

Monitoring suppliers' social programmes 2010-2011

Report

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Overview:

In 2008, 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 third and final year of the voluntary commitment (April 2010 - March 2011).

The key findings of the report are:

- Suppliers' collective expenditure for 2010-11 was £178.7 million (£3.70 per customer account) - exceeding Government's target by almost £29 million.
- £91.8 million, 51% of total expenditure, was contributed through social and discounted tariffs, with an average contribution by suppliers of £89 per customer account.
- £56.4 million, 32% of total expenditure, was contributed through rebates. Excluding the Energy Rebate Scheme, the average rebate provided was £56.
- Suppliers also contributed £18.2 million to trust funds and £6.4 million to partnerships.
- Over the three years of the commitment, suppliers have contributed £488.7 million through social programmes - exceeding government's target of at least £375 million by almost a third.

The voluntary commitment has now come to an end. Further social programmes are now run as part of the government's mandatory Warm Home Discount (WHD) scheme, under which suppliers will provide approximately £1.13 billion of direct and indirect support arrangements to fuel poor customers over four years from April 2011-15

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 could be included by suppliers as part of this spend on social initiatives and annually monitor suppliers' progress against the voluntary commitment. This report reviews each of the suppliers' different social initiatives for the period 1 April 2010 – 31 March 2011 and confirms that all suppliers have met their social commitments within this period.

Associated documents

All documents listed here or elsewhere in this report can be found on Ofgem's website, at www.ofgem.gov.uk

- [Monitoring suppliers' social initiatives](#) – guidance, August 2008 (Ref: 105/08)
- [Monitoring suppliers' social programmes 2009-2010](#), September 2010 (Ref: 121/10)
- [Monitoring suppliers' social programmes 2008-2009](#), August 2009 (Ref: 109/09)
- [Monitoring suppliers' social programmes 2007-2008](#), December 2008 (Ref: 171/08)
- [Warm Home Discount notification to all licensed electricity suppliers and all licensed gas suppliers](#) – letter, April 2011
- [Warm Home Discount: guidance for licensed electricity suppliers and licensed gas suppliers](#), May 2011 (Ref: 64/11)
- [Sustainable Development Focus April 2010 - March 2011](#), October 2011

Contents

1. Introduction	6
Target audience	6
Background	6
Monitoring and reporting framework	7
Structure of the document	8
Mandatory support with energy costs	8
Ofgem's work directed towards vulnerable and fuel poor customers	8
2. Summary of suppliers' contributions	10
Suppliers' contributions	10
Effectiveness of the targeting of assistance	12
3. Social and discounted tariffs	15
Introduction	15
Social Tariffs	20
Discounted tariffs	20
Comparisons between social and discounted tariffs and other market tariffs	21
Suppliers' general pricing strategies	25
Ofgem's Retail Market Review	27
4. Rebates, trust funds and other social initiatives	29
Rebates	29
Trust Funds	33
Other eligible social initiatives	36
Partnerships	36
Benefit Entitlement Checks (BECs)	40
Energy efficiency initiatives	40
Joint industry initiatives	41
Further information	42
5. Other assistance for vulnerable customers	43
Price support mechanisms	43
Other assistance	44
Appendices	45
Appendix 1 – Social programmes offered by suppliers 2008-2011	46
Appendix 2 – Social programmes offered by suppliers (1 April 2010 – 31 March 2011)	47
1. Social and Discounted Tariffs	47
2. Rebates (targeted at vulnerable customers)	52
3. Trust funds	57
4. Partnerships	62
5. Benefit entitlement checks	66
Appendix 3 – Supplier contact details for general public enquiries	68
Appendix 4 – Methodology used to calculate contributions from suppliers' social and discounted tariffs	70
Appendix 5 – The Authority's Powers and Duties	71

Executive 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 third, and final, year of the commitment (2009-10). It also confirms that suppliers have each met their third year spend targets as set by Government. We published our reports on the first (2008-9) and second (2009-10) years of the commitment respectively in August 2009 and September 2010.

For a number of years, Ofgem has highlighted 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.

Over the last three years of the voluntary commitment, the suppliers have collectively contributed £488.7m through social programmes – exceeding the government's target by around £115m. During this period, suppliers have contributed a total of over £335m through social and discounted tariffs, over £81m through rebates and almost £42m through Trust Funds.

In 2008-2009, total supplier spend was just over £157m, exceeding the government's target for that year by more than £50m. In 2009-2010, total contribution dipped slightly to almost £153m. In the final year of the scheme, 2010-2011, the total amount contributed by suppliers has risen again to almost £179m. This increase in total contribution over the three years has also been reflected in an increase in spend per customer account, which has risen from £3.21 in 2008-2009 to £3.70 in 2010-11, with a slight reduction to £3.18 in 2009-2010.

For the third and final year of the commitment, our main findings are:

- suppliers' collective expenditure on social programmes in 2010-11 was £178.7m. This exceeds the Government's target of at least £150m for the third year of the voluntary commitment by almost £29m;
- the vast majority (93%) of suppliers' expenditure on their social programmes was directed at social and discounted tariffs, rebates and trust funds;
- suppliers spent £91.8m (51%) on social and discounted tariffs, 19% less than in 2008-09. The average contribution provided by suppliers through social and discounted tariffs was £89 per customer account;
- Suppliers increased their expenditure on rebates by 271% to £56.4m, with almost 296,000 customers receiving a rebate under the Energy Rebate Scheme and almost 689,000 customer accounts receiving another form of rebate. Excluding the Energy Rebate Scheme, under which rebates of £80 were provided by each of the suppliers, the average value of the rebates provided across the suppliers in 2010-2011 was £56;
- the number of customer accounts benefiting from a social or discounted tariff is very similar to 2009/10 at just over 1 million. With rebates and the Energy Rebate Scheme included as well, over 1.9m accounts benefited from some form of reduction in their energy bills, compared to nearly 1.6m in 2009-10;

- each supplier met their spend target for the third year of the commitment;
- each supplier 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 largest contribution to the overall commitment was made by British Gas with a contribution of £70.7m (40% of suppliers' collective expenditure). British Gas also exceeded their spend target by £21.7m (44%). In addition, npower, E.ON and SSE also exceeded their spend targets by £2.6m (13.2%), £1.1m (4.5%) and £1m (3.8%) respectively.

Suppliers have also provided almost £18.2m of support through trust funds, £4.6m of energy efficiency measures additional to the Carbon Emissions Reduction Target (CERT) and £1.2m of other assistance such as partnership working, benefit entitlement checks (BECs) and cross-industry initiatives, such as the Home Heat Helpline¹, aimed at targeting advice and support to those most in need.

Suppliers have also provided a range of additional assistance to their customers which is not included within their social spend targets in 2010-2011, including through wider price support mechanisms and debt management/customer services practices.

The identification of fuel poor customers continues to raise 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 and is included within suppliers' social spend. This resulted in the six major suppliers giving almost 296,000 eligible customers a rebate of £80 in 2010. In addition to the rebate, we agreed with suppliers that some of the costs associated with the administration and delivery of the scheme (excluding the policy development costs) be counted towards their 2010-11 social spend commitment.

The voluntary commitment has now ended. Government introduced legislation in the Energy Act 2010 to allow Government, through secondary legislation, to introduce mandatory support schemes to provide assistance for the fuel poor. The Warm Home Discount (WHD) scheme came into operation on 1 April 2011. WHD replaces the voluntary agreement with energy suppliers and mandates domestic energy suppliers to provide approximately £1.13 billion of direct and indirect support arrangements to fuel poor customers over four years from April 2011-2015. The spending target is £250 million in 2011/12 rising to £310 million by 2014/15.

¹ The Home Heat Helpline is a free, central phone number offering practical energy advice for people concerned about paying their energy bills. See <http://www.homeheathelpline.org.uk/>

1. Introduction

Chapter Summary

This section gives a summary of the content and structure of Ofgem's 2010-2011 annual report on suppliers' social programmes. It provides an overview of the background to the voluntary commitment.

Target audience

1.1. This report is aimed at gas and electricity suppliers and consumer groups - particularly those representing consumers vulnerable to fuel poverty, pensioners, people with disabilities, the chronically sick or those on low incomes - and any other interested parties.

Background

1.2. In the 2008 Budget, the Chancellor announced 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 was split across suppliers based on market share and was to be delivered incrementally during 2008-11 so that suppliers' collective spend would be at least £100m in 2008-09; £125m in 2009-10 and £150m in 2010-11.

1.3. Government asked Ofgem to set the parameters for what could 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 commitment². This guidance also set out the framework against which we would calculate, monitor and report on suppliers' progress towards these targets.

1.4. In recent years, significant energy price rises and continuing difficult economic conditions have contributed to the growing issue of fuel poverty in Great Britain. 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.

² [Monitoring suppliers' social initiatives](#) – guidance, August 2008 (Ref: 105/08)

1.5. This is the third and final 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 2008³. This report reviews suppliers' performance in the final year of the commitment and confirms that suppliers have met the 2010-11 target set by Government. It reports on the range of initiatives undertaken by the six major energy suppliers as part of their social programmes to assist their vulnerable and fuel poor customers between 1 April 2010 and 31 March 2011 (2010-11).

Monitoring and reporting framework

1.6. Under the social programmes monitoring and reporting framework, we have included suppliers' contributions towards:

- social and discounted tariffs,
- rebates (including the 2010 Energy Rebate Scheme),
- trust funds,
- partnership initiatives,
- energy efficiency measures (where these are additional to suppliers' existing statutory obligations under CERT (Carbon Emissions Reduction Target) and CESP (Community Energy Saving Programme),
- benefit entitlement checks (BECs), and
- joint industry initiatives such as the Home Heat Helpline.

1.7. The report provides a summary of suppliers' expenditure in each of these categories. 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 Executive⁴ of each of the suppliers' main UK businesses.

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

1.9. 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, npower, ScottishPower and SSE.

³ 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](#), December 2008 (Ref 171/08)

⁴ 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. Please note that all figures in this report are presented excluding VAT, with the exception of those figures provided in relation to the Energy Rebate Scheme and where otherwise referenced.

Structure of the document

1.11. The structure of this document is as follows:

- Chapter 2 summarises suppliers' contributions to social programmes in 2010-2011. It also presents an overview of suppliers' approaches to identifying and targeting the vulnerable and fuel poor for assistance.
- Chapter 3 provides a summary of suppliers' expenditure on social and discounted tariffs.
- Chapter 4 gives an overview of suppliers' contributions through rebates, trust funds and other social initiatives, including partnerships, Benefit Entitlement Checks (BECs), energy efficiency initiatives and joint industry initiatives.
- Chapter 5 summarises the additional support provided by suppliers for vulnerable customers which is not eligible for inclusion towards their social spend commitments agreed with the government.

Mandatory support with energy costs

1.12. In the Energy Act 2010, Government introduced new legislation which allows for the introduction of support schemes, 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.

1.13. Government has recently mandated electricity suppliers to provide support through the Warm Home Discount (WHD) scheme, a new mandatory scheme that replaces the previous voluntary agreement with energy suppliers to provide further, targeted support to low income and vulnerable consumers who are in or at risk of fuel poverty. The Warm Home Discount scheme came into operation on 1 April 2011. The scheme mandates domestic energy suppliers to provide approximately £1.13 billion of direct and indirect support to customers in or at risk of fuel poverty over four years from April 2011 – March 2015. The spending target is £250 million in 2011/12 rising to £310 million by 2014/15.

Ofgem's work directed towards vulnerable and fuel poor customers

1.14. 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 2010-11 include:

- assisting Citizens Advice with the roll out of the Energy Best Deal campaign over winter 2010-2011. The third year of the campaign has been funded by E.ON (included in their contribution to social programmes) and by EDF Energy. The campaign aims to provide energy consumers, particularly those who are vulnerable and who can be more difficult to reach, with advice on how to ensure they are not paying more than they need to. The campaign works by holding practical presentations delivered to low income consumers and front-line staff who work with people at risk of fuel poverty. The campaign has been developed to include online videos providing the advice to a wider audience⁵.
- 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. Together with Consumer Focus, we have monitored suppliers' progress towards embedding the key Principles for taking ability to pay into account when considering debt repayment which we developed following our review of suppliers' approaches to debt management and prevention. All suppliers have made steady progress to introduce the key Principles, and have developed new initiatives to assist customers in debt. We will continue to monitor suppliers' performance in this area and are keen that they continue to work to provide customers with manageable payment arrangements.
- as part of the Consumer First⁶ initiative, undertaking a range of research projects involving vulnerable consumers during this period. These have included elements of our Retail Markets Review, Smart Metering and Gas Significant Code Review.
- developing a 'Spring Package' of measures designed to protect consumers, particularly vulnerable consumers, in light of early moves by suppliers to install meters with smart functionality. In particular, the measures include the proposed introduction of guidance to assist suppliers in identifying vulnerability in a household prior to disconnecting supply for unpaid charges. The package also proposes the introduction of guidance to assist suppliers in identifying situations where it is safe and reasonably practicable to switch a customer to a prepayment meter. Under the current proposals, suppliers will be required to have regard to both guidance pieces via an amended supply licence condition.
- addressing the issue of fuel poverty through our decision to continue the fuel poor network extension scheme under our gas distribution price control 'GD1' (being undertaken through RIIO (Revenue = Incentives + Innovation + Outputs), our new framework for price controls.) We also propose to introduce a discretionary reward scheme element which will provide rewards for companies that can demonstrate they have delivered outputs in relation to social objectives beyond that funded at the price review, for example by partnering with stakeholders including suppliers to deliver non-network based solutions.

⁵ Information on Energy Best Deal can be found at <http://www.ofgem.gov.uk/CONSUMERS/SMEBD/Pages/smebd.aspx>

⁶ In 2007, Ofgem launched the Consumer First programme which involves undertaking consumer research to enhance consumer insight and inform our key policy decisions. The programme expanded in 2008 to include a Consumer First Panel, consisting of 100 everyday domestic customers recruited from five locations across Great Britain. The Panel meets regularly to discuss key issues impacting on their participation in the energy market, as well as other key issues related to energy. Further information can be found at <http://www.ofgem.gov.uk/Sustainability/Cp/CF/Pages/CF.aspx>

2. Summary of suppliers' contributions

Chapter Summary

This chapter presents an overview of the suppliers' contributions to social programmes in 2010-11. It also provides a summary of suppliers' approaches to identifying and targeting the vulnerable and fuel poor for assistance.

Suppliers' contributions

2.1. In 2010-2011, suppliers' collective expenditure on social programmes totalled almost £179 million. This is equivalent to an average of £3.70 per customer account (compared with £3.18 in 2009-2010). The expenditure also significantly exceeds Government's £150m target spend for the third year of the commitment. The spend comprised:

	£m	(% of total contribution)
Social and discounted tariffs	91.8	(51)
Rebates (including the Energy Rebate Scheme)	56.4	(31)
Trust funds	18.2	(10)
Partnerships	6.4	(4)
Energy efficiency initiatives	4.6	(3)
Other initiatives	1.2	(1)
Total	£178.7m	

Source: Ofgem, supplier data

Note: All figures are provided excluding VAT, except for the Energy Rebate Scheme

2.2. Expenditure on social programmes in 2010-11 exceeded the government's £150m target by almost £29m. The majority of this spend above the target in 2010-11 is accounted for by British Gas, who exceeded their individual target by nearly £22m.

