15.2m</b>	<b>£28</b>

Source: Ofgem, suppliers

## Trust Funds

4.4. 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 main forms of assistance provided by trust funds include direct assistance to customers in debt and the funding of third party projects aimed at customers in fuel poverty or with severe financial difficulties.

4.5. British Gas, EDF Energy, E.ON, npower and ScottishPower all have trust funds. All are independently run with the exception of E.ON's and npower's. Below is a summary of suppliers' trust funds.

- British Gas contributes to the independently managed British Gas Trust Fund. British Gas customers can apply to the Trust for grants to clear utility bills and provide further assistance. Customers are referred by call centre staff or by their local CAB to apply for a grant either online or over the telephone. Organisations such as money advice agencies, Macmillan nurses and Salvation Army are also

able to tell customers about the fund. Support workers in deprived areas of the country working for the CAB are currently funded to promote and help with Energy Trust applications.

- EDF Energy contributes to the independently managed EDF Energy Trust. EDF Energy customers can apply to the Trust for grants to clear energy debts and can also get help to clear other essential household bills. Awards are granted based on the likelihood that the money will make a long-term difference to the household situation, offering a fresh start and the opportunity to remain debt-free in the future. Trustees also provide funding to not-for-profit organisations to promote the Trust and support customers with energy debt and fuel poverty issues.
- E.ON's Trust Fund is managed internally and provides its low income customers with energy efficient measures. The aims of the Fund are to assist customers in a more sustainable way by helping to reduce customers' energy consumption and fuel bills. Measures awarded include A-rated kitchen appliances and, for owner-occupiers, assistance with new or replacement heating systems. Referrals are made from call centre staff as well as customer support groups such as re-homing organisations, Age UK and the CAB. Applicants for heating are also referred from WarmFront.
- npower manages three funds internally through its Health Through Warmth, First Step and npower Macmillan fuel management programmes :
  - the Health Through Warmth Crisis Fund provides heating and insulation measures to customers who cannot afford to pay and who are not eligible for any other grant or funding. The consumer does not have to be, or become, an npower customer. The main eligibility criterion for accessing the fund is that the customer is ill due to living in a cold, damp home.
  - the First Step Fund is used to arrange personalised payment arrangements for customers' ongoing consumption and to clear energy arrears.
  - The npower Macmillan Fuel Management Programme provides the services usually offered by the First Step programme and the Spreading Warmth Tariff to npower customers who contact the Macmillan Benefits helpline. This means that npower customers who have been diagnosed with cancer or care for someone with cancer have access to a discounted tariff (from April 2009 the Spreading Warmth Tariff) the possibility of debt write-off and the provision of energy efficiency advice.
- The ScottishPower Energy People Trust was established with the objective of providing a sustainable solution to fuel poverty. The independent Trust aims to do this by providing funds to not-for-profit organisations and voluntary groups that work directly with those in fuel poverty. The Trust funds projects which deliver energy efficiency measures or advice, crisis funding and income maximisation projects. The Trust also funds research projects that aim to investigate the causes of fuel poverty with a view to help shape future fuel poverty policy.

4.6. Figure 9 below shows how much each supplier donated to their trust fund in 2009-10 along with how much the trust fund spent and how many customers were assisted.

4.7. 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. On this basis the total contribution to trust funds in 2009-10 was £12.5m, an increase from £11m in 2008-09.

4.8. In 2009-10, 440,402 customers were helped, a three-fold increase compared to 2008-09. Of these, 414,000 were helped through ScottishPower's fund which is focused on providing help through initiatives such as income maximisation rather than with help paying off energy debts.

**Figure 9: Suppliers' contribution to trust funds during 2009-10**

Supplier	Scheme Name	Amount donated to Fund	Total spent by Fund	Number assisted by the Trust
<b>British Gas</b>	British Gas Energy Trust	£3.3m	£3.3m	5,257
<b>EDF Energy</b>	EDF Energy Trust Fund	£2.7m	£2.5m	4,181
<b>E.ON</b>	Caring Energy Fund	£0.4m	£0.4m	373
<b>npower</b>	First Step Fund	£2.0m	£2.0m	8,119
	Health Through Warmth	£1.8m	£1.8m	7,964
	npower Macmillan Fuel Management programme	£0.2m	£0.2m	318
<b>Scottish Power</b>	Scottish Power Energy People Trust	£2.2m	£1.7m	414,190
<b>SSE</b>	N/A			
<b>Total</b>		<b>£12.5m</b>	<b>£11.8m</b>	<b>440,402</b>

**Source: Ofgem, suppliers**

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

4.9. A number of the Trust Funds reported above are either partly or wholly used for debt write-off for customers who are struggling to pay their bills. In addition, some suppliers' rebate payments are designed to assist customers with paying off debt.

4.10. 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 2008, we agreed to include it towards suppliers' commitments. We have stressed however



that we will not include debt write-off that is provided as part of normal debt management processes. We recognise there is a balance to be struck between allowing spend by suppliers for debt write-off given the benefits this provides to fuel poor customers and allowing significant levels of suppliers' spend to be used for debt write-off.

4.11. We have previously flagged our concerns about the balance between spend on initiatives that focus on debt write-off and other initiatives that provide on-going and sustainable support to fuel poor customers<sup>18</sup>. We consider that suppliers should adhere to some key principles 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. As mentioned in our 2008-09 report, we also expect that rebates and trust funds that are run in-house relating to debt write-off will not form more than 10% of any suppliers' total spend. We can confirm that no supplier has breached this 10% limit in 2009-10.

### **Other eligible social initiatives**

4.12. We consider it 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 and discounted tariffs, rebate and trust fund categories in providing a holistic approach to tackling fuel poverty. Below is a summary of suppliers' spend on partnerships, benefit entitlement checks, energy efficiency measures in addition to their Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP) obligations and joint industry initiatives during 2009-10.

### **Partnerships**

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

4.14. All suppliers undertook a range of partnership activities in 2009-10 which are summarised below. Collectively suppliers spent £3 million (2% of the total spent) on partnerships over this period, compared to £3.8 million in 2008-09.

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<sup>18</sup> Monitoring suppliers' social initiatives, July 2008, Ref 105/08:  
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=261&refer=Sustainability/SocAction/Suppliers/CSR>

**Figure 10: Summary of suppliers' partnerships during 2009-10**

Supplier	Partnership Organisation	Description
<b>British Gas</b>	Age UK (formally Age Concern and Help the Aged)	Partnership with Age UK aimed at helping older British Gas customers and UK Citizens. Initiatives included handy man visits and information packs to customers referred from 'Here to Help'. During this reporting period, there were approximately 514 such referrals. A Winter Campaign was also held, focusing on benefits and fuel poverty, to provide advice and information packs to 182,000 older UK Citizens. Initiatives also included funding for a Benefits Advice Programme with Age UK, which resulted in £7.2m extra benefits being claimed during this reporting period.
	Save the Children	The British Gas/Save the Children Family Crisis Funding was launched in March 2009 and was completed at the end of 2009. It provided grants to 700 families in fuel poverty for the most basic household items.
	Scope	SCOPE dealt with approximately 660 referrals from British Gas's 'Here to Help' programme and approximately 330 from its Essentials programme. Scope aims to give people with a disability or cerebral palsy an informed choice and to accurately signpost them to other Scope services or to external specialist agencies to help acquire equipment, care, welfare benefits and financial advice.
	RNIB	RNIB dealt with approximately 250 referrals from British Gas' 'Here to Help' programme and approximately 400 from its Essentials programme during this reporting period. RNIB carry out benefits assessment programmes on the referrals and offer information and advice to customers who are blind or partially sighted.
	Carers UK	Carers UK provides an information and advisory service for carers and those they are caring for. It carried out approximately 900 benefit assessments following referrals from British Gas' Essentials programme. It also provided training to British Gas' specialist teams who deal with customers who are carers and provided training to a small number of British Gas' specialist teams on carrying out Benefit Entitlement Checks.
	Money Advice Trust	British Gas referred approximately 50 customers who were in debt and requested financial advice to Money Advice Trust through its 'Here to Help' and Essentials programmes. MAT also provided training to British Gas' specialist and debt teams.

