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## ELECTRICITY TOKEN METERS: SUPPLIERS RESPOND TO OFGEM'S CALL FOR ACTION

- **Old style electricity token pre-payment meters being phased out**
- **Suppliers respond to Ofgem's call to do better by their token meter customers during the phase-out period**
- **Supplier actions include speeding up plans to replace meters and writing off debt in hardship cases**
- **Ofgem's call backed up by best practice guidance and plans for regulation**

Three energy suppliers (npower, ScottishPower and Powergen) have promised to do more to avoid plunging customers into debt, after action by energy regulator Ofgem.

People who pay for their energy using token pre-payment meters (PPMs) are vulnerable to falling into debt following energy price rises. This can happen if there are delays in the supplier recalibrating the meter to register the new price.

Token meters are being phased out to be replaced by meters that can be recalibrated automatically but in the meantime the task has to be done manually which creates a risk of delays. Some 1.3 million customers are on token meters and Ofgem shares concerns about some customers' plight which have been voiced by Citizens Advice, energywatch and MPs.

Practice and performance varies across the suppliers but overall the position for customers will be much improved following Ofgem's intervention. EDF Energy and Scottish and Southern Energy already have policies to not charge increased rates until the meter is recalibrated. Following Ofgem's approach, British Gas announced that from December 1 it will write off any debt built up through delayed recalibration. Npower, ScottishPower and Powergen differ in their approach and performance but all have made important commitments to improve their response to customers while meters are replaced.

Their actions include:

- accelerating plans to replace token meters with 'smarter' pre-pay meters and targeting replacement to customers who are most in need and have faced delays in getting meters recalibrated;
- writing off debts that build up in cases of hardship;
- being much more proactive in contacting customers to get access to meters to recalibrate and offering help to those who may need it; and
- not barring customers who have a debt on their meter from switching away to new suppliers.

Ofgem Chief Executive, Alistair Buchanan, said: "It is patently unfair that token meter customers should fall into debt through no fault of their own. Ofgem has therefore demanded that npower, ScottishPower and Powergen follow the lead set by EDF, SSE and now British Gas to do more to prevent customers falling into arrears.

"I welcome ScottishPower's existing recalibration programme and its commitment to do more to help customers and I am pleased that npower and Powergen are stepping up their efforts. We will watch developments closely, but customers themselves will be the ultimate judge of how well suppliers respond and should look to switch away if their supplier's service doesn't measure up."

Today's announcement is backed up by best practice guidance and plans for licence changes.

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### **Notes to Editors:**

1. There are 1.3 million token electricity meters in Britain. These use out-dated technology and all energy suppliers are implementing programmes to replace these with 'smarter' meters which do not need to be recalibrated when the energy price changes.

2. Ofgem wrote to British Gas, npower, ScottishPower and Powergen in November asking them to improve how they tackle the build up of debt on token pre-payment meters which are awaiting recalibration following price rises.

### **Company promises**

#### **ScottishPower**

- Re-focus replacement programme to prioritise meters where there has been no access.
- Improve customer communications to explain risk of debt build up and offer special visits to recalibrate.
- Specific mail-out to all affected token PPM customers on this issue in January 2007.
- No blocking of a customer who wants to switch supplier if their debt is under £50.

#### **Powergen**

- Speed up replacement programme – programme will now be completed by end 2007.
- Meter replacement activity will target all meters not recalibrated within the quarter.
- More proactive communication with customers to explain risk of debt build-up and offering special visits for recalibration.
- Specific mail-out to all affected token PPM customers on this issue early in the New Year.
- No additional debt will accrue after 31 March 2007 (although customers will need to repay debt accrued up until that point).
- Will write-off debts where meters have not been recalibrated for two years.

#### **npower**

- Speed up replacement programme to complete for customers out of area by July 2007 and for in area customers within 3 years (85% within 2 years).
- Step up visits to recalibrate meters
- Improve customer communications - explain risk of debt build up and what customers can do.
- Write-off of any customer debts above £70 (i.e. maximum debt for any customer will be fixed at £70).

#### **British Gas:**

- From 1 December 2006 will not charge higher prices until meter has been recalibrated.

### **3. PPMs and switching**

Customers on pre-payment meters who have never switched gas and electricity supplier could save £130 on average (£52 in electricity and £78 in gas). They can compare prices by contacting energywatch or visiting the energywatch website at [www.energywatch.org.uk](http://www.energywatch.org.uk)

Customers using a PPM could find cheaper energy services by using alternative ways of paying such as direct debit. Help and advice on switching payment method is also available on the energywatch website

All supply companies also offer help and advice on energy efficiency. Customers may be entitled to financial help with installing energy efficiency measures such as loft insulation which can help reduce their bills. For a personal report on how much energy can be saved in their homes, customers can visit the Energy Saving Trust website: [www.est.org.uk](http://www.est.org.uk)

### **4. The Supply Licence Review**

Ofgem has been conducting a review of gas and electricity supply licences, with the main aim being to make the licences clearer and easier to enforce and to remove out of date licence conditions. Included in the review is a proposal to amend a condition requiring suppliers to recalibrate token PPMs in a timely way following price rises.

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