2.3. As shown in Figure 1 below, each of the suppliers increased their spend in 2010-11 and met their individual social spend target for the third year of the commitment as set by government. As in the previous year, British Gas contributed significantly more than any other supplier, both overall and per customer account. British Gas made the largest contribution to the overall commitment with a total spend of £70.7m (40% of the total), implying a contribution of £4.49 per customer account. In addition, British Gas exceeded its target by £21.7m (44%). npower also exceeded their commitment by £2.6m (13%).

Figure 1: Suppliers social spend contributions for 2010-11, compared with 2009-10

Supplier	2010-11 target contribution (millions)	2010-11 total contribution	2009-10 total contribution	2010-11 spend per customer account*	2009-10 spend per customer account
British Gas	£49m	£70,651,963	£58,073,924		
EDF Energy	£16m	£16,139,192	£13,147,714		
E.ON	£24m	£25,072,271	£20,887,291		
npower	£20m	£22,630,089	£20,137,426		
ScottishPower	£16m	£16,147,106	£14,069,029		
SSE	£27m	£28,013,996	£26,486,494		
TOTAL	£152m	£178,654,617	£152,801,878	£3.70	£3.18

Source: Ofgem, supplier data

Notes:

- All figures are calculated excluding VAT, except for the Energy Rebate Scheme.
- *In calculating these figures we have used suppliers' customer numbers as at 31 December 2009 which suppliers submitted for CERT.

A full summary table of expenditure across the three years of the voluntary commitment can be found in Appendix 1.

2.4. As in the previous year, the main focus of total spend has been on social and discounted tariffs, which account for 51% of total expenditure. However, there has been a 19% decrease (from £113m to £91.8m) in the amount of money directed towards suppliers' social and discounted tariffs compared to 2009-10.

2.5. In contrast, the amount spent on rebates (including the Energy Rebate Scheme) increased significantly from £15.2m in 2009-10 to £56.3m in 2010-11. Even excluding the Energy Rebate Scheme, general spend on rebates was still significantly higher than in the previous year, at £38.9m 2010-11. The average rebate also increased from £30 in 2009-10 to £56 (excluding the Energy Rebate Scheme) in 2010-11. npower was the only supplier who did not provide a rebate other than the Energy Rebate Scheme.

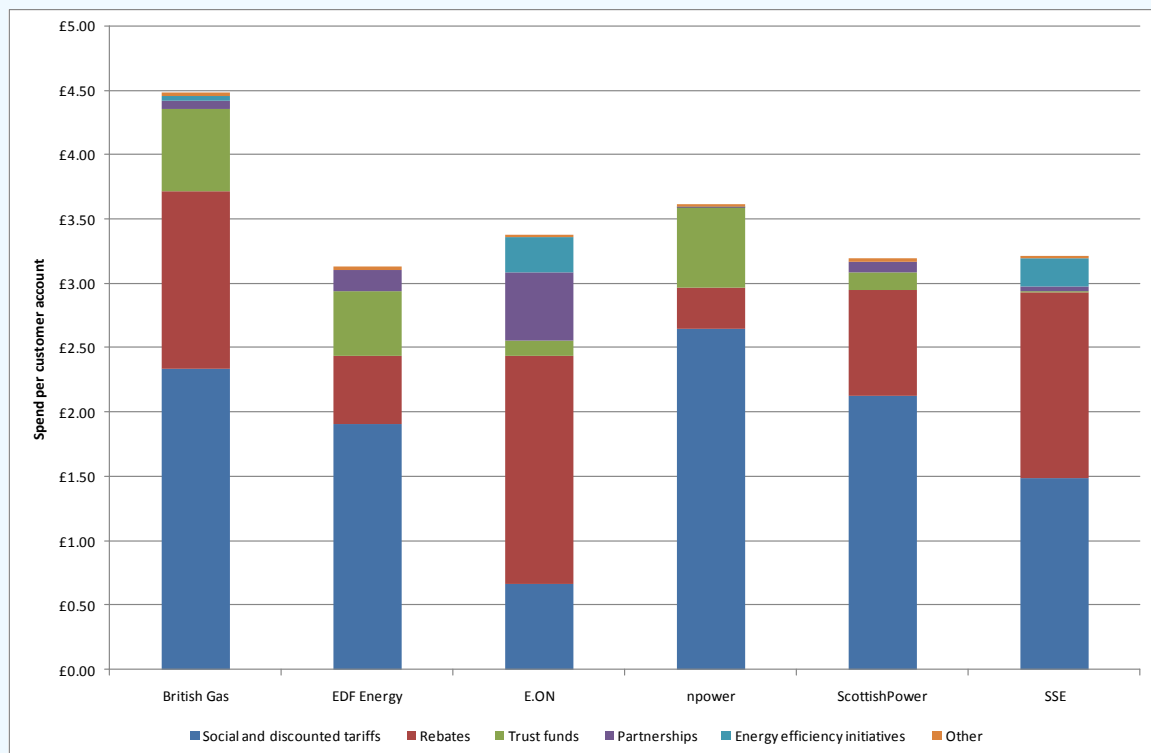
2.6. The amount spent on trust funds and partnerships was similar to that of the previous year; at 10% and 4% of total spend respectively.

2.7. British Gas, E.ON and SSE were the only suppliers who contributed to energy efficiency activities as part of their social spend in 2010-11. E.ON contributed 45%,

SSE contributed 42% and British Gas contributed 13% towards the total spend on energy efficiency activities.

2.8. Figure 2 below shows suppliers' social spend contributions between 1 April 2010 and 31 March 2011 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 2: Suppliers' social spend contributions for 2010-11 on a per customer account basis



Source: Ofgem, supplier data

Notes:

- All figures are calculated excluding VAT, except for the Energy Rebate Scheme.
- In calculating these figures we have used suppliers' customer numbers at as 31 December 2009 which they submitted for CERT.
- 'Other' comprises joint industry initiatives and benefit entitlement checks.

Effectiveness of the targeting of assistance

2.9. It is often challenging to effectively identify and target the fuel poor for assistance. 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. The scheme used data matching to identify pensioners eligible for a one-off automatic rebate of £80 on their electricity bill. Customers were eligible for the rebate if they or their partner were over 70,

receiving the guarantee credit element only 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. The scheme closed on 1 September 2010.

2.10. The success of the data matching pilot is very encouraging and highlights the contribution that data matching could make in helping target assistance at fuel poor households in the future. Over the 2010-11 period, suppliers have also been making use of the data they already hold on their customers' circumstances 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 to target customers and some suppliers have worked to enhance their in-house capability for identifying and providing assistance to vulnerable customers. Below are some examples of the work undertaken by suppliers in 2010-11 to identify and target vulnerable customers:

- **British Gas** uses information such as those eligible for the Priority Service Register⁷ (PSR), those eligible for Fuel Direct, a customer's date of birth, Service Needs and Medical Equipment data, and those registered for their Essentials Combined and other Essentials packages to assist in identifying and targeting vulnerable customers for assistance. British Gas has recently revised its Vulnerable Customer policy to increase the scope to include families with children aged 16 and under. They are carrying out an external awareness campaign and enhanced training to help their agents to recognise, identify and manage vulnerable customers.
- **EDF Energy** uses a range of methods to identify vulnerable customers, including its PSR, frontline customer services and meter reader staff, and information provided by third parties, such as the Citizens Advice Bureau, WRVS⁸ or a carer, where the customer has given their permission. EDF Energy has developed a range of initiatives intended to target help to those vulnerable customers who are hardest to reach, including partnerships with WRVS, Plymouth Citizen's Advice Bureau and London Warm Zone⁹ (see further details on page 45.)
- **npower** targets initiatives at those identified as experiencing the most severe fuel poverty by cross-matching external data on income to customers' annual bills to determine the percentage of income spent on energy. It also uses additional data such as internal consumption figures and fuel price information. npower also identifies vulnerable customers through the PSR and through a

⁷ Suppliers are required under Standard Licence Condition (SLC) 26 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.

⁸ 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

⁹ 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

Vulnerability Indicator which covers vulnerabilities wider than the PSR criteria, e.g. those with children or on means-tested benefits. In 2010-2011 they used a variety of media to target customers whom they believe are in fuel poverty and hence vulnerable, including training and awareness-raising amongst contact centre staff, and partnership-working with organisations such as the Home Heat Helpline, Eaga, Scottish Energy Assistance Package and Macmillan Cancer Support.

- **npower's** Health Through Warmth (HTW) scheme was set up in 2000 in partnership with the NHS and National Energy Action (NEA). The scheme operates through locally-based partnerships and aims to help people whose health is adversely affected by cold, damp living conditions by installing the appropriate heating and insulation measures. HTW offers awareness sessions to community workers, such as nurses, midwives, occupational therapists and the fire service who are best placed to identify and refer vulnerable people that need help. Between 1 April 2010 and 31 March 2011, 10,784 referrals were received and 877 community workers were trained.
- **E.ON** used a statistical model using external demographic data from sources such as Experian Mosaic overlaid with internal data such as payment method and consumption levels to identify a group of customers believed to be eligible for their Super Priority Group rebate. The rebate could therefore be targeted at those most in need of assistance. Eligible customers were also encouraged to claim insulation measures under their CERT programme which would further assist in alleviating fuel poverty.
- **ScottishPower** has overlaid their customer database with the Experian Fuel Poverty propensity model and use internal indicators such as PSR and transactional data (e.g. consumption and debt levels), to help identify vulnerability and target initiatives accordingly. ScottishPower has also used internal data such as special needs markers, OAP status, and dates of birth to further filter data into target groups to assist them in identifying which customers to target for their rebate programme. ScottishPower's Energy People Trust targets its funding awards at those organisations who work directly with those living in fuel poverty to ensure help gets to those who need it most.
- **SSE** work with a range of external agencies, including Citizens Advice Bureaux, Energy Assistance Package, Warm Zones, local advice agencies and local authorities to help identify and target vulnerable customers for assistance. They have also provided training to a number of external associations such as the Glasgow Home Energy Advice Team (GHEAT) and the Glasgow Housing Association (GHA). Following the severe weather conditions during winter 2010 and 2011 and further to their Winter Care Initiative, all prepayment staff were provided with a brief outlining the issues that prepayment customers were likely to face in order to ensure customers were given additional support during the severe weather.

3. Social and discounted tariffs

Chapter Summary

In 2010-11, suppliers' expenditure on social and discounted tariffs was £91.8m – a decrease of £21.2m compared to 2009-10. The number of customer accounts benefiting from social and discounted tariffs remained similar to the previous two years at just over 1 million.

Introduction

3.1. In 2010-11, the six major energy suppliers all offered a range of social and discounted tariffs. Under the 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 tariff¹⁰. 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. '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. We have continued to report social and discounted tariffs together for 2010-11. However, we have set out below the tariffs which have met the definition of a social tariff.

Suppliers' contributions from social and discounted tariffs

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

- actual average consumption data¹¹ for customers on these tariffs for electricity, gas and dual fuel (where applicable);
- monthly data on the number of customers on social or discounted tariffs split across the different payment methods; and
- monthly average bill price information split across the different payment methods.

¹⁰ '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

¹¹ Average consumption data for customers on social and discounted tariffs has been provided to Ofgem by suppliers.

3.4. 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 3, below, provides a summary of suppliers' social and discounted tariffs in 2010-11. Appendix 3 provides further detail on the methodology used in calculating these savings.

3.5. Figure 3 shows that at the end of March 2011 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 2010. However, total spend on social and discounted tariffs has fallen by 19% from £113m in 2009-10 to £91.8m in 2010-11. Across all suppliers, the average contribution provided per customer account through social and discounted tariffs was £89.

3.6. British Gas contributed £36.83m through social and discounted tariffs - the biggest contribution of any supplier, although this was 22% lower than the previous year. British Gas' contribution was 40% of the total, which is more than its market share. The majority of its contribution - almost £35m - was through its Essentials tariff.

3.7. npower also contributed more through social/discounted tariffs than its market share, with 18% of the total in 2010-11. EDF Energy, npower and ScottishPower all increased their contribution through social and discounted tariffs since last year, by 2%, 4% and 43% respectively.

Figure 3: Number of customer accounts on social and discounted tariffs and contributions as at March 2011

Supplier	Tariff name	Tariff offer	Customer accounts on tariff at 31 March 2011	Average actual consumption (kWh)	Supplier's contribution 2010-11	Average contribution per customer 2010-11
British Gas	Price Promise (electricity)	This tariff closed in 2006 when the cap of 25,000 customers was reached. Price Promise customers were placed on a tariff equal to Direct Debit Mandate tariff during 2004 and benefited from a price freeze from 2004-7. In 2007, these customers had, like other customers, a matched price increase of 15%; however this was delayed from January to March to avoid high winter bills. Tariff is generally cheaper than the Essentials tariff.	7,674	3,904	£488,000	£64
	Price Promise (gas)		8,779	16,689	£1.56m	£178
	Essentials (electricity)	Customers are charged and billed at Essentials rates, regardless of consumption.	193,787	3,406	£13.86m	£72
	Essentials (gas)		310,468	13,555	£20.92m	£67
	Total		520,708		£36.83m	
EDF Energy	Energy Assist (electricity)	Offers customers most likely to be fuel poor EDF Energy's direct debt tariff, regardless of their payment method, plus a further £37.50 discount per fuel, per year (excluding VAT). Tariff includes other benefits including a benefit entitlement check and energy efficiency advice.	70,492	4,429	£4.30m	£61
	Energy Assist (gas)		5,545	14,807	£335,000	£60
	Energy Assist (dual fuel)*		90,840	4,429/14,807	£5.19m	£57**
	Total		166,877		£9.82m	
E.ON	StayWarm social (electricity)***	Protects existing StayWarm customers on qualifying benefits from being migrated to a higher price that would reflect their higher consumption levels. Medium and high consumption customers are protected from moving to higher prices and maintained on the standard StayWarm product. This tariff is now closed. All eligible StayWarm social customers have now been moved to WarmAssist Fixed.	118	15,748	£55,000	£462
	StayWarm social (dual fuel)*,***		4117	5,247/27,908	£600,000	£146**
	WarmAssist Fixed (electricity)***	StayWarm customers on qualifying benefits are now renewed onto E.ON's WarmAssist Fixed discounted product rather than the Social StayWarm product.	882	15,541	£307,000	£348
	WarmAssist Fixed (dual fuel)*,***		29,710	5,528/27,430	£3.07m	£103**
	Warm Assist Variable (electricity)	Customers who meet the criteria are offered the WarmAssist product which has a discount equivalent to at least 15% off the standard prices.	1,150	4,234	£90,000	£79
	Warm Assist Variable (gas)		256	17,289	£20,000	£80
	Warm Assist Variable (dual fuel)*		13,938	4,234/17,289	£824,000	£59**

Monitoring suppliers' social programmes 2010-2011

	Total		50,172		£4.95m	
npower	Spreading Warmth (electricity)	npower's Spreading Warmth Tariff was the same price irrespective of payment method and offered average savings of over 20% (based on dual fuel and average consumption) against their standard tariff. When npower's standard prices were increased in January 2011, Spreading Warmth customers were held and not increased until May 2011. Customers paying via credit meters paid a reduced unit rate compared to npower's standard prices ensuring they receive the benefit of the tariff on each unit of energy they use. Customers paying via prepayment ¹² meter received a quarterly discount based on notional consumption equivalent to the unit rate benefit credit customers receive. Customers paying by any other payment method other than monthly direct debit receive additional top up discounts every October to ensure they are paying the same price. Monthly direct debit customers continue to receive their existing discounts.	24,017	3,825	£3.34m	£139
	Spreading Warmth (gas)		5,300	15,776	£642,000	£121
	Spreading Warmth (dual fuel)*		103,686	3,825/15,776	£12.51m	£121**
	First Step (electricity)		112	6,591	£8,308	£74
	First Step (gas)		163	18,863	£6,459	£40
	First Step (dual fuel)*		447	6,591/18,863	£28,125	£63**
	Total			133,725		£16.53m
Scottish Power	Fresh Start (electricity)	The tariff provided customers with the lowest prices in their area regardless of payment type. All direct debit and standard credit customer unit rates reflected the cheapest price. PPM customers were provided with a rebate equivalent to the average savings they would have received on the social tariff. These are reported separately in the Rebates section. In July 2010, Fresh Start was reverted to a discounted tariff. Fresh Start prices were maintained at the July 2010 levels for the remainder of the reporting period.	69,205	4,511	£4.66m	£67
	Fresh Start (gas)		43,598	15,799	£6.07m	£139
	Total		112,803		£10.74m	

¹² 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.