<b>British Gas</b>	173 partnerships with social housing providers	British Gas works with social housing providers to champion the efficient use of energy. People identified as fuel poor and with poor housing stock by the housing authority receive energy saving products and services.
	National Energy Action (NEA)	Funding of various initiatives including the 'Respect Programme' which trained employees to provide energy efficiency advice in the community, Fuel Debt Advice training for community advisers, an NEA and British Gas Think Tank session to share best practice and determine solutions for Fuel Poor customers, development of higher level energy efficiency training for advisors and British Gas sponsorship of community awards for energy efficiency initiatives delivered by the Third Sector.
	Attendance at MP's/Housing Group Forums	British Gas' Corporate Social Responsibility team attended sessions with MPs and housing groups with the aim of providing holistic solutions to the most deprived areas in the community with poor housing stock, through collaboration between housing authorities, the private and public sector and non-governmental organisations.
	<b>British Gas total</b>	<b>£1.3m</b>
<b>EDF Energy</b>	24 London boroughs and Warm Zones Ltd	Partnership with 24 local authorities in London providing core sponsorship and secondment of a full time manager to the project. This funding goes towards realising the social inclusion objectives of the Warm Zones including activities such as working with community groups on outreach in terms of education, the promotion of energy efficiency and tackling fuel poverty, and working with the health and voluntary sectors to target specific hard to reach groups.
	National Energy Action	Sponsorship of a range of events to raise the issue of fuel poverty and highlight the support available to customers, including funding towards a national fuel poverty awareness day and production of a fuel poverty action guide distributed to all MPs.
	National Energy Action and Kent, East Sussex and West Sussex Credit Unions	Funding of a project to reach and support Credit Union customers living in or at risk of fuel poverty. In addition funding to explore the potential use of credit union accounts to offer direct debit type discounts for low income and/or unbanked customers.
	WRVS	WRVS is a charity that offers a range of practical services to help and support older people. Initiatives were focused on targeting support to hard to reach customers through the WRVS, including sponsoring a post to train WRVS volunteers in England and Wales about fuel poverty and the support available. In addition, the 'Safe, Warm and Well' winter risk campaign was run to highlight the winter risks to older people and additional funding was provided through the cold January weather for ad-hoc visits to older customers' homes.

<b>EDF Energy</b>	Plymouth Citizens Advice Bureau	Sponsorship of Energy Project Development worker to train and support front line debt advice agencies across the region to tackle fuel poverty and energy debt issues.
	eaga	Partnership involving eaga referring EDF Energy customers who had received Warm Front support to EDF Energy where they had been assessed as eligible for EDF Energy's discounted tariff.
	Citizens Advice Bureau	Funding for an energy development worker post to operate nationally and review and disseminate bureau best practice in fuel poverty.
<b>EDF Energy total</b>		<b>£0.6m</b>
<b>E.ON</b>	National Energy Action	Sponsorship of East Midlands and Eastern NEA Fuel Poverty Forums to give news and information to local businesses, including housing providers, on fuel poverty issues and energy efficiency advice.
	Auriga	Supplied A-rated white goods to 175 E.ON customers who Auriga identified as needing new appliances. In addition, E.ON partially wrote off the debt of 369 customers referred by Auriga.
	Age UK (formally Age Concern and Help the Aged)	EnergyRight is a project that has been developed in partnership with Age UK to raise awareness of energy efficiency amongst older people, supporting them in adopting energy efficient practices and measures to help them keep warm and save money.
	<b>E.ON total</b>	
<b>npower</b>	National Energy Action	Sponsorship of winter fuel payment research aimed at highlighting how the Winter Fuel Payment is spent, the potential to expand it to a wider range of people and to test the hypothesis that the Winter Fuel Payment is absorbed into the wider household budget.
	National Energy Action	Sponsorship of research into a new fuel payment method aimed at benefiting the fuel poor. The research involved investigating EU/Worldwide best practice and trialling two alternative methods in conjunction with relevant stakeholders.
	National Energy Action	Sponsorship by npower Health Through Warmth of four Dying to be Warm Events in the North East, North West, Yorkshire & Humber and West Midlands with the aim of providing health policy makers, commissioners and practitioners with a broader understanding of fuel poverty and practical solutions to help resolve the issue.
	National Energy Action	Sponsorship of fuel poverty forums to develop a greater understanding of fuel poverty issues and help towards a mutual understanding of how to turn around the fuel poverty situation.

<b>npower</b>	Home Warmth for the Aged, Beat the Cold and Croydon Council Hypothermia Service	Crisis funds of £20,000 each were provided to Home Warmth for the Aged, Beat the Cold and Croydon Council Hypothermia Service in order to reach vulnerable people and help pay for services such as temporary heating appliances and emergency repairs.
	Foundations	npower's Health Through Warmth worked with Foundations, the governing body for Home Improvement Agencies in England, to provide a crisis fund for heating and insulation measures to vulnerable people throughout England.
	eaga	eaga's tariff advice service refers customers to npower where the customer is identified as vulnerable and could benefit from assistance with their energy bills. npower then considers whether the customer is eligible for its social tariff or provides the customer with other types of help, such as energy efficiency services.
	<b>npower total</b>	<b>£0.2m</b>
<b>Scottish Power</b>	Various Warm Zones (Kirklees, Newcastle, North Tyneside, Gateshead, North Staffordshire), Go Warm, Age Cymru.	Funding provided for the Income Maximisation Service. The service involves income maximisation officers providing a full service from checking benefit entitlement through to completing the forms, making the claim for the customer through to conclusion. The service will also consider grant schemes that might be available for the customer to further assist with the installation of energy efficiency measures or heating measures.
	National Grid Affordable Warmth Solutions	Scottish Power provided funding for the installation of affordable gas central heating systems to fuel poor households in conjunction with National Grid's extension of the gas network to vulnerable homes.
	National Energy Action	Sponsorship of NEA fuel poverty forums in the North West and North Wales. Forums are aimed at examining policy and practical initiatives related to fuel poverty and delivering energy efficiency solutions at a local, regional and national level.
	Energy Action Scotland	Sponsorship of events such as Energy Action Scotland's annual conference and EAS advice forums that bring together representatives from the main advice agencies, local authorities and housing associations across Scotland to keep up to date and share best practice on the important role energy efficiency advice can play in helping to address fuel poverty.
	National Energy Action	Sponsored the 'Warm Home Campaign' aimed at informing key MPs, AMs and MSPs of the energy efficiency needs of their constituents and organising visits within constituency areas. It also raises awareness amongst low-income households of the grant aid and practical assistance available to improve the energy efficiency of their homes.
	Energy Action Scotland	Funding for the 'Fuel Debt Prevention Booklet' which has been distributed to all housing associations in Scotland. It is given to new tenants to make them more aware of energy costs within the home and to address the three elements known to contribute to fuel poverty.

