

**EMBARGOED UNTIL 00.01 HRS ON FRIDAY 30 MAY 2008**

## **OFGEM PUBLISHES FUEL POVERTY ACTION PROGRAMME**

- **Government to consider legislation so customers' data can be shared more effectively to target help to fuel poor**
- **Energy suppliers to step up targeting of their social programmes**
- **Pilot scheme for 3,000 vulnerable customers to ensure they are on their suppliers' best tariff**
- **Government to fund joint Citizens Advice/Ofgem campaign to help low income customers improve energy choices**

Energy regulator Ofgem has today published a Fuel Poverty Action Programme which includes practical proposals from the Government, industry and Ofgem to help low income customers. The programme emerged from the Ofgem-led Fuel Poverty Summit held in April. The measures that were agreed are intended to improve the targeting of help to the fuel poor.

Ofgem's Chairman, Sir John Mogg, said: "Fuel poverty is caused by a combination of rising energy prices, low incomes and poor housing. That is why action must first and foremost be for Government. But we have to find ways to identify and target more effectively low income and vulnerable customers most in need of help from the Government, suppliers and non-government agencies.

"Last month's Ofgem summit brought together the Government, energy companies and those most actively involved in fighting the effects of fuel poverty. The Fuel Poverty Action programme has produced a whole series of practical steps to pinpoint help and to tackle fuel poverty."

These measures include:

- the Department of Work and Pensions (DWP) are to consider new legislation allowing information sharing between government and energy suppliers to improve the targeting of help. This is vital given suppliers commitment increase spend by £225 million over the next three years. In the lead up to this winter, Ofgem urges the Government and suppliers to continue with targeted mailings advising of help at hand while a way forward on data sharing is resolved.
- suppliers to step up targeting of their social programmes to fuel poor customers and keep consumer advice groups better informed of the help available
- a new pilot scheme funded by the Department for Environment, Food and Rural Affairs (DEFRA) and run by eaga\* and suppliers will check that 3,000 vulnerable customers are on their suppliers' cheapest tariff
- leading switching site providers to promote their telephone switching service for customers without internet access, and
- the Department of Business, Enterprise and Regulatory Reform (BERR) is to fund the national roll-out of "Energy Best Deal" the Ofgem/Citizens Advice campaign to help customers on low incomes make more informed energy choices.

Ofgem will continue its investigation, under the energy supply markets probe, of differences in supplier prices across different payment methods (including prepayment meters) and of the

need for further action to address the largest premiums. This includes seeking evidence of low income customers being sold more expensive deals.

\* eaga administers the Government's Warm Front Programme . It was established in 1990 to lead government funded efforts to improve the living conditions of vulnerable people living in cold, damp and energy inefficient homes across England by installing energy efficiency measures and central heating.

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## Notes to editors

### 1. Fuel Poverty Action Programme

The Fuel Poverty Action Programme, which followed Ofgem's Fuel Poverty Summit in April has four main themes :

#### **Theme I: Improve the way we identify and target those in fuel poverty so that the available help is directed to those who most need it;**

- **A pilot by eaga and suppliers** to help ensure households susceptible to fuel poverty are on their suppliers' best tariff given their circumstances. This may be their social tariff. The pilot will involve 3000 households (increased in scale as a result of summit discussions).
- DWP, BERR, Defra and suppliers ramping up their discussions on data sharing, with a view to developing a workable model that will help suppliers to provide targeted help in reducing fuel costs for the poorest pensioners most likely to be in fuel poverty. DWP are exploring the use of legislation to enable this to happen.

#### **Theme II: Ramp up the level of help available from suppliers to those at risk of fuel poverty;**

- Ofgem is currently consulting on the parameters for what can be included under the spend that suppliers have agreed for social assistance over the next three years, and will be monitoring this on an on-going basis.

#### **Theme III: Provide support so that vulnerable customers are able more effectively to use the energy market to get the best deal;**

- **A national roll out of the Ofgem/Citizens Advice initiated Energy Best Deal campaign** to be funded by BERR.
- A commitment from suppliers to provide **better information and advice** to caring and consumer agencies about social tariffs and help available including via new dedicated phone advice services.
- New commitments from suppliers to: 1) consider how they can best **work with advice agencies** such as CAB and Money Advice Trust on plans to improve training and information to advisers on the help available to customers facing energy debt and in fuel poverty 2) review the targeting of their social programmes, particularly through the **proactive interrogation of their customer records**, and report to Ofgem indicating the most useful approaches they have developed.

- A **commitment from the market leading switching site providers** to promote their telephone advice services to help customers who do not have internet access shop for a better energy tariff.

#### **Theme IV: Ensure that tariff differentials for different payment methods are fair and justified.**

- On **prepayment meters** Ofgem is investigating under its energy supply probe the need for further measures to curb the largest premiums, and to address the problem of some customers switching to more expensive PPM providers. An open letter seeking evidence on the latter has been published today.
- Ofgem is launching a **regional press campaign** to highlight the savings that customers can make by switching, naming those suppliers who are the most expensive for people who pay by PPM or standard credit.

Further detail about the Summit, outlining in more detail the rationale behind the initiatives being taken forward in the action programme, is available here

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

#### **2. Price differentials**

At Ofgem's Fuel Poverty Summit last month, the regulator presented its analysis of the differences in prices charged to customers on different payment methods. It found that the average differential between Prepayment Meters (PPM) and Direct Debit (DD) customers had increased from around £80 in 2005 to £125 in 2008. Over the same period the average differential between Standard Credit (SC) and Direct Debit had increased from around £40 to £80. Ofgem is currently looking at whether further action is needed to address the biggest differentials

#### **3. Ofgem's energy supply market probe**

The supply market probe will cover markets serving domestic customers and small businesses. Its objective is to examine in detail whether the energy market is working for all customer groups in the GB gas and electricity supply markets. It is being carried out under Ofgem's Enterprise Act powers which enable the regulator to access company information otherwise not routinely available to it.

#### **4. Ofgem**

Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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