Monitoring suppliers' social programmes 2010-2011

SSE	EnergyPlus Care (electricity)	EnergyPlus Care offers a discount on average of at least 30% versus SSE's standard prices. It includes free energy efficiency advice and measures. Customers are also offered a free benefit entitlement check. The tenure of the tariff is one year, although customers do have the opportunity to remain on the tariff if they re-qualify under the eligibility criteria. Those who are not re-assessed for tenure are automatically awarded a £50 rebate as a step-down approach.	8,729	4,493	£2.53m	£289
	EnergyPlus Care (dual fuel)*		36,318	4,493/17578	£10.44m	£287**
	Total		45,047		£13m	
Total			1,029,332		£91.8m	£89

Source: Ofgem, supplier data

Notes:

- Suppliers' contributions have been calculated excluding VAT.
- *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.
- E.ON's Stay Warm social tariff was wound down throughout the year and all customers have now been moved into E.ON's Warm Assist Fixed tariff. Customer account figures have therefore been calculated as an average of the number of customers on the tariff per month over 12 months rather than those as at 31 March 2010, by which time customers had been migrated on to Warm Assist Fixed. Supplier contribution and average contribution per customer have been calculated using these average customer account figures.
- ***For both E.ON's WarmAssist Fixed and StayWarm tariffs, the average actual consumption levels are heavily weighted towards the dual fuel customer consumption and this results in a negative subsidy when calculating single electricity contribution. E.ON's contributions for their WarmAssist Fixed and StayWarm tariffs have therefore been calculated using the actual consumption values for each fuel, rather than the average.
- E.ON's StayWarm Social tariff only had one customer account at 31 March 2011 and was wound down in the months previously. Customer account figures have therefore been calculated as an average of the number of customers on the tariff per month from April 2009-March 2011 rather than the number of customers on that tariff as at 31 March 2010. Supplier contribution and average contribution per customer have been calculated using these average customer account figures.
- npower's First Step tariff did not have any customer accounts after September 2010 and was wound down in the months previously. Customer account figures have therefore been calculated as an average of the number of customers on the tariff per month from April 2009-September 2010 rather than the number of customers on that tariff as at 31 March 2010. Supplier contribution and average contribution per customer have been calculated using these average customer account figures.
- ScottishPower's Fresh Start tariff reverted from a social tariff to a discounted tariff in August 2010. Contribution has been calculated by combining the weighted average total contribution from the social tariff to the weighted average total from the discounted tariff and dividing this figure by the number of customers on the tariff as at 31 March 2011, when it was a discounted tariff.

Social Tariffs

3.8. As part of the voluntary agreement with Government, suppliers were 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.

3.9. During the reporting period, ScottishPower and SSE provided a social tariff. Details of these tariffs are as follows:

- **ScottishPower – Fresh Start**

The Fresh Start tariff provides customers with ScottishPower's lowest tariff in their region, regardless of payment method. It is open to customers aged over 60 and in receipt of certain benefits. Fresh Start was reverted to a discounted tariff in July 2010.

- **SSE – EnergyPlus Care**

The EnergyPlus Care tariff offers a discount on average of 30% versus standard prices. Eligibility for the tariff is not limited to any particular group(s) or income type(s). Eligibility is determined through assessing the scale of fuel poverty a customer is living in, in addition to other factors such as health, using a points system.

Discounted tariffs

3.10. During the reporting period, British Gas, EDF Energy, E.ON, npower and ScottishPower offered discounted tariffs. Details of these tariffs are as follows:

- **British Gas**

- **Price Promise**

- Price Promise customers were placed on a tariff equal to Direct Debit mandate during 2004 and benefited from a price freeze from 2004-2007. It is open to customers aged over 60 years and on Pension Credit.

- **Essentials**

- The current eligibility criteria for the Essentials tariff is receipt of non-means tested benefits, Disability Allowance or Attendance Allowance or aged over 70 (in receipt of Pension Credit), or has a chronic illness and is in receipt of a low income i.e. HHH is less than £15,600 and in receipt of means-tested benefits. The criteria came into effect in June 2008 when the Essentials packages were re-launched.

- **EDF Energy – Energy Assist**

- Energy Assist offers customers most likely to be fuel poor EDF Energy's direct debit rate, regardless of their payment method, plus a further £37.50 discount (excluding VAT) per fuel.

- **E.ON**

StayWarm Social

This tariff was open to customers on qualifying benefits. All eligible StayWarm Social customers have now been moved to the WarmAssist Fixed tariff.

WarmAssist Fixed

Customers on E.ON's StayWarm Social tariff with qualifying benefits (over 60 and in receipt of Pension Credit, Disability Living Allowance or Attendance Allowance) are now renewed on to the WarmAssist Fixed tariff. The customer limit of the tariff is set by the number of customers on the StayWarm social product.

WarmAssist Variable

WarmAssist has a discount equivalent to at least 15% of E.ON's standard prices. It is open to customers aged over 60, in receipt of Pension Credit, Disability Living Allowance or Attendance Allowance.

- **npower – Spreading Warmth**

The Spreading Warmth tariff provides customers with the same price regardless of payment method, and offers savings on average of over 20% (based on dual fuel and average consumption) against npower's standard tariff. Although the tariff was not npower's cheapest tariff throughout the year, it was for the majority of customers and for many was significantly cheaper than the nearest applicable tariff. When npower's standard prices were increased in January 2011, the prices of Spreading Warmth customers were held and were not increased until May 2011. Customers paying via credit meters paid a reduced unit rate compared to npower's standard prices ensuring they receive the benefit of the tariff on each unit of energy they use. Customers paying via a prepayment meter received a quarterly discount based on notional consumption equivalent to the unit rate benefit credit customers receive. Customers paying by any other payment method other than monthly direct debit receive additional top up discounts every October to ensure they are paying the same price. Monthly direct debit customers continue to receive their existing discounts. To be eligible for the tariff, customers must be aged over 60, a household with children aged under 16, disabled or chronically sick, and with a gross annual household income of under £13,500.

- **ScottishPower – Fresh Start**

ScottishPower reverted their Fresh Start social tariff to a discounted tariff in July 2010.

Comparisons between social and discounted tariffs and other market tariffs

3.11. Figure 4 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.

3.12. The average annual bill column shows an average bill for customers on each supplier's social or discounted tariff for 2010-11 based on a typical medium domestic consumption level (3,300kWh for electricity and 20,500kWh for gas¹³). 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 annual best non-social or discounted bill¹⁴ ('Savings over supplier's best offer') and the best tariff on the open market ('Savings over best market offer (all suppliers)').

Figure 4: Average savings to customers on social or discounted tariffs in comparison to the best offer available (April 2010 – March 2011)

Supplier	Tariff name	Average annual bill (£)	Savings over supplier's best offer (£)	Savings over best market offer (all suppliers) (£)
British Gas	Essentials (electricity)	340	(6)	(26)
	Essentials (gas)	674	(34)	(52)
	Essentials (dual fuel)	1000	(40)	(82)
EDF Energy	Energy Assist (electricity)	370	(12)	(56)
	Energy Assist (gas)	659	57	(37)
	Energy Assist (dual fuel)	1021	(45)	(104)
E.ON	Warm Assist Variable (electricity)	363	(5)	(48)
	Warm Assist Variable (dual fuel)	990	(73)	(73)
npower	Spreading Warmth (electricity)	310	5	5
	Spreading Warmth (gas)	602	20	20
	Spreading Warmth (dual fuel)	901	20	16
ScottishPower	Fresh Start (electricity)	389	(27)	(74)
	Fresh Start (gas)	555	164	67
SSE	EnergyPlus Care (Electricity)	308	69	6
	EnergyPlus Care (Dual Fuel)	777	213	140

Source: Ofgem; supplier data 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.

¹³ The typical medium domestic consumption values were revised in January 2011 to 3,300kWh for electricity and 16,500kWh for gas, see <http://www.ofgem.gov.uk/Markets/RetMkts/Compl/Consumption/Documents1/Decsion%20letter%20Consumption%20review%20FINAL.pdf> However, as this covers the reporting period 2010-2011, we have used the previous consumption values in our calculations.

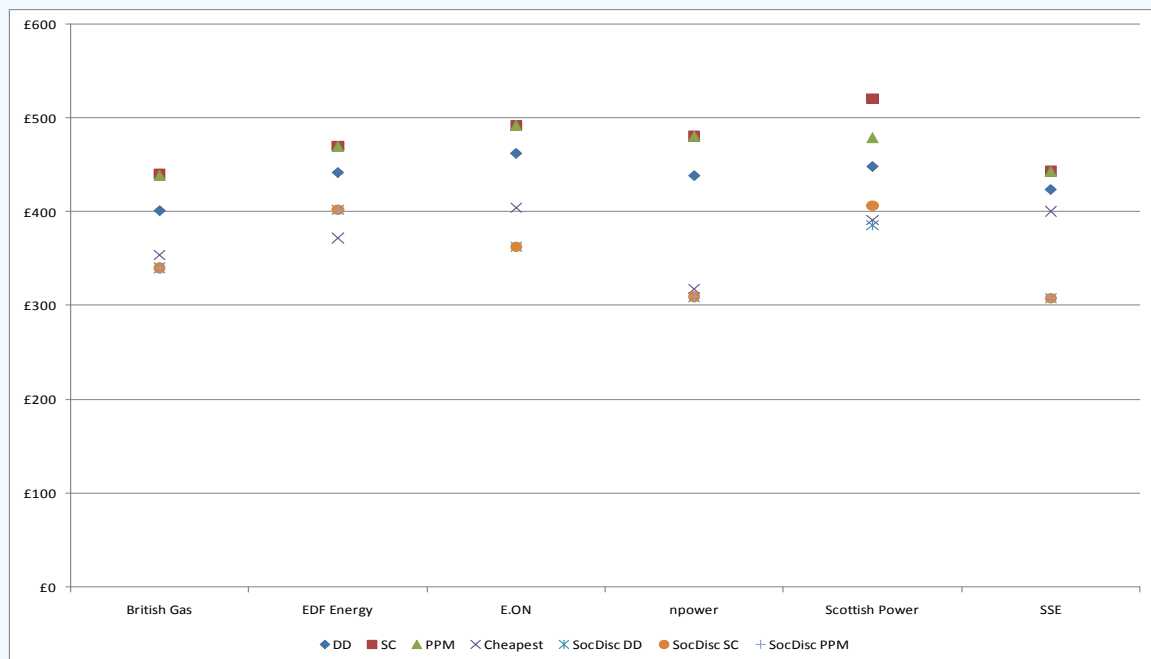
¹⁴ This is based on an average of each supplier's best non-social or discounted tariff bill per month between April 2010 and March 2011. In any month in this period, a supplier's cheapest non-social tariff bill could be based on any of the tariffs they offer and will always be the cheapest of these.

3.13. Figure 4 shows that in 2010-11, npower and SSE offered 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. ScottishPower offered a gas social or discounted tariff that was lower than their best offer and the best market offer. EDF Energy offered a gas social or discounted tariff that was lower than their own best offer.

3.14. Figure 4 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.

3.15. Figures 5, 6 and 7 below compare the social or discounted tariff offered by each supplier with their own standard tariffs, by taking a snapshot of the average annual bill for each tariff in March 2011. Social and discounted tariffs and standard tariffs have been split out according to different payment methods.

Figure 5: Comparison of average annual electricity bills for customers on social or discounted, direct debit, standard credit and PPM tariffs (average annual bills provided as at March 2011)



Source: Ofgem, supplier data; TheEnergyShop.com

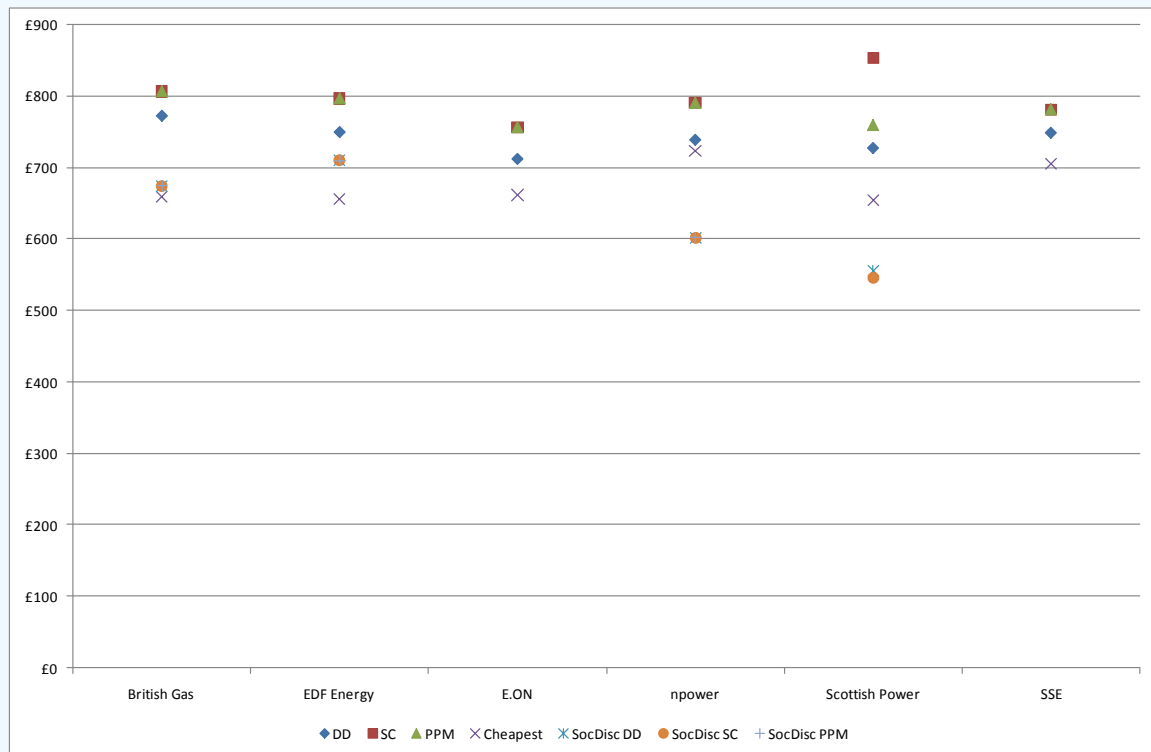
Notes:

- 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.
- Suppliers' social and discounted tariffs were aligned across payment methods as at March 2011.
- ScottishPower and E.ON did not offer PPM social/discounted tariffs (PPM customers were instead provided rebates equivalent to their social or discounted tariffs). Details of rebates made to social/discounted tariff PPM customers can be found in the rebates section of this report.
- Figures include VAT as this is included in customer bills.
- The 'cheapest' tariff reflects the average bill for a suppliers' cheapest non-social or discounted tariff offered in that month, across all payment methods.