<b>Scottish Power</b>	Third party agencies representing vulnerable customers such as CAB and Age UK.	A Social Responsibility Support folder was created and issued to all external agencies dealing with Scottish Power's vulnerable customers detailing the assistance available and the correct contact points for Scottish Power.
	<b>Scottish Power total</b>	<b>£0.6m</b>
<b>SSE</b>	NEA	Funding for various initiatives aimed at reducing fuel poverty, including NEA fuel poverty forums in South Wales, the 'Feel the Heat' award scheme (providing funds to help support a community initiative or to enhance an existing initiative to help combat fuel poverty) and production of a Community Leadership Action Guide for Newport, Wales aimed at scrutinising fuel poverty issues.
	Citizens Advice Bureaux	Funding provided to enhance the level of advice and support provided by CABx in relation to energy efficiency advice, fuel debt advice and general assistance with energy related problems.
	<b>SSE total</b>	<b>£0.2m</b>
<b>Total</b>		<b>£3m</b>

**Source: Ofgem, supplier information**

**Benefit Entitlement Checks (BECs)**

4.15. In total suppliers carried out over 15,000 BECs during 2009-10 and spent slightly less than £300,000. This figure captures BECs undertaken for customers who are fuel poor or vulnerable to fuel poverty as part of discrete initiatives only. For most suppliers, BECs are also undertaken as part of their other programmes and therefore spend on these initiatives has been captured elsewhere.

**Energy efficiency initiatives**

4.16. Where suppliers undertake energy efficiency initiatives that are targeted at customers who are fuel poor or vulnerable to fuel poverty, we include these initiatives towards suppliers' social spend targets provided that suppliers can demonstrate true additionality above their statutory obligations (i.e. where they would not have incurred the costs anyway to meet their CERT or CESP priority group targets) and where they can ensure there is no double-counting of CERT or CESP measures.

4.17. In order to be included as part of a suppliers' social commitment, any energy efficiency initiative targeted at fuel poor customers or those vulnerable to fuel poverty must be offered in addition to any statutory commitments under CERT or CESP.

4.18. We have included supplier contributions that act as 'top-ups' to Government funded schemes, such as Warm Front, or that provide support for community based initiatives where they are not part of suppliers' CESP obligations.

4.19. British Gas, E.ON, ScottishPower and SSE were involved with a number of energy efficiency initiatives over the period collectively spending £7.5 million (5% of the total spent). Figure 11 below shows the initiatives the energy suppliers were involved in.

4.20. E.ON and SSE spent significantly more than other suppliers on energy efficiency initiatives in 2009-10. E.ON spent £4.5m (60% of the total amount spent) and SSE spent nearly £3m (36% of the total amount).

**Figure 11: Summary of suppliers' energy efficiency initiatives during 2009-10**

<b>Supplier</b>	<b>Scheme name</b>
<b>British Gas</b>	Green Streets - a nationwide competition that saw 8 streets across 8 UK cities compete to save energy. The winning street, a deprived area in Leeds, was awarded £50,000 for solar panels.
<b>E.ON</b>	Warm Front top-ups were provided to 42 customers where the Warm Front grant was not enough to cover the costs of the heating installation.
	Cavity wall and/or loft insulation was provided to 8,100 customers on benefits. (Not claimed under CERT)
<b>ScottishPower</b>	Consumption monitor programme - monitors were provided free of charge to assist vulnerable customers to better understand and manage their energy usage.
	Funding for partial replacement or the installation of new heating systems for 32 customers.
<b>SSE</b>	Energy efficient light bulbs were sent to all SSE's energyplus Care customers.
	Work with four Warm Zones projects - including payment of management fees which go towards the marketing, administration and management of Warm Zones, and the cost of benefit entitlement checks under the schemes.
	Winter energy efficiency initiative - SSE targeted 450,000 of its Priority Services Register customers with energy saving advice and information, plus the option of one of three free energy saving devices (an ecobutton, saversocket or energy savings monitor).
	Payments under energy efficient Fridgesavers programme
<b>Total</b>	<b>£7.5m</b>

**Source: Ofgem, supplier information**

### Joint industry initiatives

4.21. We 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 customers and those vulnerable to fuel poverty.

4.22. One such initiative that we have included again for this reporting period is the Home Heat Helpline which is run through the Energy Retail Association (ERA) and is funded by the six major energy suppliers. It provides a telephone line to advise and



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refer customers on energy efficiency and fuel poverty issues and takes email requests for information through its website<sup>19</sup>.

4.23. In early 2008 Ofgem funded the Citizens Advice to carry out a series of pilot sessions called 'Energy Best Deal' (EBD) offering face-to-face advice regarding citizens' rights in the household energy supply market. Due to the success of the pilot a national roll out took place over Winter 2008/09, funded by the Department of Energy and Climate Change (DECC) and supported by Ofgem. Another roll out of the campaign took place over Winter 2009/10, this time funded by EDF Energy, E.ON, npower and ScottishPower. The funding provided by these four suppliers has been included as part of their contributions for 2009-10.

4.24. The campaign raises awareness amongst frontline advice workers about the savings that people can make by switching supplier and/or the way they pay their bills. In addition, the campaign raises awareness about the help that is available from both suppliers and Government for those who are struggling to pay their energy bills.

### **Further information**

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

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<sup>19</sup> More information is available from the Home Heat Helpline's website at [www.homeheathelpline.org.uk](http://www.homeheathelpline.org.uk). The telephone number for the service is 0800 33 66 99

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## 5. Other assistance for vulnerable customers

This chapter summarises suppliers' support for vulnerable customers that is not counted as part of their social spend commitment. Suppliers 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 As a result of Ofgem's Energy Supply Probe in 2008, on 1 September 2009 we introduced two new licence conditions that require tariff differentials between different payment methods to be cost reflective and that ban terms and conditions which unduly discriminate between different customer groups.

5.2 As Figures 4, 5 and 6 in Chapter 2 show, in March 2010 the vast majority of PPM prices among most suppliers were aligned to standard credit prices. In addition, SSE provided a one off rebate of £12 to all its gas PPM customers in order to bring PPM prices in line, on average, with the prices paid by those on standard credit. This goes beyond suppliers' obligation to make price differentials cost reflective as the PPM payment method is usually more expensive for suppliers to offer than the standard credit payment method. Therefore, the suppliers that have aligned their PPM prices to their standard credit prices have provided extra assistance to PPM customers.

