



Consumer attitudes to involuntary prepayment meter installation rule changes

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A report for Ofgem by Ipsos UK and Thinks Insight and Strategy



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Executive Summary

Introduction

In March 2023, Ipsos UK and Thinks Insight and Strategy were commissioned by Ofgem to undertake some fast turnaround research to support an urgent review into the practice of British domestic energy suppliers using prepayment meters (PPMs) as a debt recovery measure. This research was designed to:

- understand energy consumers' views on which groups of vulnerable people should be protected from energy debt collection and risk of self-disconnection (through involuntary PPM installations).
- understand consumer attitudes towards cross-subsidisation on bills to protect vulnerable groups from being moved onto PPMs and explore the trade-offs around this.
- understand consumers' 'willingness to pay' to protect vulnerable consumers from energy debt collection through involuntary PPM installations.

The findings in this report are based on:

- 6 online focus groups with a total of 42 domestic energy consumers across Great Britain during the week commencing 6th March 2023.
- An online survey of 2,095 British domestic energy consumers aged 18+ between 10th and 14th of March 2023.

The focus groups were delivered by Thinks Insight and Strategy, while the online survey was conducted by Ipsos UK.

Putting the research findings in context

Research findings should be set within the context of the rising cost of living. Focus group participants, whether affluent or struggling, all recognised rising energy costs as a key driver (if not *the* key driver) of the rising cost of living in Britain and held energy suppliers largely responsible. Even when the difference between the profits of retail and wholesale energy suppliers was explained, focus group participants had little sympathy for suppliers. They held a great deal of sympathy for households getting into debt. Focus group participants often felt that one arm of the energy industry should subsidise the other rather than pass consumer debt back onto households.

In addition, focus group participants often had negative associations with PPMs. Despite PPM consumers often valuing the meters as a means of budgeting their energy spend effectively, non-PPM users tended to see PPMs as expensive, inconvenient and punitive. These views were reinforced by recent news stories about agents breaking into homes to 'force-fit' PPMs, of which participants across the non-PPM users groups had high levels of awareness.

This context is important as it shaped how British energy consumers approached the wider discussion around the cross-subsidisation of bills, should guidance around vulnerable consumers be strengthened. The prevailing sense from consumers in focus group discussions was that they were either unwilling or unable to afford further increases to their bills given the increases that have recently occurred. This report will show this to be a complex issue. Consumers want vulnerable customers protected but don't tend to think they should pay for this. Indeed, the vast majority do not support involuntary installation of PPMs at all.

Attitudes towards PPMs as a debt recovery measure

The practice of energy suppliers using PPMs as a debt recovery measure was divisive amongst focus group participants. Many sympathised with consumers getting into energy debt due to rising energy costs, and felt that suppliers could easily afford to absorb this debt, based on their perception that suppliers had recently seen increased profits. Others felt that consumers in debt being placed on a PPM were being 'punished twice', given their belief that PPMs are a more expensive way to pay for energy, potentially making it harder to get out of debt longer term. On the other hand, some consumers supported the practice, recognising that it might prevent consumers getting further into debt, and did not think it was fair that some might avoid paying their bills.

Online survey results showed that on balance British energy consumers oppose this practice. Following an explanation of the practice and some of the trade-offs, six in ten (61%) consumers said they strongly or tend to *oppose* suppliers putting households on a PPM without their consent as a debt recovery measure. Opposition was greatest amongst participants who are older, from less affluent and/or rural households and those in households with vulnerable people at home.

In contrast, a fifth (20%) of energy consumers in the online survey said they strongly or tend to *support* the practice. Younger and more affluent groups were most likely to support the practice, but still, on balance were more likely to oppose than support it. It should be stressed that overall, almost twice as many *strongly opposed* this practice (38%) as supported in any way. Meanwhile, 16% said they were neutral on the subject and 3% said they didn't know how to respond.

Attitudes towards existing supplier guidance and resulting trade-offs

Given opposition to the practice generally, it is perhaps unsurprising that energy consumers strongly felt vulnerable customers should be protected from it. Focus group participants recognised the value of existing rules and guidance to this effect, although some wondered how effective the guidance is and whether energy suppliers can work around it. They also recognised the serious risk of harm faced by vulnerable customers through self-disconnection, spontaneously naming the types of groups they thought were most vulnerable (people with long-term illnesses or disabilities, older people, households with children).