3.16. Figures 5 above shows that in March 2011 for electricity:

- British Gas, E.ON, npower and SSE all had social/discounted tariffs that were their lowest rate compared to their other tariffs;
- All suppliers' social or discounted tariffs were lower than their direct debit rates;
- PPM rates have now been aligned with standard credit rates.

Figure 6: Comparison of average gas bills for customers on social or discounted, direct debit, standard credit, PPM and online tariffs (average annual bills in March 2011)



Source: Ofgem, supplier data; TheEnergyShop.com

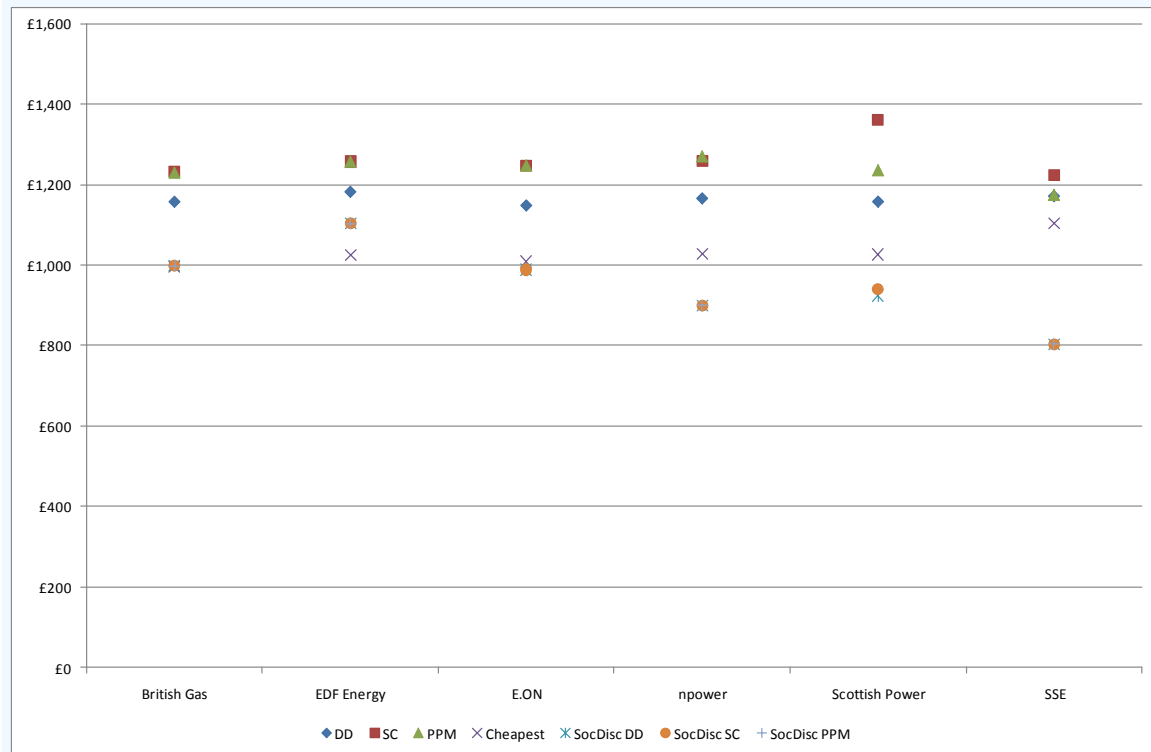
Notes:

- 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.
- Suppliers' social or discounted tariffs were aligned across payment methods as at March 2011.
- ScottishPower did not offer a PPM social/discounted tariff (PPM customers were instead given rebates equivalent to their social or discounted tariffs). Details of rebates made to social/discounted tariff PPM customers can be found in the rebates section of this report.
- Figures include VAT as this is included in customer bills.

3.17. Figure 6 above shows that in March 2011 for gas:

- npower and ScottishPower had social/discounted tariffs that were at least as good as their lowest offers;
- 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.

Figure 7: 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 2011)



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.
- Supplier's social or discounted tariffs were aligned across payment methods as at March 2011.
- E.ON and ScottishPower did not offer a PPM social/discounted tariff (PPM customers were instead given rebates equivalent to their social or discounted tariffs). Details of rebates made to social/discounted tariff PPM customers can be found in the rebates section of this report.
- Figures include VAT as this is included in customer bills.

3.18. Figure 7 shows that in March 2010 for dual fuel:

- British Gas, E.ON, npower, ScottishPower and SSE had social/discounted tariffs that were at least as good as their lowest offers;
- All suppliers' social or discounted tariffs were lower than their direct debit rates;
- All suppliers have aligned their PPM tariffs with those paid by standard credit customers.

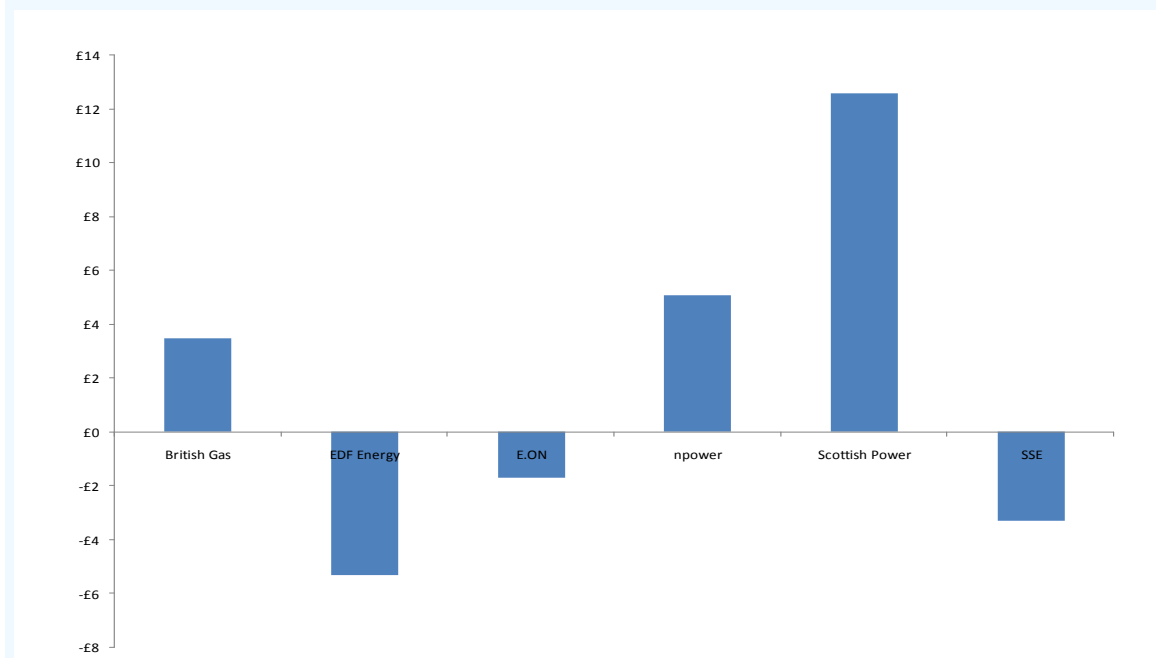
Suppliers' general pricing strategies

3.19. 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 can benefit all customers, including those that are fuel poor and hard to reach who have not been otherwise identified for assistance.

3.20. Figure 8 illustrates the difference between each supplier's average electricity and gas bills compared to the average electricity and gas bill across all suppliers¹⁵. It shows that in 2010-11, EDF Energy, E.ON and SSE's fuel poor customers were around £5, £2 and £3 per annum better off, respectively, than the average as a result of these suppliers' competitive pricing strategies. In particular, fuel poor customers with npower have seen the biggest improvement - in 2009-10 they were paying around £13 per annum more than the average, while now they are paying around £5 more. In 2010-2011, ScottishPower's fuel poor customers were paying around £13 more than the average, compared to £10 in 2009-2010.

Figure 8: Difference in each supplier's average annual gas and electricity bills from the average bill (April 2010-March 2011)



Source: Ofgem

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

¹⁵ 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 annual report on Fuel Poverty Statistics', published by DECC in July 2011: http://www.decc.gov.uk/en/content/cms/statistics/fuelpov_stats/fuelpov_stats.aspx

Ofgem's Retail Market Review

3.21. In 2008, Ofgem's Energy Supply Probe revealed a number of tariff differentials in the GB energy supply market that appeared to have no cost justification¹⁶. 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" customers¹⁷. 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.

3.22. 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.

- SLC 25A prohibits discrimination in respect of the key contractual terms (including tariffs/charges) which apply to different groups of customers unless they can be objectively justified. One objective of this licence condition was to remove unjustifiable premiums on the tariffs offered by ex PES¹⁸ suppliers in their incumbent regions (their in-area regions) compared with the tariffs offered to customers in regions they were entrants (their out-of-area regions).
- SLC 27.2A of the supply licence stipulates that any difference in terms and conditions between payment methods for paying charges for the supply of domestic electricity or gas shall reflect the costs to the supplier of the different payment methods.

3.23. In our Retail Market Review¹⁹, published March 2011, we found that from January 2008 to January 2011, the average differential between suppliers' in-area and out-of-area tariffs, net of network charges, decreased from over £30 to around £13 per customer, per year with the maximum differential falling from £55 to £17 per customer. While this appears to be a compliant response by suppliers to the licence condition, we also note that this is in part due to the threat of enforcement activity by Ofgem.

¹⁶ Energy Supply Probe – Initial findings report:

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

¹⁷ "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.

¹⁸ PES refers to a Public Electricity Supplier and were the fourteen regional, monopoly suppliers created at privatisation of the GB electricity market. The following five major energy suppliers have evolved from the PES companies through consolidations and acquisitions: EDF Energy, E.ON, RWE npower, ScottishPower and Scottish and Southern Energy.

¹⁹ The Retail Market – findings and initial proposals (March 2011):

http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Documents1/RMR_FINAL.pdf

3.24. The Retail Market Review also observed a number of positive outcomes resulting from SLC 27.2A. In particular, that suppliers have dramatically decreased the premium charged to prepayment meter (PPM) customers with respect to their standard credit customers. Some suppliers now charge less, per year, to their PPM customers. This has had the effect of bringing down the differential between PPM and standard credit, so that, PPM customers now pay, on average, £20 less than standard credit customers for their gas and electricity. We have continued to monitor companies' performance against SLC 27.2A. Our analysis shows that ScottishPower's tariff differential between its dual fuel standard credit and direct debit offerings seems very high. As of January 2011, it stood at £114 per annum (excluding any prompt pay discount). This compares with our finding during the Probe that the average difference between the costs to serve a customer on standard credit and one on direct debit was around £37. Ofgem takes very seriously compliance with all licence conditions and has launched a formal investigation into ScottishPower's compliance with the relevant licence condition.

4. Rebates, trust funds and other social initiatives

Chapter Summary

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 50% of suppliers' social spend in 2010-11.

4.1. We recognise the benefit of suppliers' diverse approaches to helping vulnerable and fuel poor customers and report on a range of other initiatives and support that suppliers offer their vulnerable customers in addition to their social and discounted tariffs. Such other support includes rebates, contributions to trust funds, partnerships with other agencies, benefit entitlement checks, and energy efficiency and joint industry initiatives.

Rebates

4.2. 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.

4.3. In 2010, all of the suppliers participated in the Energy Rebate Scheme. The Energy Rebate Scheme was a one-off pilot scheme which used data matching to identify pensioners eligible for a one-off rebate of £80 on their electricity bill. Customers were eligible for the rebate if they or their partner were over 70, receiving the guarantee credit element only 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. The scheme closed on 1 September 2010.

4.4. Just over 205,000 customer accounts benefited from the Energy Rebate Scheme in 2010-2011, as shown below in Figure 9. Suppliers were permitted to include eligible costs associated with the administration and delivery of the scheme (but excluding policy development costs) in their contribution to social programmes; as set out by Ofgem. These included industry costs charged for by the Department for Work and Pensions to complete data-matching and in addition, internal/third party costs up to a maximum of £50,000.

Figure 9: Number of customer accounts receiving the Energy Rebate Scheme 2010-11

Supplier	Number of customer accounts receiving rebate	Total contribution from Energy Rebate Scheme*
British Gas	57,539	£5m
EDF Energy	26,685	£2.3m
E.ON	40,625	£3.4m
npower	23,260	£2m
ScottishPower	16,955	£1.5m
SSE	40,610	£3.4m
Total	205,714	£17.5m

Source: Ofgem, supplier data

Notes:

- All figures for the Energy Rebate Scheme are provided including VAT.
- *Includes eligible costs up to a maximum of £50,000 associated with the administration and delivery (excluding policy development costs) of the scheme, as set out by Ofgem.

4.5. In addition to the Energy Rebate Scheme, five of the six suppliers also offered an additional form of rebate to eligible customers. npower was the only supplier who chose not to offer any further rebate during the reporting period. Around 695,000 customers received some form of rebate in addition to the Energy Rebate Scheme from their supplier in 2010-11 – compared to 540,000 customers in 2009-2010. The following descriptions show the variety of other different rebates provided to customers during 2010-11: Further details on each of these rebates can be found in Appendix 2.