5.3 SSE also provided further extra assistance to PPM customers through its continuing support of the equigas and equipower tariffs via its longstanding partnership with EBICo, a not for profit organisation. This arrangement cost SSE just under £1 million in 2009-10. Customers on equigas and equipower tariffs pay the same price for their energy supply irrespective of payment method with no separate standing charge. PPM customers on the equigas and equipower tariffs benefit from a cheaper rate than customers on SSE's standard PPM tariff. EBICo targets its marketing of the tariffs to direct debit customers who wish to help PPM customers who are in financial hardship.

### Other assistance

5.4 Suppliers offer a range of other assistance to their customers, often as part of good debt management practices, which does not qualify towards their social spend targets. We do, however, recognise the important part this can play in providing assistance to vulnerable customers. During this period, this type of assistance included:

- npower continued to be involved in a partnership with Christians Against Poverty (CAP), a national debt counselling charity working through a network of 102 centres based in local churches. CAP offers assistance to anyone in debt regardless of age, race, gender, sexual orientation, religion, belief or disability.

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CAP manages clients' bills for them and therefore makes payments directly to npower on their behalf. npower takes part in CAP's fair share scheme which means for every pound paid to npower on behalf of customers, 10% is paid back to CAP.

- ScottishPower operates a Community Liaison scheme, which employs 13 dedicated Community Liaison Officers (CLOs) covering the whole of Scotland, Wales and the majority of England. The Community Liaison programme is available to all vulnerable customers in the covered areas and aims to provide support and guidance to its customers in the comfort of their own home, through home visits to those most in need.
- British Gas provided free home energy efficiency assessments for CERT priority group customers. Advice was provided on how customers could save energy by simple behaviour changes. They were also provided with one of British Gas' free energy efficiency devices, such as a standby saver and an energy saving monitor.

5.5 Ofgem's 'review of suppliers' approaches to debt management and prevention'<sup>20</sup>, published in June 2010, highlights examples of suppliers' good practice towards PPM customers. These included:

- EDF Energy's and SSE's proactive approaches to identify whether the repayment amount they have set on the PPM is manageable.
- EDF Energy's Priority Services team monitor customers who have a PPM installed on a warrant visit until their first vend. They also arrange a site visit within a reasonable period of time depending on the time of year and fuel type where a customer does not vend. SSE will monitor PPM accounts until the first purchase to ensure cards are charged and the customer is not off supply.
- All six suppliers appear to monitor PPM customers generally for non-purchase of energy at regular intervals. SSE and ScottishPower specifically tell us they investigate reasons why PPM customers are not charging their devices.

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<sup>20</sup> Review of suppliers' approaches to debt management and prevention:  
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=151&refer=Sustainability/SocAction/Publications>

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## Appendices

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## Appendix 1 - Social programmes offered by suppliers (1 April 2009 - 31 March 2010)

### 1. Social and Discounted Tariffs

The offers included in these tables are:

- Equal to or lower than a supplier's standard 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.

<b>Social and discounted tariffs offered by suppliers as at end of March 2010</b>						
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	Customers are charged 'Essentials' rates, which are the same across all payment methods and are lower than British Gas' standard tariff across all payment methods.  The tariff is targeted at	Open to any existing British Gas customer (regardless of location and fuel type) who are: (a) in receipt of non - means tested benefits, Disability	The tariff is not time limited.	Self declaration of benefits by the customer to British Gas.  Referral from third party.	Through internal communications to staff, call centres and charity partners and third parties, such as Citizens Advice and British Gas Energy Trust.

<b>Social and discounted tariffs offered by suppliers as at end of March 2010</b>						
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
		the supplier's most vulnerable customers.	Allowance or Assistance Allowance or Over 70 (in receipt of pension credit) OR (b) has a chronic illness and is of a low income i.e. household income of less than £15k and in receipt of means tested benefits.			
British Gas	Price Promise	These customers are on a lower price than Essential customers because they have had only one price increase since 2004.  At launch, these customers were offered capped energy prices until 1 October 2007, however they	Customers over 60 years and on Pension Credit.	Ongoing	These customers were identified through a shared initiative with Help the Aged. Customers over 60 and on Pension Credit were invited	Customers were originally identified as part of a shared initiative between British Gas and Help the Aged.  Direct mail to all customers identified as being

<b>Social and discounted tariffs offered by suppliers as at end of March 2010</b>						
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
		<p>experienced a 10% price rise in May 2009.</p> <p>Other benefits include free home insulation and a free benefits health check assessment.</p>			onto Price Promise.	over 60.
EDF Energy	Energy Assist	<p>This tariff offers customers most likely to be fuel poor EDF Energy's direct debit tariff, regardless of their payment method, plus a further £37.50 discount per fuel per year.</p> <p>Customers who join the tariff are also offered a benefit entitlement check and energy efficiency advice.</p>	A customer must either spend more than 10% of their total net annual household income on household energy costs or be in receipt of Income Support or Pension Credit.	EDF Energy has committed to offering a discounted tariff to customers living in or at risk of fuel poverty until 2012.	<p>Existing customers can apply for this tariff if they meet the eligibility criteria.</p> <p>EDF Energy has also identified certain customers with the highest propensity to be in fuel poverty based on their fuel poverty modelling.</p>	<p>Promoted through its specialist vulnerable customers team to customers identified as fuel poor.</p> <p>All customer service advisors aware of the tariff and can refer eligible customers to the specialist team.</p> <p>Promoted with external stakeholders and partners.</p>

<b>Social and discounted tariffs offered by suppliers as at end of March 2010</b>						
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
						Information on EDF Energy's website.
E.ON	StayWarm Social	StayWarm customers with above average consumption who are in receipt of benefits, have special needs or special circumstances pay the StayWarm standard product price. This price is based upon the number of occupants and the number of bedrooms in the property, not consumption.	Over 60, with income related benefits, or special needs, or special circumstances and have less than 4 bedrooms.	This tariff is being withdrawn. At their anniversary date, customers are offered the WarmAssist Fixed tariff.	The tariff is now closed to new customers.	The tariff is now closed to new customers. StayWarm customers who become eligible are offered the WarmAssist tariff.
E.ON	WarmAssist Fixed	12 month subscription product (dual fuel or electricity only) where the annual charge is calculated from the customer's previous 12 months consumption.  15% discount off	Open to Staywarm Social customers who meet the following eligibility criteria: Either over 80, or over 60 and either; in receipt	No end date.	Staywarm social customers who fit the tariff criteria are moved onto WarmAssist Fixed at renewal.	Staywarm Social customers who fit these criteria are moved onto WarmAssist Fixed at renewal.