Focus group participants highlighted three criteria they felt should influence which groups are protected from being put on a PPM without their consent. These were 1) whether there is a risk of serious detriment through self-disconnection; 2) how easy or difficult it would be for the household to use a PPM; and 3) how responsible the household is for its own financial situation. Those needing a continuous supply for health reasons and the elderly were seen as particularly vulnerable to harm, with little recourse to improve their financial position. Other groups were seen as better able to improve their financial situation, such as young families, those with temporary vulnerabilities or those on low incomes.

However, the balance of opinion in the focus groups was that all these groups should be protected from being placed on a PPM without their consent, and this was also reflected in survey results. The online survey showed three fifths or more saying they opposed this action across several groups. Levels of opposition were highest for people requiring a continuous supply of energy for health reasons (73%), households with people aged 85 or older (72%) and those with a physical or mental disability preventing them from using a PPM appropriately (71%). Clear majorities also opposed this action for households containing someone with communications difficulties / language barriers (65%) and those with children under the age of 5 (63%). The groups for which opposition was lowest were households experiencing financial vulnerabilities (e.g., those on benefits or low income) (58%) and those with temporary

vulnerabilities (bereavement, pregnancy) (62%). However, a clear majority was still opposed in each case.

Willingness to pay to protect vulnerable groups

While consumer support for protecting vulnerable customers from being moved on to PPMs without their consent is strong, many instinctively opposed paying for this through higher bills themselves. Many focus group participants said that energy suppliers should cover the costs, either by writing off debt or by some form of taxation / industry scheme. Some wondered if higher bills would even solve the issue, as it might lead to more households getting into debt, thus creating a 'vicious cycle' of ever-increasing bills.

When presented with the trade-off between vulnerable customers being protected and rising household energy bills, many consumers rejected the premise. Whilst many felt vulnerable groups should be protected, they also felt that energy consumers should not be the ones to pay. Once the estimated figures involved in cross-subsidising bills were introduced in the focus groups, some consumers became less resistant to the idea as the proposed increases to bills were less than they had anticipated. However, many still opposed any increase in principle.

An exercise was undertaken as part of online survey to attempt to quantify consumer willingness to pay to protect vulnerable groups from being placed on a PPM without their consent. The survey made use of a statistical technique called Gabor Granger: this is used to ascertain the optimum price point for a product or service. In this case, survey respondents were shown an explanation of the potential trade-offs between protecting vulnerable customers and potential bill increases for all households. They were then shown a series of possible annual bill increases (selected at random from a list agreed with Ofgem) and asked if they would accept each increase if it meant vulnerable consumers were protected.

The survey showed that four in ten (41%) energy consumers would *definitely accept* some form of increase to their bills if it meant that Ofgem guidelines were strengthened to prevent vulnerable groups from being moved on to prepayment meters without their consent. However, most would only accept very small increases to their bill. More than half of those who would *definitely accept* an increase (22% of all survey participants) would *definitely accept* an increase of no more than £5 a year. Three fifths (59%) of survey participants would not *definitely accept* any increase at all. Here survey findings support those from the focus groups, showing weak willingness to pay amongst consumers, even if they did want vulnerable customers protected.

Understanding the potential 'won't pay' group

There is a potential concern that some consumers may choose not to pay their energy bills when the chance of being moved on to a PPM without their consent as a debt recovery measure is removed. This could further increase the amount of debt that would need to be recovered from household bills. Some participants in the focus groups spontaneously mentioned this. Quantifying this 'won't pay group' is difficult and the survey did not aim to do so directly. However, there are indications that it is likely to comprise a very small number of consumers.

Energy bills are clearly prioritised by most, as 93% of consumers said they put their energy bills in the top three most important bills to pay (outside of housing costs). In addition, less than one in ten (8%) of those paying by direct debit / on receipt of bills say they would be less likely to pay if guidance said they

could not be put on a PPM without their consent¹. This increases to 18% among those not prioritising energy costs in their top three most important bills to pay and 25% of those that are falling behind or struggling with existing bills and / or credit commitments.

Taken overall, this suggests that approximately 1% of all energy consumers answering the survey said they do not prioritise energy costs and would be less likely to pay if the guidance said they could not be put on a PPM without their consent. However, it should be noted that we cannot conclude whether this group would or would not pay in practice.

¹ The question was not asked of consumers who already pay all bills through PPM(s) because it is not relevant.