- British Gas provided the Essentials £50 Credit rebate to 335,550 customers on its Essentials/Price Promise tariff on 11 January 2011, whose supply was still with British Gas at that time. The rebate was a one-off payment aimed at reducing the household bill for that quarter or help towards debt repayment or energy use via Pay as You Go Energy (PAYGE) meter.
- EDF Energy offered two rebates during 2010-11:
 - the Extreme Hardship Cases Fund helped 25 customers with a one-off reduction on the account, paid at the end of 2010. It was provided to customers identified as part of a field visit as being extremely vulnerable, fuel poor, already receiving support as Priority Services customers and in receipt of EDF Energy's Energy Assist discounted tariff. Despite this package of support, the field visits had identified these customers as struggling to meet any debt arrangement and EDF Energy agreed to make a one-off hardship rebate payment to clear their debt. Payments were on average £746 for gas accounts and £2,492 for electricity accounts;
 - the Energy Assist Rebate was a one-off payment of £12 provided to 29,188 Energy Assist customers shortly after EDF Energy's price change to some of its electricity tariffs on 1 October 2010.
- E.ON offered four rebates during 2010-11:
 - the Age UK Cold Weather Payment to gas customers aged over 60 and on E.ON's Age UK tariff. 173,455 customers received the rebate at an average value of just over £19;

- the WarmAssist Prepayment Rebate was sent as a cheque to prepayment customers on E.ON's WarmAssist PPM tariff. The rebate was equivalent to a 15% discount (at standard consumption.) The rebates were provided to E.ON's customers twice during 2010-2011; to 1,343 customers in May 2010 and to 1,417 customers in October 2010;
 - the Super Priority Group Rebate of £100 (including VAT) was provided to 53,912 E.ON customers who qualified for the CERT Super Priority or Priority group and who completed a survey about their property and insulation needs and confirmed that they had met the relevant qualifying criteria. The rebate was either applied directly to customers' accounts or sent as a cheque or prepayment voucher;
 - the StayWarm Winter Rebate was sent as a cheque to 9,398 StayWarm customers who were over 60 and in receipt of qualifying benefits. The payments were sent during March to assist eligible customers with their winter energy costs, at an average value of £124.
- ScottishPower offered seven rebates during 2010-11:
 - the PPM Fresh Start Rebate was provided to PPM customers registered as Fresh Start customers, aged 60 or over and in receipt of qualifying welfare benefits. The PPM Fresh Start Rebate was provided twice in 2010-2011:
 - to 5,875 customers in August 2010 as a one-off payment (at an average of £89 for gas accounts and £41 for electricity accounts) applied directly to the PPM meter key via a special message; and
 - to 6,286 customers in March 2011 as a one-off payment (at an average of £81 for gas accounts and £23 for electricity accounts) sent to customers by cheque.
 - the Fixed PPM Winter Rebate was a one-off payment credited to the customer's account in March 2011. It was provided to 2,552 gas customer accounts identified through modelling using the Experian fuel poverty propensity model, Mosaic profiling and internal indicators identifying customers as vulnerable. The average value was £78;
 - the Fixed Quarterly Cash Winter Rebate was a one-off payment credited to 4,500 customers' electricity and gas accounts in March 2011, coming out of the winter period. Modelling using the Experian fuel poverty propensity model, Mosaic profiling and internal indicators was used to identify customers as vulnerable. The average value was £100;
 - the PPM Debt Assistance rebate was a one-off payment credited to 865 electricity and gas accounts in March 2011. Modelling using the Experian fuel poverty propensity model, Mosaic profiling and internal indicators including outstanding debt were used to identify customers as vulnerable. The average value of the rebate was £547;
 - the RCQ (quarterly credit) Debt Assistance rebate was a one-off credit applied to 1,126 customers' electricity and gas accounts in response to a letter offering debt reduction for switching to an alternative payment type. The average value was £772;
 - the Internal Hardship Fund helped 188 customers with an average rebate of £753. It was provided to those customers identified on a case-by-case basis during face-to-face visits to their home.
- SSE offered two rebates during 2010-2011:
 - the Winter Rebate 2010 and 2011 was provided to 45,574 customers. Customers received £50 per account if they spent between 10-14% of

their income on energy, or £100 per account if they spent between 15-19%. The rebate was marketed alongside SSE's social tariff, EnergyPlus Care, and targeted at some of their most vulnerable customers on the Priority Services Register;

- one-off targeted rebates were offered to 17,300 customers throughout the year, on a case-by-case basis and as considered by an assessor. Rebates were not automatic but rather on an application basis. The average electricity account rebate was £159 and £111 for gas.

4.6. Figure 10 below shows the overall value of the rebates offered by suppliers in 2010-11.

Figure 10: Rebates offered by suppliers to their customers during 2010-11

Supplier	Scheme name	Number of customers receiving rebate	Total rebates to customers	Average rebate to customers
British Gas	Essentials £50 credit	335,550	£16.8m	£50 (gas, electricity, dual fuel)
	Total	335,550	£16.8m	
EDF Energy	Extreme Hardship Cases Fund	25	£50,000	£746 (gas) £2,492 (electricity)
	Energy Assist Rebate	36,130	£434,000	12 (electricity)
	Total	36,155	£484,000	
E.ON	Age UK Cold Weather Payment	173,455	£3.3m	£19 (gas, dual fuel)
	WarmAssist Prepayment Rebate - May 2010	1,343	£51,000	£48 (gas) £26 (electricity) £67 (dual fuel)
	WarmAssist Prepayment Rebate - October 2010	1417	£75,000	£33 (gas) £41 (electricity) £86 (dual fuel)
	Super Priority Group Rebate	53,912	£5.1m	£95 (gas, electricity, dual fuel)
	StayWarm Winter Rebate	9,398	£1.2m	£124 (gas, electricity, dual fuel)
	Total	239,525	£9.7m	
Scottish Power	PPM Fresh Start Rebate (Jan-Jun 2010)	5,875	£311,000	£89 (gas) £41 (electricity)
	PPM Fresh Start Rebate (July-Dec 2010)	6,286	£240,000	£81 (gas) £23 (electricity)
	Fixed PPM Winter Rebate	2,552	£199,000	£78 (gas)
	Fixed Quarterly Cash Winter Rebate	4,500	£450,000	£100 (gas, electricity)
	PPM Debt Assistance	865	£473,000	£547 (gas, electricity)
	RCQ Debt Assistance	1,126	£869,000	£772 (gas, electricity)
	Internal Hardship Fund	188	£142,000	£753 (gas, electricity)
Total	21,392	£2.7m		
SSE	Winter Rebate 2010 and 2011	45,574	£7.1m	£92 (gas) £86 (electricity)
	One-off targeted Rebate	17,300	£2.1m	£159 (electricity) £111 (dual fuel)
	Total	62,874	£9.2m	
Total		695,496	£38.9m	£56

Source: Ofgem, supplier data

Note: All figures are provided excluding VAT.

4.7. Combining both the Energy Rebate Scheme and other rebates offered by suppliers, the total contribution to customers from rebates was £56.4m, nearly four times more than last year when the suppliers jointly spent £15.2m. The average rebate also increased from £30 in 2009-10 to £56 (excluding the Energy Rebate Scheme) in 2010-11. Excluding the Energy Rebate Scheme, the suppliers' total rebate contribution was still significantly higher, at £38.9m.

Trust Funds

4.8. Trust funds are 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.

4.9. All of the suppliers have trust funds. Below is a summary of suppliers' trust funds. For further information on each of the funds, please see Appendix 2.

- British Gas contributes to the independently-managed British Gas Energy Trust. The Trust delivers two grant programmes:
 - an individuals and family grants programme providing help to customers with household debts and Assistance Payments to help with white goods replacements, boiler replacements/repairs and funeral expenses.
 - an organisational grants programme through which grants are awarded to increase independent money advice services and education, particularly in relation to debt awareness and prevention and resolving energy debt problems and supporting applications to the British Gas Energy Trust.The Trust is promoted through charitable partners, social and consumer groups, including money advisors and community groups.
- EDF Energy contributes to the independently-managed EDF Energy Trust. The Trust makes three types of awards:
 - One-off grants to individuals living in a domestic property supplied by EDF Energy who have fallen into energy debt because of an unexpected event or situation. These are the main types of grant awarded. Awards are granted on the likelihood that the money will make a long-term difference to the household situation, offering a fresh start and seeking to remain debt-free in the future.
 - Grant funding to customers to help them with other essential household debts or costs including the purchase of white goods or other utility debts.
 - Funding to not-for-profit organisations that offer debt and welfare advice to allow them to support households with energy debts.
- E.ON's Trust Fund is managed internally and provides its low income customers with energy efficient measures in addition to CERT. Measures awarded include A-rated appliances and heating repairs or replacement gas or electricity central heating. For heating and insulation measures, the applicant must be the home owner. In 2010-2011, the Fund also helped one customer with debt write-off. The Fund is promoted through E.ON's customer service agents and third parties such as Citizen's Advice, Warm Front and charitable bodies.

- npower manages three funds internally through its Health Through Warmth, First Step and npower Macmillan fuel management programmes, and contributes to one externally-run assistance fund – the npower Energy fund:
 - Health Through Warmth (HTW) is internally-run and provides insulation and heating measures to vulnerable consumers who are ineligible for other forms of funding, including contributions towards Warm Front grant excesses for consumers who are unable to make the required payments to obtain their Warm Front heating measures. The consumer does not have to be, or become, an npower customer. The main eligibility criterion for accessing the fund is that the customer has a cold or damp-related illness. Referrals are accepted from community workers who have received HTW training.
 - the company-run First Step Fund is part of npower's First Step Programme (customers with an outstanding balance on their account) and is used to arrange personalised payment arrangements for customers' ongoing consumption and to clear energy arrears.
 - the npower and Macmillan Cancer Support Fuel Management Programme is company run. It 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 trust fund is marketed through Macmillan Cancer Support who can refer npower customers onto the scheme.
 - the npower Energy Fund is an externally-run assistance fund (not a registered charity.)
- The ScottishPower Energy People Trust is an independently-run trust. It funds projects from not-for-profit organisations and voluntary groups which provide assistance in areas which help eliminate fuel poverty; particularly crisis funding, benefits health checks/income maximisation, energy efficiency measures and/or research into fuel poverty. In order to seek a sustainable solution to fuel poverty measures, projects that seek funding for families with children and young people are given priority.
- SSE's Sustainable Community Interest Company is internally-run and seeks to alleviate fuel poverty through the installation of energy efficiency measures for its most vulnerable customers in low-income households. Eligible customers are identified through direct referrals by SSE advisors (all measures) and third party referrals (for free energy efficient appliances.) The trust fund works in partnership to provide selected charities with A+ rated white goods to provide to the most vulnerable customers to help reduce their energy bills.

4.10. Figure 11 below provides a breakdown of how much each supplier donated to their trust funds in 2010-11 along with how much the trust fund spent and how many customers were assisted.

4.11. 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. On

this basis the total contribution to trust funds in 2010-11 was £18.2m, an increase from £12.5m in 2009-10.

4.12. In 2010-11, 439,325 households received assistance via a Trust Fund. Of these the majority, 414,190, were helped through ScottishPower's fund.

Figure 11: Suppliers' contribution to trust funds during 2010-11

Supplier	Scheme Name	Amount donated to Fund	Total spent by Fund	Number of households assisted by the Trust
British Gas	British Gas Energy Trust	£10m	£3.2m	3,397
EDF Energy	EDF Energy Trust Fund	£2.6m	£2.9m	2,488
E.ON	Caring Energy Fund	£0.9m	£0.9m	865
npower	First Step Fund	£2.2m	£2.2m	6,207
	Health Through Warmth	£1.7m	£1.7m	9,931*
	npower Macmillan Fuel Management programme		(£0.2m)**	over 500
	npower Energy Fund	£0.07	£0.07	323
Scottish Power	ScottishPower Energy People Trust	£0.7m	£1.7m	414,190
SSE	SSE Sustainable Community Interest Company	£0.08m	£0.08m	1,924
Total		£18.2m	£12.7m	439,325

Source: Ofgem, supplier data

Notes:

- All figures are provided excluding VAT
- *9,931 is the number of people referred to, and who benefited from, the scheme. Of these, 1,525 received Health Through Warm Crisis Fund assistance
- **Spend included within npower's First Step Fund and Spreading Warmth Tariff spend so not included in total spend here under Trust Funds

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

4.13. 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.

4.14. 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.

4.15. 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 customers²⁰. 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 and 2009-10 reports, 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 2010-11.

Other eligible social initiatives

4.16. Suppliers offer their fuel poor and vulnerable customers a range of other support which do not fall into the social and discounted tariffs, rebate and trust fund categories. We consider it important to take account of, and recognise, these other initiatives and support which suppliers offer in providing a holistic approach to tackling fuel poverty. Below is a summary of suppliers' spend on partnerships, benefit entitlement checks, energy efficiency measures (additional to their Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP) obligations) and joint industry initiatives during 2010-11.

Partnerships

4.17. Partnerships include those schemes run by suppliers in partnership with other organisations, and those where the supplier funds other organisations for the delivery of assistance and advice. They can be very effective at providing targeted assistance and/or advice to fuel poor customers, particularly as they often use those organisations and frontline staff who come into direct contact with those who may otherwise be hard to reach.

4.18. All of the suppliers undertook a range of partnership activities in 2010-11 – these are summarised below in Figure 12. Collectively suppliers spent £6.4 million (3.6% of the total spent) on partnerships over this period, compared to £3 million in 2009-10.

²⁰ 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 12: Summary of suppliers' partnerships during 2010-11

Supplier	Partner	Description
British Gas	Age UK	Partnership aimed at helping older British Gas customers and UK Citizens. Provided a supported referrals process to and from British Gas, with Age UK offering a Benefits Advice Programme, which helped around 8,500 customers, with around 4,500 successfully claiming additional benefits.
	RNIB	Contributions to RNIB for initiatives including Here to Help and Essentials packages referrals.
	Carers UK	Partnership referral process to and from British Gas with Carers UK to provide benefits assessments and support in finding the right equipment or providing appropriate advice.
	Money Advice Trust	Working with Money Advice Trust using their National Debt Helpline to provide additional support and advice to fuel poor and vulnerable customers, by assisting them with financial advice for their energy and other household debts.
	SCOPE ²¹	Referral service offering advice, information and support; as well as information about local services; and counselling services.
	NEA	Raising awareness of fuel poverty by providing energy efficiency advice in the community, funding innovative community projects, and sponsoring the Footprint Community Awards scheme.
	Save the Children	Provision of crisis grants to help families and build up research of life on a low income.
	Groundworks	Working with Groundworks and Burnley Local Authorities to help improve the security of fuel poor homes through a home security assessment and minor home improvements.
	Language Line	Working with Language Line to provide bespoke language services to vulnerable groups.
	Total	
E.ON	National Energy Action	Community Energy Fit - a project in CESP areas to provide energy efficiency training and support, fuel poverty action plans and income maximisation support to people in five CESP areas of multiple deprivation. This additional energy efficiency and fuel poverty support will enable these communities to make further energy savings above and beyond their CESP energy efficiency measures.
		Sponsorship of the Diagnosing Warmth Project. This project provided energy efficiency training to frontline health and social workers and a referral mechanism into the CaringEnergy hardship fund. Aimed at understanding best practice in identifying and supporting the application of more vulnerable customers who may be least likely to apply for assistance.
	Auriga	Supplied A-rated white goods to 328 E.ON customers who Auriga identified as needing new appliances (spend £156,205.14) and wrote off the debt of 397 customers (spend £108,436.92).

²¹ The disability organisation in England and Wales whose focus is people with cerebral palsy.