<b>Social and discounted tariffs offered by suppliers as at end of March 2010</b>						
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
		<p>standard prices across all payment methods.</p> <p>In order to limit any price increase for customers transferring from StayWarm Social to WarmAssist Fixed, price increases in the first year have been capped at 25% of the customer's previous yearly price.</p> <p>Includes a range of other support such as cavity wall and loft insulation and telephone home energy audits.</p>	<p>of one or more of following benefits: Pension Credit; Disability Living Allowance; Attendance Allowance, or at our discretion based on medical needs, or terminally ill.</p>			
E.ON	WarmAssist	<p>WarmAssist is 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.</p>	<p>E.ON customers over 60 in receipt of Pension Credit, Disability Living Allowance or Attendance Allowance.</p>	No end date	By application	<p>Call centre staff make existing customers who meet the eligibility criteria aware of the product.</p>
npower	Spreading	In this reporting period,	Gross household	Tariff is not	Application,	Internal/external

<b>Social and discounted tariffs offered by suppliers as at end of March 2010</b>						
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
	Warmth Tariff	npower's Spreading Warmth is npower's cheapest tariff in each region irrespective of payment method. The average saving is over 20% against npower's standard tariff.	income of less than £13,500 and where the household includes someone who is aged 60 or over, disabled, chronically sick or a child under 16.	time limited but eligibility can be reviewed.	referral from a third party or offered by internal staff and debt collection teams.	referrals, website, variety of stakeholder communications.  Internal briefings to staff.
npower	First Step Tariff	This is a legacy tariff which was offered as part of joining npower's First Step programme.  Although the tariff is no longer offered to new customers, the tariff still has customers on it and has offered customers savings during the reporting period.	To be eligible for the First step tariff a customer must be deemed to be vulnerable and struggling to pay their energy bills.  Customers must also take their heating fuel from npower.	The tariff is not time limited, but eligibility is reviewed on an annual basis. npower is in the process of migrating the remaining customers on the First Step Tariff onto the	This tariff is no longer open to new customers.	This tariff is no longer open to new customers.

<b>Social and discounted tariffs offered by suppliers as at end of March 2010</b>						
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
				Spreading Warmth Tariff.		
Scottish Power	Fresh Start	Launched in January 2009, this tariff offers the lowest prices in any region regardless of payment method. PPM customers on the tariff receive a bi-annual rebate equivalent to the average savings they would have received on the social tariff.	The customer must be aged 60 or over AND be in receipt of one of a number of qualifying welfare benefits.	The tariff is not time limited.	Automatic, application and referral.  All Priority Services Register (Carefree) and Fuel Direct payment customers were automatically transferred when the tariff was launched.	ScottishPower issued a press release in December 2008 announcing the launch of its social tariff. Customers were able to call and pre-register for the tariff provided they met the eligibility criteria.  Marketed via website and third parties.
SSE	energyplus Care	Customers receive discounts on standard tariffs and other benefits such as energy efficiency advice and benefit entitlement checks.	Based on a points system which takes into consideration whether the customer spends more than 10%	A customer's eligibility will be reviewed after 2 years.  SSE will	Application or identification by internal staff or third-party referral.	Website; internal referral; referrals from staff in the community (meter readers, debt collectors); information

<b>Social and discounted tariffs offered by suppliers as at end of March 2010</b>						
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
		SSE equalised this tariff to ensure that all customers on the tariff pay SSE's lowest rate in each region regardless of payment method.	of their total income on energy bills, whether the customer has a disability, the household income and any benefits received. Type of property and its energy efficiency is also taken into account.	contact the customer to re-apply for the tariff. If eligible, the customer will continue on the tariff.		leaflets/packs issued; external agencies (CAB, Housing Associations, Councils, Home Heat Helpline, Energy Assistance Package in Scotland).
SSE	Equipower and Equigas	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 for profit company which aims to tackle issues of social concern.	Anyone is eligible to become an SSE customer through EBICo.	It is a permanent arrangement where gas and electricity customers pay the same tariff regardless of payment method.	By application	The EBICo tariff is marketed by EBICo themselves. SSE pays EBICo a fee for each customer gained.

## 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 discounts available for taking both fuels from the same supplier (dual fuel) or discounts for paying by direct debit.

<b>Rebates offered by suppliers as at end of March 2010</b>					
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?
British Gas	Essentials Winter Rebate	All customers in receipt of the Essentials Tariff before 1st December 2009.	Automatic	All Essentials and Price Promise customers automatically received a cheque with an information letter.	One off payment in December 2009.
British Gas	Essentials Advance	Customers must be claiming at least one of the following benefits: Disability Living Allowance, Pension Credit, Attendance Allowance, War Disablement Pension, (which includes either a mobility supplement or constant attendance allowance); Child Tax Credit income £14,600 or less; Council Tax Benefit, Housing Benefit, Income Support, Income-based Job Seekers Allowance, Carer's Allowance, Severe Disablement	Automatic on installation of insulation and can also be applied for.	By call centre agents as they identify vulnerable customers through their dialogue. Vulnerable customers in particular are handled by the Home Energy Care team. Through charity partners, CAB and other agency referrals including ERA project referrals.	One off payment.

		Allowance.			
E.ON	Age Concern Cold Weather Payment	Customers on their Age Concern tariff with a gas account who are aged over 60.	Automatic	It is mentioned in all marketing material for the tariff issued by E.ON or Age Concern, both online and offline.	Credit on the customer's spring bill.
E.ON	WarmAssist Fixed Installation Rebate	Customers on their WarmAssist Fixed plan who had energy efficiency measures installed. To be eligible for WarmAssist Fixed customers should be over 60 and in receipt of Pension Credit, Disability Living Allowance or Attendance Allowance.	Automatic	Staywarm customers on qualifying benefits are now renewed onto their WarmAssist fixed discounted plan. At this renewal point customers are offered free energy efficiency measures. If they take these measures they will be automatically sent a rebate.	Payments made throughout the year once the customer had arranged to have energy measures installed.
Scottish Power	Electric Heating Winter Rebate	ScottishPower overlaid their electric heating customer database with the Experian Fuel Poverty propensity model and selected 60,000 customers identified as being fuel poor to benefit from the rebate.	Automatic	A letter was written to all customers who received the rebate advising them that the credit had been applied to their account. The Winter Rebate programme was also mentioned within ScottishPower's Press Release that was issued following the decrease to its gas prices effective from 31 March 2010.	One off payment in March.
Scottish Power	Internal Debt Assistance Programme	Customers of pensionable age with debt in excess of £225 for more than 6 months.	Customer response to a letter offering	A letter was issued to 5,297 customers requesting contact to discuss their account offering energy	One off payments made throughout

			energy efficiency advice, BEC, payment advice and debt assistance.	efficiency advice, a benefits entitlement check, payment plan discussion and assistance with debt.	the year.
Scottish Power	Internal Hardship Fund	Customers with financial problems identified for debt assistance and customers that do not meet the EAP or Warm Front criteria for new central heating systems. Identified by home visits from Community Liaison Officers.	Application	Via third party agencies and money advisors and via ScottishPower's team of Community Liaison Officers.	Staggered throughout the year.
Scottish Power	PPM Fresh Start Rebate 1	The customer must be aged 60 and over AND be in receipt of a qualifying welfare benefit such as Attendance Allowance, Council Tax Benefits (not including single occupancy discount), Disability Living Allowance, Disabled Persons Tax Allowance, Child Tax Credit income of £15,460 or less, Housing Benefit, Income-based JSA, State pension credit, Working Tax Credit income of £15,592 or less, War Disablement Pension (which either includes a mobility supplement or Constant Attendance Allowance), Industrial Injuries Disablement	Automatic	When registering PPM customers for the Fresh Start social tariff they were promised a regular rebate payment equivalent to the average savings they would have received on Fresh Start. The customers then received a letter with a barcode which enabled the rebate to be scanned directly to their meter key at the local Post Office.	One off payment covering period January - June 2009.