Research Objectives and Approach

Ofgem has been conducting a review into the practice of energy suppliers fitting prepayment meters (PPMs) under warrant, or remote switching smart meters to prepay mode without customer consent. Alongside investigation of supplier practice, they are also reviewing the relevant licence conditions and existing guidance² to consider whether to strengthen the protections for consumers, particularly vulnerable consumers.

The involuntary installation³ of PPMs is a complex issue. Ofgem wants to protect vulnerable consumers from harm. On the one hand, if they are put on PPMs and self-disconnect or self-ration, it could cause them considerable harm. On the other hand, allowing customers to build up uncontrolled levels of debt can also be harmful. If fewer customers are placed on PPMs for debt recovery, unpaid energy bills would likely rise, with the costs having to be recovered from customers who are paying their bills. This may include other low income and vulnerable household also struggling with the cost of living.

To support this review Ofgem commissioned Ipsos UK and Thinks Insight and Strategy (TIS) to conduct research into consumers' attitudes towards involuntary PPM installations and the implications of potential licence/guidance changes.

Research Objectives

Ofgem commissioned qualitative and quantitative research to answer the following objectives:

- To understand energy consumers' views on which groups of vulnerable people should be protected from energy debt collection and risk of self-disconnection (through involuntary PPM installations).
- To understand consumer attitudes towards cross-subsidisation⁴ on bills to protect vulnerable groups from being moved onto PPMs and explore the trade-offs around this.
- To understand willingness to pay to protect vulnerable consumers from energy debt collection through involuntary PPM installations.

Research Approach

Focus groups were conducted and ran concurrently alongside an online survey of British domestic energy consumers. Details of the two approaches are found below.

1.1 Focus groups.

Thinks Insight and Strategy ran 6 online focus groups with a total of 42 domestic energy consumers across Great Britain during the week commencing 6th March 2023. Focus groups were 90 minutes long and conducted by Zoom. Participants were recruited by a specialist qualitative market research recruitment agency, using a screening questionnaire agreed between TIS and Ofgem.

² [Prepayment rules and protections: a call for evidence | Ofgem](#)

³ Involuntary installation refers to the practice of energy suppliers fitting PPMs under warrant, or remote switching smart meters to prepay mode for debt collection purposes without customer consent

⁴ By cross-subsidisation here we mean the principle of all households paying higher energy bills to cover the debt incurred by vulnerable households that suppliers cannot put on a PPM without their consent

Groups were split by self-reported financial status and payment method (one group included only PPM consumers, though two other groups included PPM users alongside those paying by other methods). All participants had individual or shared responsibility for decisions related to the household energy bills, and a mix of age, gender, location and ethnic groups were included in each focus group.

Table 1: Focus Groups sample structure (number of participants)

| Group number | Self-reported financial status | | | |
|--------------|--|--------------|------------------------|-------------------|
| | | Direct debit | Pay on receipt of bill | Pre-Payment Meter |
| 1 | Keeping up with bills without any problems | 7 | 0 | 0 |
| 2 | Struggling to keep up with bills | 7 | 0 | 0 |
| 3 | Struggling to keep up with bills | 6 | 1 | 0 |
| 4 | Not keeping up with bills | 5 | 0 | 2 |
| 5 | Not keeping up with bills | 5 | 0 | 2 |
| 6 | Mix | 0 | 0 | 7 |

Table 2: Focus Groups regional breakdown

| Location | Number |
|------------------|--------|
| North of England | 7 |
| Midlands | 10 |
| South of England | 10 |
| Scotland | 9 |
| Wales | 6 |

1.2 Online survey

Ipsos conducted an online survey of 2,095 British domestic energy consumers aged 18+ between 10th and 14th March 2023. Ofgem's questions were included as part of a wider nationally representative omnibus survey of British adults aged 18+. Screening questions identified energy consumers within the population sample i.e., those with access to mains gas and / or electricity that were either solely or jointly responsible for paying their household energy bill. The overall sample of British adults was controlled by quotas on age and gender (interlocked), region and working status, and the resulting sample was weighted to a representative profile by age, gender, working status, social grade and region.

The questionnaire was devised by Ipsos in collaboration with Ofgem and included a mix of attitudinal and profiling questions. The average survey response time was 10 minutes. Within the interview, it was necessary to assess households' 'willingness to pay' to support the strengthening of Ofgem guidelines to prevent vulnerable groups from being moved on to prepayment meters without their consent. The questionnaire employed the Gabor Granger pricing method to determine the maximum increase in

annual energy bills that participants would definitely accept (more information is provided on page 19). Other questions looked at how energy bills are prioritised by the household and the potential impact of changes to the Ofgem guidance on a household's likelihood to pay their energy bills.