Monitoring suppliers' social programmes 2010-2011

Supplier	Partner	Description	
E.ON	Citizens Advice Bureau	Sponsorship of Citizen's Advice Bureaux Energy Best Deal project.	
	Age UK	EnergyRight - project 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. Working in partnership with Age UK to assist them in setting up the ENGAGE fund to help low income Age UK customers in later life likely to be in fuel poverty with income maximisation and benefits entitlement support, energy efficiency advice and support through their Handyperson's scheme to assist customers in increasing their income and reducing their energy costs. We sent out cold alarms to all our customers on our Age UK products who were over the age of 80 (56,986 customers). These alarms emit a warning when the customer's home is below recommended temperature levels alerting the customer to the need to turn on their heating or take measures to stay warm and avoid any risk of hypothermia.	
	Action for Children	Conducted an energy project to provide one to one energy efficiency advice and income maximisation to low income families. The project also aimed to provide help with dealing with energy companies and create a straightforward route into other assistance such as E.ON's CaringEnergy hardship fund.	
	Auriga	Funding two claimant advisers at Auriga who provide energy efficiency advice and support to customers who are vulnerable to fuel poverty.	
	Total	£3.9m	
	EDF Energy	London Warm Zone Ltd	London Warm Zone - as described in energy efficiency section. EDF Energy provided £212,250 of core sponsorship and a full time manager to the London Warm Zone project.
		Citizen's Advice	1. Partnership with Citizen's Advice to offer customers independent, holistic debt advice from a dedicated telephone advice centre including funding for debt case workers and supporting vulnerable customers to apply for Trust Fund grants where appropriate. 2. Partnership with Plymouth CAB to deliver training on fuel poverty and fuel debt to debt and welfare advice agencies throughout Devon and Cornwall so that they can best support energy consumers. 3. Sponsorship of an energy debt and fuel poverty specialist in national Citizen's Advice to support frontline advisers with expert advice and resource materials.
WRVS		WRVS Partnership to reach the most vulnerable customers including sponsorship of a post to train volunteers in England and Wales about fuel poverty and signpost them to the support available and the Safe Warm and Well winter campaign to raise awareness of the risks of winter for the elderly.	
National Energy Action (NEA)		1. Fuel Poverty forums in the South West, South East and London 2. Eight forums entitled 'Keeping the Spotlight' (on fuel poverty) in March 2011.	
Total		£0.85m	

Monitoring suppliers' social programmes 2010-2011

Supplier	Partner	Description
npower	National Energy Action	Three health briefings were sponsored by npower Health Through Warmth and were held in the North East, Yorkshire & Humber and West Midlands with the aim of providing health policy makers, commissioners and practitioners with a broader understanding of fuel poverty and how they can be involved in helping to resolve this issue through delivery of practical projects.
	Eaga	EAGA Tariff Advice service identifies vulnerable customers and refers them to npower for assistance with their energy bills, perhaps leading to them being placed on npower's Spreading Warmth Tariff.
	Total	£0.15m
Scottish Power	Wakefield, Kirklees, North Tyneside, Newcastle, North Staffordshire and Gateshead Warm Zones	Funding was provided for the provision of an Income Maximisation service. This funding compliments existing significant funding streams such as CERT and helps address one of the root causes of fuel poverty, i.e. unclaimed benefits.
	National Energy Action	National Energy Action Annual conference.
		Fuel Poverty forums (North West and North Wales) aimed at strategic policy makers and front line service providers and examine policy and practical initiatives related to fuel poverty and delivering energy efficiency advice at a local and national level.
		NEA Heat Heroes campaign.
		NEA Warm and Toasty Project Wales will train and support health and community workers working with vulnerable groups giving accurate advice on fuel poverty and energy efficiency issues.
	Energy Action Scotland (EAS)	Advice forums organised by EAS take place quarterly and bring together representatives from the main advice agencies, local authorities and housing associations across Scotland to keep them up to date on fuel poverty policy and to share best practice examples highlighting the role energy advice can play in helping to reduce fuel poverty.
		Energy Action Scotland - 'Keeping Warm, Keeping Well', a publication for use by GPs.
		Energy Action Scotland MP and MSP advisory Research Staff Fuel Poverty Workshop and handbooks.
Total	£0.39m	
SSE	National Energy Action	Providing grant aid to local initiatives that provide solutions to fuel poverty targeted at vulnerable groups and provide training for Social Landlords in order to help them identify potentially vulnerable customers, offer payment advice and provide tailor-made energy efficiency advice.
	CAB	Annual Sponsorship fee for Citizen Advice Bureau.
	Money Advice Scotland	Funding of training for Money Advice Scotland Staff to assist with energy-related issues.
	Total	£0.28m
Total		£6.4m

Source: Ofgem, supplier information

Benefit Entitlement Checks (BECs)

4.19. In total suppliers carried out just under 12,000 BECs during 2010-11, at a spend of just over £400,000. For many suppliers, BECs are undertaken as part of their other programmes and therefore spend on these initiatives has been captured elsewhere.

4.20. Benefit Entitlement Checks offered by suppliers were carried out in a variety of ways, including by telephone, by post or face-to-face, depending perhaps on the needs and vulnerability of the customer, and either in-house or by external partners.

4.21. Benefit entitlement checks are a useful way of helping customers understand and claim what benefits they are entitled to, potentially maximising income for customers and hence tackling financial hardship. The average annual increase per successful benefit entitlement recorded by suppliers in 2010-2011 ranged from £182 to £4,365. The highest annual increase achieved following a benefit entitlement check was almost £24,400. For more detail on the Benefit Entitlement Checks undertaken by suppliers, see Appendix 2.

Energy efficiency initiatives

4.22. Where suppliers undertake energy efficiency initiatives that are targeted at customers who are fuel poor or vulnerable to fuel poverty, we include these 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.

4.23. 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.

4.24. 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.

4.25. Three suppliers - British Gas, E.ON and SSE - were involved in a range of energy efficiency initiatives over the period, collectively spending just under £4.6 million (3% of the total spent). Figure 13 below outlines the energy efficiency initiatives undertaken by these suppliers.

Similarly to the previous year (2009-2010), E.ON and SSE spent the largest amount on energy efficiency initiatives in 2010-11. E.ON spent £2.1m (45% of the total amount spent) and SSE spent nearly £2m (42% of the total amount).

Figure 13: Summary of suppliers' energy efficiency initiatives during 2010-11

Supplier	Scheme name
British Gas	Generation Green - a community initiative to promote environmental awareness and encourage green behaviour.
	Funding for 19 community events in CESP areas to provide information, advice and practical assistance to local communities.
	Funding for a pack distributed to MPs to support offices in providing assistance to fuel poor constituents or constituents struggling to pay their energy bills.
	Total: £0.61m
E.ON	Warm Front top-ups were provided to 4 customers where the Warm Front grant was not enough to cover the costs of work which allowed these customers to go ahead with their heating installation.
	Cavity and loft insulation was provided to 3512 customers.
	Boiler replacements, draught proofing and central heating installations were provided through the Challenge 100 project, working to get 100 families out of fuel poverty in 100 days.
	Provision of 38 ground and 4 air source heat pumps to customers
	Total: £2.06m
SSE	Payments under Energy Efficient Fridgesavers programme
	Current cost monitors were donated to vulnerable customers to assist with energy management, along with information on how the monitor works and how to reduce consumption.
	Distribution of energy efficient appliances to third parties on behalf of SSE.
	Provision of new heating systems to those customers who, in extreme circumstances, were identified as having a highly inefficient heating system which was contributing to high energy bills.
	Work with four Warm Zones projects, including payment of marketing, administration and management of Warm Zones, and the cost of benefit entitlement checks under the schemes.
	Total: £1.9m
Total	£4.61m

Source: Ofgem, supplier information

Joint industry initiatives

4.26. 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.

4.27. As in previous years, one such initiative that we have included is the Home Heat Helpline. The Home Heat Helpline is run through the Energy Retail Association (ERA) and funded equally by each of the six major energy suppliers. It provides a free-to-call telephone line to advise and refer customers on energy efficiency and

fuel poverty issues and takes email requests for information through its website²². It advises energy customers worried about paying their fuel bill and keeping warm during the winter and gives advice to low-income households in urgent need of heating help and advice.

Further information

Further detail on suppliers' joint industry initiatives can be found in Appendix 2.

²² More information is available from the Home Heat Helpline's website at www.homeheathelpline.org.uk. The telephone number for the service is 0800 33 66 99

5. Other assistance for vulnerable customers

Chapter Summary

This chapter summarises other assistance suppliers offer to vulnerable customers which is not eligible for inclusion towards their social spend commitments agreed with the government.

5.1 Suppliers offer a range of other assistance to their customers in addition to their duties under the Standard Licence Conditions which does not qualify towards their social spend targets. This may include assistance through wider price support mechanisms and debt management/customer services practices and through their statutory CERT obligations. We do, however, recognise the important roles these can play in providing assistance to vulnerable customers. During 2010-2011, this type of assistance included:

Price support mechanisms

5.2 Wider support mechanisms offered by suppliers may include price freezes, temporary tariff reductions and price alignments applied to all PPM customers. In 2010-2011, the following were offered by suppliers:

- British Gas's Pay as You Go Energy (PAYGE) Customer Services department created a specialised Vulnerable Customer Support Team to improve the service provided to vulnerable customers off supply (where there is a fault with the meter, or with the card / key and the customer is unable to access an outlet to top up the meter further.) Where they are unable to ensure a vulnerable customer is back on supply within the Service Level Agreement (SLA) of 4 hours, additional services are offered to reduce or mitigate the risk to customer welfare which may be incurred. This includes overnight hotel accommodation, taxi fare to an alternative property e.g. relative, sending a credit to the meter, hot takeaway food and heating alternatives. Through this process, 350 customers have been offered this additional support, with 155 accepting the support, at a total of £2,668.
- E.ON delayed their February price increases for customers on all of their Age UK products until 1 April 2011, recognising that there were a number of highly vulnerable customers within this particular group of customers who would benefit from this subsidy.
- During their November 2010 price change, ScottishPower froze the price of their Fresh Start tariff to ensure that their vulnerable customers were protected from any increase until at least 31 March 2011. This price freeze reverted Fresh Start back to the cheapest price position, although ScottishPower continue to operate Fresh Start as a discounted tariff.

Other assistance

5.3 Suppliers also offer other schemes which are not eligible for inclusion towards suppliers' social spend. These include:

British Gas

- British Gas has spent almost a quarter of a million pounds on a programme to reduce energy costs of schools in deprived areas by providing solar technologies and educating young children on solar technologies and changing behaviours to help lead to energy savings.
- British Gas undertakes visits post-CESP measures to ensure that, where energy efficiency measures have been installed, energy savings are being realised and to offer additional advice and information to further influence behavioural changes and reduce energy consumption.
- Home Energy Assessments are provided to customers identified internally or working with charity partners. Home Energy Assessors make an appointment to visit the customer's home to discuss any behavioural changes they can make to save energy or any entitlement to free energy efficiency measures. In 2010-11, British Gas spent £450,000 on this initiative.

npower

- npower has a team of Energy Efficiency Home Advisers based throughout England and Wales. The advisers visit customers in their homes to give face-to-face energy efficiency advice and help vulnerable customers try and achieve an affordable warm home. In 2010-2011, approximately £300,000 was spent by npower on providing these home visits.
- npower encourages energy efficiency through programmes in schools. npower's Climate Cops programme helps schools across the United Kingdom to become greener and more sustainable and shows young people how they can take a lead in being greener at home and at school.

ScottishPower

- ScottishPower has a Community Liaison programme designed to help those customers most in need. The programme comprises of 13 Community Liaison Officers (CLOs) covering the whole of Scotland, Wales and the majority of England. It is available to all vulnerable customers and aims to provide support and guidance to customers in the comfort of their own home. Such programmes ensure they are targeting assistance directly to those who need it by utilising the expertise of those agencies working on the front-line with vulnerable customers. By visiting customers in their homes, the CLOs can provide tailored advice and information based on customers' specific circumstances.

Appendices

Index

Appendix	Name of Appendix	Page Number
1	Social programmes offered by suppliers, 2008 - 2011	(46)
2	Current social programmes offered by suppliers (1 April 2010 – 31 March 2011)	(47)
3	Supplier contact details for general public enquiries	(68)
4	Methodology to calculate contributions from suppliers' social and discounted tariffs	(70)
5	The Authority's Powers and Duties	(71)

Appendix 1 – Social programmes offered by suppliers 2008-2011

The table below shows a summary of suppliers' expenditure across the last three years of the voluntary commitment.

Supplier	2010 – 2011			2009 – 2010			2008 - 2009			TOTAL SPEND 2008 - 2011
	Target contribution (millions)	Total contribution* (millions)	Spend per customer account	Target contribution (millions)	Total contribution (millions)	Spend per customer account	Target contribution (millions)	Total contribution (millions)	Spend per customer account	
British Gas	£49m	£70,651,963		£41m	£58,073,924		£34m	£81,967,998		£210,693,885
EDF Energy	£16m	£16,139,192		£13m	£13,147,714		£10m	£11,679,171		£40,966,077
E.ON	£24m	£25,072,271		£20m	£20,887,291		£15m	£20,060,981		£66,020,543
npower	£20m	£22,630,089		£17m	£20,137,426		£14m	£15,481,224		£58,248,739
Scottish Power	£16m	£16,147,106		£14m	£14,069,029		£10m	£10,327,790		£40,543,925
SSE	£27m	£28,013,996		£22m	£26,486,494		£16m	£17,759,079		£72,259,569
TOTAL	£152m	£178,654,617	£3.70	£127m	£152,801,878	£3.18	£99m	£157,276,242	£3.29	£488,732,737

Source: Ofgem, supplier data

Note: *All figures are calculated excluding VAT, except for the Energy Rebate Scheme in 2010-11.

Appendix 2 – Social programmes offered by suppliers (1 April 2010 – 31 March 2011)

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.

Social and discounted tariffs offered by suppliers as at end of March 2010						
Supplier	Tariff name	Detail of tariff offer	Qualification criteria/who is eligible	How long do customers remain on the tariff? What is the end date of the tariff?	How do customers access this tariff? Automatically or by application?	Details of how the tariff is marketed to customers
British Gas	Price Promise	Customers were placed on a tariff equal to Direct Debit mandate during 2004. They then benefited from a price freeze from 2004-2007. In 2007 they did have a matched price increased of 15%, like other customers, although this was delayed for them from January to March to avoid high	Customers aged over 60 and on Pension Credit.	The tariff is not time limited.	Application. Customers were identified through a shared initiative with Help the Aged. Customers over 60 and on Pension Credit were invited onto Price Promise.	Customers were identified through a shared initiative with Help the Aged. The tariff is now closed.

Monitoring suppliers' social programmes 2010-2011

		<p>winter bills. Customers are on a lower price than Essentials because at launch they were offered capped energy prices until 1 October 2007</p> <p>Customer were also offered free home insulation, free low energy lightbulbs, a free benefits health check assessment and access to the British Gas Home Energy Care scheme.</p> <p>The 25,000 account limit was reached in 2006 when it was closed.</p>				
British Gas	Essentials	<p>Customers are charged at 'Essentials' rates, reflective of their consumption.</p> <p>Rates are the same across all payment methods and are lower than British Gas' standard tariff across all payment methods.</p>	<p>Open to any existing British Gas customer (regardless of location and fuel type) who are:</p> <p>(a) in receipt of non - means tested benefits, Disability 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 £15,600 and in receipt of means tested benefits.</p>	The tariff is not time limited.	Application	Through internal communications to staff, call centres and charity partners and third parties, such as Citizens Advice and British Gas Energy Trust.
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 (excl. VAT).</p> <p>Customers who join the tariff are also offered a benefit entitlement</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.	The tariff is not time limited.	<p>Existing customers can apply directly, or with the help of a third party, including a range of EDF Energy's partners.</p> <p>EDF Energy has also identified certain</p>	All customer service advisors aware of the tariff and can refer eligible customers to the specialist vulnerable customers team.

		check and energy efficiency advice.			customers with the highest propensity to be in fuel poverty based on their fuel poverty modelling and automatically offered customers/ transferred customers to, this tariff. The tariff is also offered by staff to customers who contact them and who it would appear to benefit.	Promoted through partnerships and direct presentations to third party agencies. Information on EDF Energy's website.
E.ON	Stay Warm Social	StayWarm protects existing StayWarm customers on qualifying benefits from being migrated to a higher price that would reflect their higher consumption levels. Medium and high consumption customers are protected from moving on to higher prices and maintained on the standard StayWarm product.	There is a pool of existing StayWarm customers who are on qualifying benefits with high or medium consumptions who are being annually renewed on to StayWarm prices.	All eligible StayWarm Social customers have now been moved to WarmAssist.	The tariff is now closed.	The tariff is now closed to new customers. StayWarm customers who become eligible are offered the WarmAssist tariff.
E.ON	Warm Assist Fixed	WarmAssist offers a discount equivalent to at least 15% of E.ON's standard electricity and gas prices.	Open to StayWarm Social customers are aged over 60, in receipt of Pension Credit, Disability Living Allowance or Attendance Allowance.	This tariff is not time limited.	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.
E.ON	Warm Assist Variable	WarmAssist offers a discount equivalent to at least 15% of E.ON's standard electricity and gas prices.	E.ON customers over 60, in receipt of Pension Credit, Disability Living Allowance or Attendance Allowance.	This tariff is not time limited.	By application	Call centre staff make existing customers who meet the eligibility criteria aware of the product.