		Benefit (must also have a Constant Attendance Allowance).			
Scottish Power	PPM Fresh Start Rebate 2	Same as for PPM Fresh Start Rebate 1.	Automatic	When registering PPM customers for the Fresh Start social tariff they were promised a regular rebate payment equivalent to the average savings they would have received on Fresh Start. Customers received a letter advising them they were due the rebate and a cheque for the amount was attached to the letter.	One off payment covering period July - December 2009.
SSE	One off rebates	Vulnerable customers identified by Careline team as struggling to pay bills or in debt.	Referral from internal staff or third party.	Not marketed; customer service advisors trained to identify eligible customers on a case by case basis.	Ad-hoc



### 3. 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.

<b>Trust Funds offered by suppliers as at end of March 2010</b>						
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	Independent charitable trust	Own customers	An existing customer of British/Scottish Gas with an energy debt.	Application	British Gas advisors will inform customers, if appropriate, of the fund and how to apply, as will third party organisations e.g. Citizens Advice and all British Gas Charity Partners. Charis Grants Ltd hold seminars/events where the trust is marketed.
EDF Energy	EDF Energy Trust	Independent charitable trust	Own customers	Anyone living in a domestic property that is supplied by EDF Energy can apply for a grant to clear energy debts. The Trust can also help to clear other essential household bills and costs.	Application	The Trust is marketed through third party agencies such as Citizens Advice, via newsletters, seminars, Charis' attendance at conferences, distribution of

			Third parties	Trustees also provide funding to not-for-profit organisations that offer debt and welfare advice to allow them to support households with energy debts.	Application	marketing materials (posters, leaflets), etc. It is also promoted through the Trust's/EDF Energy's websites and through press articles.
E.ON	The Caring Energy Trust	Company run	Own customers	E.ON customers with a household income less than £16,040 per annum and savings of less than £8,000. For heating and insulation measures. The applicant must be the home owner.	Application	Through E.ON customer service agents and third parties such as Citizens Advice and Warm Front.
npower	First Step Fund (part of the First Step Programme)	Company run	Own customers	If a customer joins the First Step programme with an outstanding balance on their account, they will be assessed to ascertain if they are eligible for the First Step Fund.	Assessed as part of any application for the First Step programme	Through the application process for the First Step programme which is explained to the customer through a personal phone call from their First Step adviser.
npower	Health Through Warmth (HTW) Crisis Fund	Company run	Available to all households in a HTW area regardless of who their energy supplier is.	If the customer is ill due to their home being cold or damp.	Application from a trained HTW referrer.	Links with community workers and health professionals who are trained to refer to HTW, also through press releases and events.

npower	npower Macmillan Fuel Management	Company Run	Own Customers	npower customers who have been diagnosed with cancer or care for someone with cancer have access to a discounted tariff (from April 2009 the Spreading Warmth Tariff) the possibility of debt write-off and the provision of energy efficiency advice.	Application	Through Macmillan Cancer Support and through npower contact centres who have the ability to refer someone to Macmillan, who can then highlight the support available.
Scottish Power	The Scottish Power Energy People Trust	Independent charitable trust	Third parties only	The award is assessed on whether the project provides assistance in the following areas which help eliminate fuel poverty - crisis funding, benefits health checks/income maximisation, energy efficiency measures and/or research into the issue of Fuel Poverty. Priority is given to projects aimed at helping families with young children and young people.	Application	Applicants hear about the fund through the website, through various presentations to organisations and through PR throughout the year which highlights particular trust projects that have been awarded funding.

#### 4. Partnerships

- Partnerships are schemes run by suppliers in partnership with other organisations for the benefit of vulnerable customers. There may be some cross over with a supplier's CERT commitments with these schemes.

<b>Partnerships supported by suppliers as at end of March 2010</b>			
Supplier Name	Name of partner(s) involved	Role of supplier	Brief description of what was offered by scheme
British Gas	1. UK charities and social housing providers including Carers UK, Help the Aged, Scope, Save the Children, RNIB, Money Advice Trust and 173 Partnerships.	Funding; refers individuals in need of support to charity partners and provides British Gas customers with additional services	Through working with charity partners, British Gas is able to identify and target more accurately customers who are vulnerable and in need and they are able to establish the help and support that is required on an individual basis. Through charity partners bringing their expertise and trust that they have with the general public on social matters, British Gas are able to achieve their objectives in supporting the most vulnerable far more effectively.
	2. NEA	Funding and sponsorship.	Funding of various initiatives including the 'Respect Programme' which trained employees to provide energy efficiency advice in the community, Fuel Debt Advice training for community advisers, an NEA and British Gas Think Tank session to share best practice and determine solutions for Fuel Poor customers, development of higher level energy efficiency training for advisors and British Gas sponsorship of community awards for energy efficiency initiatives delivered by the Third Sector.

<b>Partnerships supported by suppliers as at end of March 2010</b>			
Supplier Name	Name of partner(s) involved	Role of supplier	Brief description of what was offered by scheme
EDF Energy	<p>1. Various partners including Citizens Advice, WRVS, NEA, EAGA and Kent, East Sussex and West Sussex Credit Unions</p> <p>2. London Warm Zone</p>	Sponsorship of various events to raise awareness, training of front line debt advisors and volunteers, and access through partners to hard to reach groups.	<p>1. These partnerships allow EDF Energy to reach those customers that are hardest to identify by using trusted partners who have access to vulnerable people in their own homes and allow for the dissemination of information about the help available to those experiencing fuel poverty and energy debt. The partnership with NEA and three Credit Unions is an innovative way to reach vulnerable customers and to research ways to offer direct debit benefits to households who do not use or trust mainstream banking.</p> <p>2. This funding goes towards realising the social inclusion objectives of Warm Zones, including activities such as working with community groups on outreach in terms of education, the promotion of energy efficiency and tackling fuel poverty, and working with the health and voluntary sectors to target specific hard to reach groups.</p>
E.ON	<p>1. Partnerships with National Energy Action (NEA) and Age Concern</p> <p>2. Auriga</p>	Funding	<p>1. E.ON sponsors NEA projects in the East Midlands and Eastern areas to improve access to energy efficiency services through training and information dissemination. E.ON has also been working on the EnergyRight project with Age Concern, that has been developed to raise awareness of energy efficiency amongst older people, supporting them in adopting energy efficient practices and measures to help them keep warm and save money.</p> <p>2. E.ON supplies A-rated white goods to customers who Auriga identifies as needing new appliances. They are also able to write off customer debt.</p>