Limitations of approach

The methods utilised for this research project were selected by Ipsos and Thinks Insight and Strategy to deliver robust and accurate research findings within the available budget and timeframe. However, all research methods engender certain limitations arising from numerous factors including inherent limitations to a data collection method; budgetary limitations; sample representativeness; non-response bias; time limitations; social desirability bias; and researcher error. Below are some possible limitations to the methods chosen.

Due to the speed at which the research needed to be undertaken to feed into Ofgem's review, certain compromises had to be made in terms of research design. The qualitative focus groups had to be run alongside the online survey, rather than one informing the other, meaning learnings from the focus groups could not inform survey and/or questionnaire design. An online survey was used as a means of quickly gathering evidence to support this review, but the method and sampling frame (from online access panels) means that digitally excluded people have not been included in this research⁵. We must assume that survey respondents fully understand what was being asked of them, and care was taken in questionnaire design and review to maximise the chances of this happening. However, we acknowledge that some questions were hypothetical in nature, in particular those related to willingness to pay and understanding who potentially might not prioritise energy bills.

Ipsos and Thinks Insight and Strategy each worked collaboratively with Ofgem to design the survey and qualitative topic guides, and internal reviews were conducted by Ipsos and Thinks Insight and Strategy, based on significant experience in the sector. This process ensured that complex industry terms and trade-offs involved in this discussion were explained as clearly as possible. This allowed questions and discussions around the use of PPM as a debt recovery measure to be contextualised properly. The lack of a significant number of 'don't know' responses in survey results suggests content was well understood, and focus group discussions indicated a good level of understanding of industry terms and the subject matter generally from participants.

About this report

The report that follows provides a descriptive summary of findings from both parts of the research and has been drafted by Ipsos in consultation with Thinks Insight and Strategy. It does not provide recommendations for how Ofgem should amend guidance related to PPMs in the future, or if it should do so at all.

⁵ Given the way focus groups were recruited, it is also likely that less digitally engaged consumers would have been unrepresented in the qualitative research too.

Chapter 1: The Context

The research undertaken and ongoing debate regarding the use of PPMs takes place within the context of strong public concern about the rising cost of living. The monthly Ipsos Issues Index, most recently undertaken in March 2023, shows that rising prices, inflation and the economy are generally the most important issues facing the country in minds of the public, as has been the case for most of the past year⁶. Therefore, it is worth acknowledging that this is the prism through which many research participants view this discussion.

Participants across all the focus groups reported having been impacted by the rising cost of living, with the more affluent noticing an impact on their standard of living and the less affluent struggling to pay their household bills. Energy costs were seen as one of the key drivers of the rising cost of living (if not *the* key driver). All participants had noticed their energy bills increase in the past year, above other bills. Meanwhile, many acknowledged the connection between rising energy prices and rising prices generally. Whilst there was widespread awareness of news stories about energy company profits, few understood the difference between wholesale and retail energy suppliers, meaning that retail suppliers were often blamed for high prices (and assumed to be making large profits as a result). All of which led to a palpable feeling in focus group discussions that consumers were either unwilling or unable pay more for their energy bills than they are today. This has significant implications for the discussion at hand.

Perceptions of PPMs

In the focus groups, spontaneous reactions to prepayment meters were largely negative. PPMs were viewed as expensive and inconvenient by non-PPM energy customers. Regardless of whether they were on a PPM or not, focus group participants strongly held the view that PPMs were more expensive than other forms of payment, with those on a PPM often claiming they had compared prices and found this to be the case.

“Expensive standing charges - you’re paying nearly three times the standing charge than people do on direct debit.” Not keeping up with bills, PPM user.

On the question of convenience, there was some evidence of differing opinions between PPM users and non-users. Those energy consumers that did not use a PPM tended to see PPMs as inconvenient. They associated PPMs with a physical meter that you would have to go somewhere to top up and found this much less convenient than other payment methods, such as direct debit. On the other hand, PPM users, more familiar with the payment method and the different ways of using it, emphasised the convenience of being able to proactively budget what they spend on their energy usage.

“They are inconvenient, you have to go down the post office, you have to load it onto your key. What happens if you lose your key?” Keeping up with bills, Direct Debit.