Monitoring suppliers' social programmes 2010-2011

npower	Spreading Warmth Tariff	In this reporting period, npower's Spreading Warmth tariff was the same price irrespective of payment method and offered savings on average of over 20% against npower's standard tariff. In addition, when npower's standard prices were raised in January 2011, the prices of Spreading Warmth customers were held and not increased until May 2011.	Gross household 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.	The tariff is expected to be withdrawn by March 2014 to take account of the new Warm Home discount team.	Application, referral from a third party or offered by internal staff and debt collection teams.	Advertised on npower's website. Through partnerships and a range of communications including press releases and presentations at the NEA Fuel Poverty forums. Internal briefings to frontline staff.
npower	First Step Tariff	This is a legacy tariff which was offered as part of joining npower's First Step programme. During this reporting period npower has completed the process of migrating the remaining customers on the First Step tariff onto the Spreading Warmth tariff. The First Step tariff offers a reduced unit rate, currently at around 18% saving against npower's standard prices.	To be eligible for the First Step tariff a customer must be deemed to be vulnerable and either have an outstanding balance which they cannot afford to repay or, while not having an outstanding balance, be struggling to pay for their ongoing consumption. Customers must also take their heating fuel from npower.	The tariff is no longer available and although customers were on the tariff during the reporting period, no further customers were taken onto the tariff.	This tariff is no longer open to new customers.	This tariff is no longer open to other existing or new customers.
Scottish Power	Fresh Start	This tariff offers the lowest prices in any region regardless of payment method. All direct debit and standard credit customer rates reflected the cheapest prices; however PPM customers on the tariff receive a bi-annual rebate equivalent to the average savings they would have received on the social tariff.	Existing ScottishPower customers who are aged 60 or over AND in receipt of one of a number of qualifying welfare benefits.	The tariff is not time limited.	Automatic, application and referral from third parties. All Priority Services Register (Carefree) and Fuel Direct payment customers were automatically transferred when the	Scottish Power issued a press release in December 2008 launching its social tariff. Customers were able to call and pre-register for the tariff

					tariff was launched.	provided they met the eligibility criteria. Marketed via website and third parties.
SSE	Energy Plus Care	<p>EnergyPlus Care currently offers a discount on average of at least 30% versus SSE's standard prices on energy bills.</p> <p>It also provides other benefits such as energy efficiency advice and measures and free benefit entitlement checks.</p> <p>SSE equalised this tariff to ensure that all customers on the tariff pay SSE's lowest rate in each region regardless of payment method.</p>	<p>Eligibility is not limited to a particularly group of customer or income type, but instead on an assessment undertaken to determine the customer's scale of fuel poverty. This is based on a points system which takes into consideration whether the customer spends more than 10% of their total income on energy bills, type of property and how energy efficient it is, household income and benefits received, and the customer's health/disability/ special needs. If the customer spends more than 20% of their household income on energy, they will be put on the tariff.</p> <p>Advisors take into account the customer's electricity and gas bills regardless of whether or not both fuels are supplied by SSE.</p>	<p>The tenure of the tariff is one year, although customers can remain on the tariff providing their re-qualify under the eligibility criteria at that time. SSE will contact the customer to re-apply for the tariff at that time.</p>	<p>Application or identification by internal staff or third-party referral.</p>	<p>Website; internal referral from frontline staff; referrals from staff in the community (meter readers, debt collectors); information leaflets/packs issued; and through external agencies (CAB, Housing Associations, Councils, Home Heat Helpline, Energy Assistance Package in Scotland).</p>

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.
- All of the suppliers participated in the 2010 Energy Rebate Scheme. This is not detailed here, but instead outlined on pages 33-34.

Rebates offered by suppliers as at end of March 2011					
Supplier	Rebate name	Qualification criteria	Was it automatic or have to be applied for?	How was it marketed?	How was the rebate made?
British Gas	Essentials £50 Credit	Customers on the Essentials or Price Promise Tariffs as at 11 January 2011, whose supply was with British Gas at that time.	Automatic	A press release was issued on 11 January 2011 announcing the extra assistance British Gas was providing to its most at risk customers. British Gas front line agents were provided with briefing material.	One off payment during February and March 2011.
E.ON	Age UK Cold Weather Payment	Customers on an Age UK 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 UK, both online and offline.	It is credited to customers and is sent to prepayment customers as a cheque. Payment is sent during spring.
E.ON	Warm Assist Prepayment Rebate (May 2010)	Prepayment customers on E.ON's WarmAssist Prepayment tariff (to be eligible for WarmAssist Prepayment customers should be over 60 and in receipt of Pension Credit, Disability Living Allowance or Attendance Allowance. It is provided to ensure that Prepayment customers are also able to take advantage of the WarmAssist discounted tariff.	Automatic	Call centre staff identify whether customers fit the eligibility criteria for the product and make them aware of the product and rebate.	The rebates were sent as cheques to prepayment customers in May 2010, to cover the period 1 January 2010 – 31 March 2010.

Rebates offered by suppliers as at end of March 2011					
Supplier	Rebate name	Qualification criteria	Was it automatic or have to be applied for?	How was it marketed?	How was the rebate made?
E.ON	Warm Assist Prepayment Rebate (October 2010)	As above	Automatic	As above.	The rebates were sent as cheques to prepayment customers in October 2010, to cover the period 1 April 2010 – 30 September 2010.
E.ON	Super Priority Group Rebate	E.ON customers who qualified for the CERT Super Priority or Priority group and who completed a survey about their property and insulation needs and confirmed they met the relevant qualifying criteria.	Application	A statistical model was used to identify a group of customers believed to be in the Super Priority Group. These customers were then sent a letter and survey asking them to complete the survey and confirm their eligibility to claim the rebate.	Payments were made in January – February 2011, either by being applied directly to a customer's account, or sent as a cheque or prepayment voucher, depending on the customer's product and payment method.
E.ON	StayWarm Winter Rebate	StayWarm customers on the standard level of the StayWarm product who are over 60 and in receipt of Pension's credit, Disability Living Allowance or Attendance Allowance. These customers were identified as elderly, low income customers likely to be at risk of fuel poverty.	Automatic	The rebate was automatically sent to customers who met the criteria.	By cheque.
EDF Energy	Extreme Hardship Cases Fund	Customers were identified as part of a field visit as being extremely vulnerable and already receiving support as PSR customers also identified as fuel poor and in receipt of the Energy Assist discounted tariff. The field visit was part of the debt process which identified these customers as being so vulnerable that they would struggle to meet any	Automatic	The scheme was not externally marketed as it was designed for a small number of customers suffering extreme hardship.	A one-off reduction on the account, made at the end of 2010.

Rebates offered by suppliers as at end of March 2011					
Supplier	Rebate name	Qualification criteria	Was it automatic or have to be applied for?	How was it marketed?	How was the rebate made?
		debt arrangement and hence they were provided with a one-off rebate payment to clear their debt.			
EDF Energy	Energy Assist Rebate	Energy Assist customers impacted by the 1 October 2010 price change to some of EDF Energy's electricity tariffs.	Automatic	A letter was sent to customers about the price change, which outlined the rebate. The rebate was also flagged on the customer's latest bill. For prepayment customers, the price change letter also highlighted the rebate and included a barcode slip they could take to a Paypoint outlet to redeem.	A one-off payment made shortly after EDF Energy announced their price change to some electricity tariffs on 1 October 2010.
Scottish Power	PPM Fresh Start Rebate (January – June 2010)	Customers had to be registered as Fresh Start tariff customers, aged 60 or over and in receipt of qualifying welfare benefits.	Automatic	PPM customers enquiring about the most appropriate tariff for them were offered a regular rebate payment aligning to the average savings they would have received on the Fresh Start tariff.	One-off payment applied directly to the PPM meter key via special message, made in August 2010. This covered the period January – June 2010.
Scottish Power	PPM Fresh Start Rebate (July – December 2010)	Same as above.	Automatic	As above.	One-off payment sent to customers by cheque accompanied by a letter, in March 2011. This covered the period July – December 2010.
ScottishPower	Fixed PPM Winter Rebate	Customers were identified as vulnerable through Experian fuel poverty propensity modelling, coupled with Mosaic profiling and internal indicators such as old age	Automatic	Customers would see the rebate on their next statement.	One-off payment credited to the customer account in March 2011.

Rebates offered by suppliers as at end of March 2011					
Supplier	Rebate name	Qualification criteria	Was it automatic or have to be applied for?	How was it marketed?	How was the rebate made?
		pensioner (OAP) status and special needs markers.			
ScottishPower	Fixed Quarterly Cash Winter Rebate	Customers were identified as vulnerable through Experian fuel poverty propensity modelling, coupled with Mosaic profiling and internal indicators such as old age pensioner (OAP) status and special needs markers.	Automatic	Customers would see the rebate on their next statement.	One-off payment credited to the customer account in March 2011.
ScottishPower	PPM Debt Assistance	Customers were identified as vulnerable through Experian fuel poverty propensity modelling, coupled with Mosaic profiling and internal indicators such as old age pensioner (OAP) status and special needs markers. In addition, outstanding debt was used as an additional factor when selecting customers for assistance.	Automatic	Customers would see the rebate on their next statement.	One-off payment credited to customer accounts in March 2011.
Scottish Power	RCQ (quarterly credit) Debt Assistance	Customers were identified as vulnerable through Experian fuel poverty propensity modelling, coupled with Mosaic profiling and internal indicators such as old age pensioner (OAP) status and special needs markers. In addition, outstanding debt was used as an additional factor when selecting customers for assistance.	Response to a letter offering debt reduction for switching to alternative payment type.	Credit would be seen on the next bill and a follow-up contact would ensure the customer was on the most appropriate payment method.	One-off credit applied to the account followed by a revised bill to accurately display the correct balance
Scottish Power	Internal Hardship Fund	The team of Community Liaison Officers identified customers to assist on a case by case basis during face to face visits to their homes.	Application		One-off payment based on individual circumstances.
SSE	Winter Rebate 2010 and 2011	The customer will receive £50 per account if they currently spend 10-14% of their income on energy, or £100 per account if they spend between 15-19% of their income on energy.	Application and referral from third party	The rebate was marketed alongside the EnergyPlus Care social tariff. It was also targeted to some of the most vulnerable customers on the PSR and in the most extreme	Rebate was made in April 2010 and March 2011 to assist vulnerable customers as they were receiving their winter bills.

Rebates offered by suppliers as at end of March 2011					
Supplier	Rebate name	Qualification criteria	Was it automatic or have to be applied for?	How was it marketed?	How was the rebate made?
				cases a rebate equivalent to the value of EnergyPlus Care was provided.	
SSE	One-off targeted rebates	Case-by-case basis depending on customers' circumstances.	Advisor considers the customer's individual circumstances.	Not marketed; by application.	Payments were made to customers throughout the year, as soon as they had been considered eligible.

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.

Trust Funds offered by suppliers as at end of March 2010						
Supplier	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	The Trust is open to any member of the general public, regardless of whether or not they are a British Gas customer. You can apply for the grant if you are need, hardship or other distresses, and particularly if you are unable to meet or pay charges for your supply of domestic gas or electricity services. Other help may be available via Further Assistance Payments to clear other priority household debts and to purchase essentials household items.	Application	British Gas staff promote the fund, as do its charitable partners. The fund is promoted via Charis' website and vial social and consumer groups.
			Third parties	The Trust also awards grants to organisations aimed at increasing independent money advice services and education for those in need, particularly in relation to debt awareness and prevention, resolving energy debt problems and supporting applications to the British Gas Energy Trust.		
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. These are independently assessed by the Trust's administrators Charis Grants using a full household and expenditure assessment. The Trust can also help to clear other essential household bills and costs. Awards are granted on the basis that the money will make a	Application	The Trust is promoted by EDF Energy customers services advisors. It is also marketed through third party agencies such as Citizens Advice and

Trust Funds offered by suppliers as at end of March 2010						
Supplier	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?
				long-term difference to the household situation, offering a fresh start and the opportunity to remain debt-free in the future.		Macmillan Nurses, via newsletters, seminars, Charis' attendance at conferences, distribution of marketing materials (posters, leaflets), etc. It is also promoted through the Trust's/EDF Energy's websites and through press articles.
			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	
E.ON	Caring Energy Fund	Company run	Own customers	E.ON customers with a household income less than £16,190 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 assistance from the First Step Fund.	Assessed as part of the First Step programme	Customers are informed through the application process for the First Step programme. Customers are referred to the programme through third parties and npower customer-facing teams.

Trust Funds offered by suppliers as at end of March 2010						
Supplier	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?
npower	Health Through Warmth (HTW) Fund	Company run	Available to all households in a HTW area regardless of who their energy supplier is.	People of any age who have a cold or damp-related illness.	Referral by any community worker who has received HTW training.	Links with community workers and health professionals who are trained to refer to HTW. It is also marketed locally within the 15 HTW areas through press releases, events and other initiatives such as flu clinics and mailouts from GPs surgeries.
npower	npower and Macmillan Cancer Support Fuel Management Programme	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.	Referrals direct from Macmillan only	Marketed through Macmillan Cancer Support who can refer npower customers who are suffering from cancer onto the scheme. npower contact centres can also refer customers to Macmillan who can then highlight the support available.
npower	Energy Fund	Externally-run assistance fund (not a registered charity)	Own customers	npower customers can apply for grants to clear energy debts and provide costs for other essential household costs. Aimed at helping those experiencing hardship, who are in debt and struggling to pay bills. Grants are awarded to those who demonstrate they want to regain a hold	Application	The Fund is promoted through referral from npower call centres or external organisations. It

Trust Funds offered by suppliers as at end of March 2010						
Supplier	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?
				on their finances and become financially sustainable. Applicants must submit proof of full income and expenditure.		has a dedicated website, as well as information on the Charis Grants and npower website. Charis Grants promotes the trust to stakeholders through newsletters and events.
Scottish Power	The Scottish Power Energy People Trust	Independent charitable trust	Third parties only	Applications are accepted for eligible projects from not-for-profit organisations and voluntary groups. 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 that seek funding for families with young children and young people.	Application	The Fund is promoted through its dedicated website and presentations and PR throughout the year which highlights particular trust projects that have been awarded funding.
SSE	SSE Sustainable Community Interest Company	Company run	Own customers	Specialist advisors carry out individual assessments of customers to determine scale of their 'fuel poverty'. This includes looking at proportion of total household income spent on energy bills or spaces heating, household income/benefits received and the customer's health/disability/special needs. SSE customers identified as vulnerable are referred to the fund.	Referrals from specialist advisors on all measures and third parties for energy efficient Measures.	The Fund is marketed through SSE's websites, front line staff, SSE staff in the community (e.g. meter readers), pre-winter initiatives and information leaflets or packs. Agencies are actively

Trust Funds offered by suppliers as at end of March 2010						
Supplier	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?
			Third parties	<p>Free A-rated white goods are provided to selected third parties who provide them to the most vulnerable customers in fuel poverty to help reduce energy bills. Selected charities and not-for-profits have to fulfil at least one of the following criteria:</p> <ul style="list-style-type: none"> • Provide energy efficiency advice and measures to assist individuals living in fuel poverty; • Assist with crisis support, e.g. helping young adults set up their first home or helping women and children going into emergency accommodation; and • Give welfare and income maximisation advice to the chronically sick, elderly or disable, or to households on low incomes containing children. 		encouraged to contact SSE to access their scheme.