<b>Partnerships supported by suppliers as at end of March 2010</b>			
Supplier Name	Name of partner(s) involved	Role of supplier	Brief description of what was offered by scheme
npower	<p>1. NEA</p> <p>2. Home Warmth for the Aged, Beat the Cold and Croydon Council Hypothermia Service and Foundations (governing body for Home Improvement Agencies in England).</p>	<p>1. Sponsorship of conferences and forums, funding of projects including one project to install microgeneration, training of front line staff including health workers to identify signs of fuel poverty.</p> <p>2. Funding for crisis funds.</p>	<p>1. Sponsorship of conferences and forums, funding of a project to install microgeneration into some of the households on the First Step Programme and health trainers who work across communities targeting those particularly disadvantaged via a variety of community access points. As well as establishing health plans, health trainers are key in recognising the signs of fuel poverty.</p> <p>2. Crisis funds of £20,000 each were provided to Home Warmth for the Aged, Beat the Cold and Croydon Council Hypothermia Service in order to reach more vulnerable people. The money was used on services such as temporary heating, contributions towards heating measures, temporary heating appliances and a fund for emergency repairs. npower Health Through Warmth has provided a HTW Crisis fund for heating and insulation measures through Foundations, extending their geographical reach beyond its existing areas.</p>
ScottishPower	<p>1. Various Warm Zones, Local Councils and individual projects</p> <p>2. National Grid Affordable Warmth Solutions</p>	<p>1. See next column</p> <p>2. See next column</p>	<p>1. Funding provided for the provision of an income maximisation service which involved checking benefit entitlement and also considers grant schemes that might be available for the customer to further assist with the installation of energy efficiency measures or heating measures.</p> <p>2. National Grid enhanced the provision of a new gas connection to vulnerable homes and ScottishPower supported this initiative by providing funding for the installation of affordable gas central heating systems to 'fuel poor'</p>

<b>Partnerships supported by suppliers as at end of March 2010</b>			
Supplier Name	Name of partner(s) involved	Role of supplier	Brief description of what was offered by scheme
	3. NEA and EAS and various third party agencies representing vulnerable customers such as Citizens Advice, Age Concern etc.	3. See next column	households.  3. Funding of various events, Fuel Debt Prevention Booklet has been produced to be distributed to all Housing Associations in Scotland for tenants to be made more aware of energy costs and a folder that was created and issued to all external agencies dealing with ScottishPower's vulnerable customers detailing the assistance available and the correct contact points.
SSE	1. NEA  2. Citizens Advice	Funding	1. Funding of various NEA forums and initiatives focussed on raising awareness of and alleviating fuel poverty, including Fuel Poverty Forums in South Wales; a 'Feel the Heat' Award Scheme in Wales, which provides funds to help support a new community initiative or to enhance an existing initiative to help combat fuel poverty; production of a Community Leadership Action Guide to encourage key stakeholders to scrutinise fuel poverty in Newport, Wales; and briefing Sessions for AM and MPs to raise awareness of the issues impacting on fuel poverty.  2. Funding provided to enhance the level of advice and support provided by Citizens Advice in relation to energy efficiency advice, fuel debt advice and general assistance with energy related problems.

## 5. Benefit entitlement checks

- A benefit entitlement check (BEC) 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.

<b>Benefit entitlement checks offered by suppliers as at end of March 2010</b>			
Supplier Name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
British Gas	Customers are offered a BEC as standard through the Here to Help scheme, when surveyors visit customers' properties, if it is thought the customer would benefit. BECs are also offered in conversations around the Essentials package with customer advisors. Customers can be referred to RNIB or Carers UK for BECs.	Both	On charity partners' websites; British Gas' advisors offer information about BECs; surveyors offer BECs where appropriate as part of the Here to Help scheme.



<b>Benefit entitlement checks offered by suppliers as at end of March 2010</b>			
Supplier Name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
EDF Energy	BECs are offered to customers going onto the Energy Assist tariff through Eaga. They are also offered through the London Warm Zone.	External	EDF Energy's BECs are offered to customers that are signed up for their Energy Assist discounted tariff, who are either transferred to Eaga or given the number to call at a later time. Low income families, who could potentially claim benefits that will maximise their household income, are identified through the London Warm Zone assessment process and referred on to DABD (UK), an organisation promoting independence and inclusion that provides a full check.
E.ON	Customers who call the CaringEnergy Service or who come through E.ON's Vulnerable Customer Credit Management department are offered a BEC.	Both	The BEC is promoted to all customers who call E.ON's CaringEnergy line and appears in all material relating to CaringEnergy. BECs are also promoted via the Home Heat Helpline, E.ON's Vulnerable Customer Credit Management service, through CERT and through E.ON's Energy Efficiency Advice team.
npower	BECs are offered as part of the Health Through Warmth scheme and also through npower's First Step programme. HTW clients are usually suffering from an illness and need this face-to-face help. Each HTW referral is treated on an individual basis.	External	Health Through Warmth and Warm Wales market benefits checks to customers as part of their services. Checks are offered as part of the First Step Programme which aims to provide a holistic range of services to assist customers.

<b>Benefit entitlement checks offered by suppliers as at end of March 2010</b>			
Supplier Name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
ScottishPower	Leaflets are distributed via the ScottishPower insulation scheme or on request when a customer calls the ScottishPower Energy Efficiency Advice Line.	External	Leaflets are distributed via the ScottishPower insulation scheme or on request when a customer calls ScottishPower Energy Efficiency Advice Line. Additional BECs are also carried out by the Warm Zones that ScottishPower supports. ScottishPower also signposts customers on its debt assistance programme to this BEC service.
SSE	Customers are offered a BEC when they are assessed as eligible for Energyplus Care.	External	These checks are marketed to customers through SSE advisors who carry out the assessment for Energyplus Care. In addition, they are marketed through literature issued to agencies and also through SSE's websites.

## 6. Other Initiatives

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

<b>Other initiatives offered by suppliers as at end of March 2010</b>	
Supplier Name	Brief description of other initiatives/ programmes which are in addition to CERT and licence obligations and not mentioned elsewhere
npower	<p>Energy Efficiency Home Advisers - npower has a team of Home Advisers based throughout England and Wales. They are skilled practitioners in energy efficiency advice and visit customers in their homes to give face to face energy efficiency advice. This advice is mainly focused on helping vulnerable customers to achieve an affordable warm home. For this period, npower spent over £300,000 on providing home visits to give energy efficiency advice.</p> <p>Christians Against Poverty - Christians Against Poverty is a national debt counselling charity working through a network of 102 centres based in local churches. CAP offers hope and a solution to anyone in debt through its unique, in-depth service. npower takes part in CAP's fair share scheme which means for every pound paid to npower on behalf of customers, 10% is paid back to CAP.</p>
ScottishPower	ScottishPower employs 13 dedicated Community Liaison Officers (CLOs) covering the whole of Scotland, Wales and the majority of England. The Community Liaison programme is available to all vulnerable customers and aims to provide support and guidance to Scottish Power's customers in the comfort of their own home, through home visits to those most in need from CLOs.

## Appendix 2 - Supplier contact details for general public enquiries

	General Enquiries	Debt Advice	Energy Efficiency Advice	Social Programmes
<b>British Gas</b>	0800 048 0202 (Credit Customers) 0800 048 0303 (Pay As You Go) <a href="http://www.britishgas.co.uk/support">www.britishgas.co.uk/support</a>	0800 048 0404	0800 072 8629	0800 072 7100
<b>EDF</b>	0800 096 9000 <a href="http://www.edfenergy.com/products-services/for-your-home/customer-services/index.shtml?utm_source=efyh06&amp;utm_medium=quicklinks03&amp;utm_campaign=custser">http://www.edfenergy.com/products-services/for-your-home/customer-services/index.shtml?utm_source=efyh06&amp;utm_medium=quicklinks03&amp;utm_campaign=custser</a>	0800 085 8636	0800 096 9966	0800 269 450
<b>E.ON</b>	0845 059 9905 <a href="http://www.eonenergy.com/At-Home/Going-Green/Energy-Saving-Advice/Guidance-And-Caring-Energy.htm?WT.mc_id=Guidance_and_CaringEnergy&amp;WT.svl=8">http://www.eonenergy.com/At-Home/Going-Green/Energy-Saving-Advice/Guidance-And-Caring-Energy.htm?WT.mc_id=Guidance_and_CaringEnergy&amp;WT.svl=8</a>	0845 059 9905	0500 201 000	0800 051 1480
<b>npower</b>	0845 602 6363 <a href="http://www.npower.com/spreading_warmth/index.htm">http://www.npower.com/spreading_warmth/index.htm</a>	0845 606 0646	0800 02 22 20	0800 980 5875
<b>Scottish Power</b>	0845 2700 700 Fresh Start social tariff: <a href="http://www.scottishpower.co.uk/support-centre/products/fresh-start.aspx">http://www.scottishpower.co.uk/support-centre/products/fresh-start.aspx</a> Trust Fund: <a href="http://www.energypeopletrust.com/content/default.asp?page=s4">http://www.energypeopletrust.com/content/default.asp?page=s4</a>	0845 2700 700	0800 332 233	0845 2700 700
<b>Scottish &amp; Southern Energy</b>	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) <a href="http://www.hydroenergytips.co.uk/help.aspx">http://www.hydroenergytips.co.uk/help.aspx</a> <a href="http://www.swalecenergytips.co.uk/help.aspx">http://www.swalecenergytips.co.uk/help.aspx</a> <a href="http://www.southernenergytips.co.uk/help.aspx">http://www.southernenergytips.co.uk/help.aspx</a> <a href="http://www.atlanticenergytips.co.uk/help.aspx">http://www.atlanticenergytips.co.uk/help.aspx</a>	Same as general phone numbers	0800 0727 201	0800 300 111  0800 622 838 (Careline – PSR)

### Appendix 3 - Methodology used to calculate contributions from suppliers' social and discounted tariffs

1.1. To calculate the savings a customer makes by being on the supplier's social or discounted tariff, suppliers provided Ofgem with:

- the number of gas and electricity customer accounts that were on their social and discounted tariffs each month,
- average annual consumption data for customers in receipt of the social or discounted tariff,
- average annual bill information (excluding VAT) for all customers each month broken down by payment method, and
- average annual bill information (excluding VAT) for customers on the social or discounted tariff each month broken down by payment method.

1.2. The difference was then calculated between what customers in receipt of the social/discounted tariff would have paid were they on the average tariff for their payment method compared to what they paid on the social/discounted tariff. For example:

- For each month, the supplier calculates an average annual bill (either across all regions or weighted by region) for customers on their standard tariff for each payment method using actual average consumption data;
- The supplier then calculates what an average annual bill (either across all regions or weighted by region) for customers on their social/discounted tariff for each payment method using actual average consumption data;
- The monthly annual discounted tariff bills are then subtracted from the standard tariff bills for each payment method to give the saving offered by the supplier on a per customer basis. This value is then multiplied by the number of customers on the social/discounted tariff for each payment method.
- These savings are then summed and weighted to take into account seasonal fluctuations in energy usage to give the total savings to a supplier's social/discounted tariff customers for the year. The seasonal energy usage weightings (provided by the Department for Energy and Climate Change) are:
  - Electricity - April-June 20%, July-Sept 20%, Oct-Dec 30%, Jan-March 30%
  - Gas - April-June 15%, July-Sept 10%, July-Sept 35%, Jan-March 40%

1.3. This methodology, also used in the 2008-9 report, has been slightly amended from the 2007-08 report after comments were expressed by a number of suppliers that our previous reporting did not take into account customers changing consumption patterns through the year. This change to the methodology has enabled us to better take account of the changes in customers' average consumption as it changes throughout the year and increases the accuracy of our reporting. As it uses average actual consumption data it also better reflects the savings actually achieved by customers on the social/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 (such as the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Acts of 2004, 2008 and 2010) as well as arising from directly effective European Community legislation.

1.3. References to the Gas Act and the Electricity Act in this appendix are to Part 1 of those Acts.<sup>21</sup> 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 accordingly.<sup>22</sup>

1.4. The Authority's principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems. The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases and in the security of the supply of gas and electricity to them.

1.5. The Authority is generally required to carry out its functions in the manner it considers is best calculated to further the principal objective, wherever appropriate by promoting effective competition between persons engaged in, or commercial activities connected with,

- the shipping, transportation or supply of gas conveyed through pipes;
- the generation, transmission, distribution or supply of electricity;
- the provision or use of electricity interconnectors.

1.6. Before deciding to carry out its functions in a particular manner with a view to promoting competition, the Authority will have to consider the extent to which the interests of consumers would be protected by that manner of carrying out those functions and whether there is any other manner (whether or not it would promote competition) in which the Authority could carry out those functions which would better protect those interests.

1.7. In performing these duties, the Authority must have regard to:

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<sup>21</sup> Entitled "Gas Supply" and "Electricity Supply" respectively.

<sup>22</sup> 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.

- 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 them<sup>23</sup>; and
- the need to contribute to the achievement of sustainable development.

1.8. In performing these duties, the Authority must have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.<sup>24</sup>

1.9. 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 licensed<sup>25</sup> 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; and
- secure a diverse and viable long-term energy supply, and shall, in carrying out those functions, have regard to the effect on the environment.

1.10. In carrying out these functions the Authority must also have regard to:

- 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.

1.11. The Authority may, in carrying out a function under the Gas Act and the Electricity Act, have regard to any interests of consumers in relation to communications services and electronic communications apparatus or to water or sewerage services (within the meaning of the Water Industry Act 1991), which are affected by the carrying out of that function.

1.12. 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 Regulation<sup>26</sup> 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.

<sup>23</sup> 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 Acts in the case of Electricity Act functions.

<sup>24</sup> The Authority may have regard to other descriptions of consumers.

<sup>25</sup> Or persons authorised by exemptions to carry on any activity.

<sup>26</sup> Council Regulation (EC) 1/2003.

## Appendix 5 - Glossary

### **B**

#### **BEC**

Benefit entitlement check

### **C**

#### **CAB**

Citizens Advice Bureau

#### **CAP**

Christians Against Poverty

#### **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**

eaga

[www.eaga.com](http://www.eaga.com)

EBICo

[www.ebico.co.uk](http://www.ebico.co.uk)

### **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 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.

## **R**

### [RNIB](#)

Royal National Institute for the Blind

## **S**

### [SC](#)

Standard Credit

### [SCOPE](#)

The disability organisation in England and Wales whose focus is people with cerebral palsy.

## **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. Further information on Warm Zones can be found at: [www.warmzones.co.uk](http://www.warmzones.co.uk)

### [WRVS](#)

Formerly the Women's Royal Voluntary Service, WRVS is an age positive charity that offers a range of practical services to help and support older people to live well, maintain their independence and play a part in their local community.

[www.wrvs.org.uk](http://www.wrvs.org.uk)