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.

Partnerships supported by suppliers as at end of March 2011		
Supplier name	Name of partner(s) involved	Description of partnership, what the scheme offered and role of company
British Gas	Age UK	Partnership aimed at helping older British Gas customers and UK Citizens. Supported referrals process to and from British Gas, with Age UK offering a Benefits Advice Programme.
	RNIB	Contributions to RNIB for initiatives that include referrals of Here to Help and Essentials packages.
	Carers UK	Carers UK provides information and advisory services for carers and those they are caring for. Referral process to and from British Gas to provide benefits assessments and support in finding the right equipment or providing appropriate advice.
	Money Advice Trust	Working with the Money Advice Trust using their National Debt Helpline to provide additional support and advice to British Gas' more fuel poor and vulnerable customers, by assisting them with financial advice for their energy and their household debts.
	SCOPE	Referral service offering advice, information and support; as well as information about local services and counselling services. Provides assistance in accessing equipment and practical support.
	National Energy Action	Raising awareness of fuel poverty by providing energy efficiency advice in the community, funding innovative community projects and sponsoring the Footprint Community Awards Scheme.
	Save the Children	Funding of crisis grants which were provided to help families and also build up case studies and research-based evidence of life on a low income.
	Groundworks	Working with Groundworks and Burnley local authorities to help improve the security of fuel poor homes through a home security assessment and minor home improvements.
	Language Line	Worked with Language Line to provide bespoke language services to vulnerable groups.
E.ON	National Energy Action (NEA)	<ol style="list-style-type: none"> E.ON has set up Community Energy Fit, a project working in partnership with NEA in CESP areas to provide energy efficiency training and support, fuel poverty action plans and income maximisation support to people in five CESP areas of multiple deprivation. This enables these communities to make further energy savings above and beyond their CESP energy efficiency measures. This spend is not counted towards E.ON's CESP obligation. Sponsorship of the Diagnosing Warmth project. This project provided energy efficiency training to frontline health and social workers and a referral mechanism into E.ON's CaringEnergy hardship fund. The project is aimed at understanding best practice in identifying and supporting the application of more vulnerable customers who are least likely to apply for assistance.

Partnerships supported by suppliers as at end of March 2011		
Supplier name	Name of partner(s) involved	Description of partnership, what the scheme offered and role of company
	Auriga	<ol style="list-style-type: none"> 1. E.ON supplied A-rated white goods to E.ON customers who Auriga identified as needing new appliances. They also partially wrote off the debt of some customers. 2. Funding two claimant advisers at Auriga who provide energy efficiency advice and support to customers vulnerable to fuel poverty.
	Citizens Advice Bureau	Sponsorship of the Citizen's Advice Bureaux Energy Best Deal project. The projects aims to increase awareness for consumers and frontline workers of where they can access advice and information about energy enabling them to obtain the best value energy.
	Age UK	<ol style="list-style-type: none"> 1. Working with Age UK on the EnergyRight project 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. 2. Working with Age UK to assist them in setting up the ENGAGE fund to help low income Age UK customers in later life likely to be in fuel poverty with income maximisation and benefits entitlement support, energy efficiency advice and support through their handypersons scheme to assist customers in increasing their income and reducing their energy costs.
	Action for Children	Working with Action for Children conducting an energy project to provide one-to-one energy efficiency advice and income maximisation to low income families. The project also aimed to provide help with dealing with energy companies and create a straightforward route into other assistance such as E.ON's CaringEnergy hardship fund.
EDF Energy	London Warm Zone Ltd.	EDF Energy provided core sponsorship and a second full time manager to the project.
	Citizen's Advice Bureau (CAB)	<ol style="list-style-type: none"> 1. Partnership with Citizen's Advice to offer EDF Energy's customers independent, holistic debt advice from a dedicated telephone advice centre including funding for debt case workers and supporting the most vulnerable customers to apply for Trust Fund grants where appropriate. 2. Partnership with Plymouth CAB, now in its third year, to deliver training on fuel poverty and fuel debt to debt and welfare advice agencies throughout Devon and Cornwall. 3. Sponsorship of an energy debt and fuel poverty specialist in national Citizen's Advice to support frontline advisers with expert advice and resource materials.
	WRVS	Working with WRVS to reach EDF Energy's most vulnerable customers, including sponsorship of a post to train volunteers in England and Wales about fuel poverty and signpost them to the support available. Also working in partnership on the Safe, Warm and Well winter risk PR campaign to raise awareness of the risks of winter for elderly vulnerable people.

Partnerships supported by suppliers as at end of March 2011		
Supplier name	Name of partner(s) involved	Description of partnership, what the scheme offered and role of company
	National Energy Action	Funding NEA to deliver: <ol style="list-style-type: none"> 1. Fuel poverty forums in the South West, South East and London to deliver information to local authority officers and over fuel poverty stakeholders in relation to fuel poverty. 2. Eight forums entitled 'Keeping the Spotlight' (on fuel poverty) in March 2011 which offered information to local stakeholders, with a particular emphasis on reaching stakeholders working with older people to let them know the help available.
npower	National Energy Action	Sponsorship of three health briefings by npower Health Through Warmth, held in the North East, Yorkshire and Humber and West Midlands with the aim of providing health policy makers, commissioners and practitioners with a broader understanding of fuel poverty and how they can be involved in helping to resolve the issue through delivery of practical projects.
	Eaga	Supporting the Eaga Tariff Advice service identifies vulnerable customers and refers them to npower for assistance with their energy bills, possibly leading to them being placed on the Spreading Warmth discounted tariff.
Scottish Power	Various Warm Zones	Funding provided for the provision of an income maximisation service.
	National Energy Action	Sponsoring: <ol style="list-style-type: none"> 1. The NEA annual conference which brings together stakeholders from all organisations with an interest in reducing fuel poverty across England. 2. Fuel Poverty Forums (North West and North Wales), aimed at strategic policy makers and front line service providers. The forums examine policy and practical initiatives related to fuel poverty and delivering energy efficiency advice at a local and national level. 3. The NEA Heat Heroes campaign. Open to not-for-profit organisations including local authorities, health and social care agencies, voluntary and statutory agencies and community groups, this recognises individuals who have made significant contribution to reducing fuel poverty in their communities. Supporting press activity will showcase the types of work underway in communities to tackle fuel poverty. 4. NEA Warm and Toasty Project Wales, which will train and support health and community workers working with vulnerable groups providing advice on fuel poverty and energy efficiency issues.
	Energy Action Scotland	Sponsoring: <ol style="list-style-type: none"> 1. EAS Quarterly Advice Forums which bring together representatives from the main advice agencies, local authorities and housing associations across Scotland to keep up to date on fuel poverty policy and share best practice examples highlighting the role energy advice can play in helping to reduce fuel poverty. 2. The EAS 'Keeping Warm, Keeping Well', a short leaflet for use by GPs which provides information on how to stay warm at home, how to reduce energy consumption and information on paying for gas and electricity. It also signposts people to the main grant schemes available. 3. EAS Member of Parliament (MP) and Member of the Scottish Parliament (MSP) advisory research staff fuel

Partnerships supported by suppliers as at end of March 2011		
Supplier name	Name of partner(s) involved	Description of partnership, what the scheme offered and role of company
		poverty workshop and handbooks. The workshop aims to help MP and MSP advisors and research staff obtain up to date information on grants and organisations that offer assistance to the fuel poor. Those attending receive a handbook which provides MPs, MSPs and their staff with a comprehensive guide to understanding energy, payment methods, reducing household consumption, avoiding debt and preventing fuel poverty and which enables them to better assist constituents who are unable to find appropriate sources of help.
SSE	NEA	Supporting the Welsh Assembly Government Fuel Poverty Commitment by providing grant aid to local initiatives that provide solutions to fuel poverty targeted at vulnerable groups and provide training for social landlords in order to help them identify potentially vulnerable customers, offer payment advice and provide tailor-made energy efficiency advice.
	CAB	Annual sponsorship fee for Citizen Advice Bureau.
	Money Advice Scotland	Funding of training for Money Advice Scotland staff to assist with energy-related issues.

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 further information on the checks suppliers have carried out or funded in order to determine whether a vulnerable customer is receiving the correct level of income support.

Benefit entitlement checks offered by suppliers as at end of March 2011			
Supplier name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
British Gas	<ul style="list-style-type: none"> • BECs are promoted by RNIB assessors. RNIB has also targeted customers via a talking newsletter and passed on their details to British Gas. • Age UK carried out face-to-face benefits assessments for 8,500 customers which British Gas has referred them to for assistance. • British Gas' telephony agents may promote BECs where they are carrying out telephone assessments for social tariffs and where customers are experiencing payment difficulties. • Home Energy Assessments contractors notify British Gas of any BECs. 	Both.	Checks are marketed by British Gas' specialist agents and website, charity partners, during Home Heat Assessments and via the Home Heat Helpline.
EDF Energy	<ul style="list-style-type: none"> • Customers are offered BECs by EDF Energy's vulnerable customers team when they are offered EDF Energy's Energy Assist tariff. • Customers are offered a BEC through the London Warm zone assessment, although the cost of these is part of sponsorship of the Warm Zone and is not identified separately. 	Externally	Checks are marketed through the London Warm Zone assessment process. 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	<ul style="list-style-type: none"> • Customers who come through E.ON's Customers Credit Management department or call E.ON's Caring Energy Service are offered the chance to have a BEC. 	In-house	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.

Benefit entitlement checks offered by suppliers as at end of March 2011			
Supplier name	What is the trigger to being offered a check?	Checks carried out 'in-house' or externally?	How are checks marketed?
npower	BECs are offered as part of the Health Through Warmth scheme and also through npower's First Step programme. These checks are carried out by partners in the 15 scheme areas. BECs are sourced through a variety of organisations, depending on who is managing the HTW scheme. This includes relevant departments in local authorities, local Age UK representatives, DWP or local case workers. HTW clients are usually suffering from an illness and need this face-to-face help so the majority of checks are carried out in-home. Each HTW referral is treated on an individual basis.	Externally	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.
ScottishPower	Leaflets are distributed via the ScottishPower insulation scheme or on request when a customer calls the ScottishPower Energy Efficiency Advice Line. Customers are also directed to the BEC service on the letter sent out if they convert onto the Fresh Start tariff from another product.	Externally	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 the BEC service.
SSE	Customers are offered a BEC when they are assessed as eligible for EnergyPlus Care.	Externally	BECs 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 through SSE's websites.

Appendix 3 – Supplier contact details for general public enquiries

Supplier	General Enquiries	Debt Advice	Energy Efficiency Advice	Social Programmes
British Gas	0800 048 0202 (Credit customers) 0800 048 0303 (Pay As You Go customers)	0800 107 7064	0800 072 8629	0800 072 8625 0800 294 8604 (Pay As You Go customers)
	http://www.britishgas.co.uk/support			
EDF Energy	0800 096 9000 0800 015 1733 (PPM enquiries)	0800 085 8636	0800 096 9966	0800 068 8251 (Priority Services Team)
	http://www.edfenergy.com/products-services/for-your-home/customer-services/index.shtml?utm_source=efyh06&utm_medium=quicklinks03&utm_campaign=custser			
E.ON	0845 052 0000 0845 303 3040 (electricity prepayment) 0845 300 8144 (gas prepayment)	0845 059 9905	0500 201 000	0800 051 1480
	www.eonenergy.com/caringenergy			
npower	0845 602 6363 0845 070 4853 (prepayment)	0845 606 0646	0800 02 22 20	0808 172 6999
	http://www.npower.com/spreading_warmth/index.htm			
Scottish Power	0845 2700 700	0845 270 9102	0800 332 233	0845 2700 700
	Energy People Trust Fund: http://www.energypeopletrust.com/content/default.asp?page=s4			
SSE	SSE: 0845 026 0658 (general enquiries) 0800 048 2391 (pay as you go electricity) 0800 048 2392 (pay as you go gas)	0845 071 7803 (electricity) 0845 071 7804 (gas)	0800 072 7201	0800 300 111
	http://www.sse.co.uk/HelpAndAdvice/ExtraHelp/			
	Scottish Hydro: 0845 026 0655 (general enquiries) 0800 980 0415 (pay as you go electricity) 0800 980 0428 (pay as you go gas)	0845 300 2123 (electricity) 0845 606 0613 (gas)	0800 072 7201	0800 300 111

Monitoring suppliers' social programmes 2010-2011

http://www.hydro.co.uk/HelpAndAdvice/ExtraHelp/			
Southern Electric: 0845 026 0654 (general enquiries) 0800 980 0414 (pay as you go electricity) 0800 980 0427 (pay as you go gas)	0845 712 5423(electricity) 0845 600 1188 (gas)	0800 072 7201	0800 300 111
www.southernelectric.co.uk/			
Atlantic: 0845 026 0658 (general enquiries) 0800 980 0419 (pay as you go electricity) 0800 980 0420 (pay as you go gas)	0845 078 6740	0800 072 7201	0800 300 111
http://www.atlantic.co.uk/HelpAndAdvice/ExtraHelp/			
SWALEC: 0845 026 0656 (general enquiries) 0800 980 0425 (pay as you go electricity) 0800 980 0424 (pay as go you gas)	0845 300 2140 (electricity) 0845 300 2134 (gas)	0800 072 7201	0800 300 111
http://www.swalec.co.uk/HelpAndAdvice/ExtraHelp/			

Appendix 4 – 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 and 2009-2010 reports, was 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 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 5 – The Authority's Powers and Duties

1.4. 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).

1.5. 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.

1.6. References to the Gas Act and the Electricity Act in this appendix are to Part 1 of those Acts.²³ 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.²⁴

1.7. 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.

1.8. 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.

1.9. 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.

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

²³ Entitled "Gas Supply" and "Electricity Supply" respectively.

²⁴ 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 them²⁵; and
- the need to contribute to the achievement of sustainable development.

1.11. 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.²⁶

1.12. 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 licensed²⁷ 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.

1.13. 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.

1.14. 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.

1.15. 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 Regulation²⁸ 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.

²⁵ 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.

²⁶ The Authority may have regard to other descriptions of consumers.

²⁷ Or persons authorised by exemptions to carry on any activity.

²⁸ Council Regulation (EC) 1/2003.