PPMs in the news

Across the focus groups, energy consumers that did not currently use a PPM showed strong levels of awareness of recent stories about forced installations. Recall of these stories tended to focus on the ‘breaking in’ aspect, rather than the purpose of PPMs being used as a debt recovery measure. Current PPM users were less aware of the story, although one participant knew someone who had recently had a PPM force-fitted whilst they weren’t at home.

⁶ See Ipsos Issues Index March <https://www.ipsos.com/en-uk/immigration-rises-up-britons-key-concerns-but-economic-worries-still-top-agenda>

For non-users of PPMs, these stories reinforced their belief that being moved onto a PPM is a form of punishment and therefore is a bad thing.

“It’s a punitive thing isn’t it [being put on a PPM] – you’re being punished for being poor.”
Not keeping up with bills, PPM user.

“They break in and force the meters on people. It’s a disgrace.”
Struggling to keep up with bills, Direct Debit.

“It happened to a friend of mine. They came in and changed her quarterly meter to a pre-payment. At the time she was away. Her little boy, who is ten, opened the door and that wasn’t right. They came in and there wasn’t an adult. She’s in court for that now.”
PPM user.

It is clear from the evidence above that British energy consumers in the research were likely to view debates about the usage of PPMs through the prism of the rising cost of living, something that energy suppliers themselves are seen as holding a significant degree of responsibility for. Meanwhile, energy consumers not currently using a PPM often held negative associations regarding this form of payment method, especially given recent news of forced installations. For PPM users themselves the picture was more nuanced, with many happy to use this payment method so they could budget their energy spend effectively. Regardless, these sentiments underpinned how consumers approached the discussion to follow and should therefore be kept in mind. The main implication being that consumers were very resistant to paying more on their energy bills in future, regardless of the context or how much they might have wanted vulnerable customers protected from being put on a PPM without their consent (as we come to find later in this report).

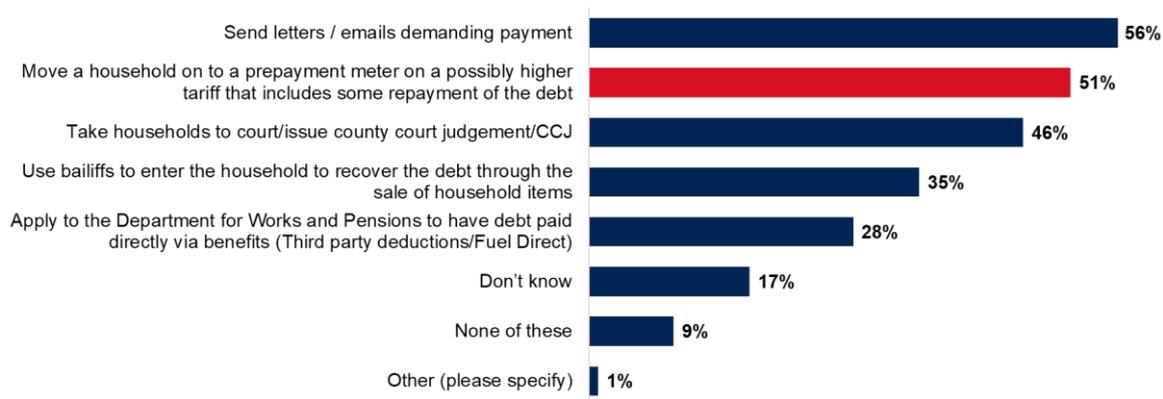
Chapter 2: PPMs as a Debt Recovery Measure

Awareness of the practice

Survey participants were shown a range of ways that suppliers can recover debt from households for unpaid energy bills and asked which they thought were allowed. Around half (51%) indicated that they thought suppliers could “move a household onto a prepayment meter on a possibly higher tariff that includes some repayment of debt”. This measure was second only to sending letters / emails demanding payment (56%). These figures suggest fairly high levels of awareness of the practice, perhaps fuelled by recent news stories.

Figure 1 What debt recovery measures are open to suppliers?

Q6. In which of these ways, if any, do you think that energy suppliers are allowed to recover debt from households for unpaid energy bills? Please indicate if you are unsure or don't know.



Base: All GB energy consumers n=2,095

Consumer perceptions

Focus group discussions showed conflicting consumer attitudes towards energy suppliers using PPMs as a debt recovery measure against a household's wishes. Many consumers were sympathetic to those struggling financially due to the rising cost of living. Many consumers are struggling themselves in a way they have not in the past. Therefore, the idea that someone who has been financially responsible in the past might now fall into debt was very believable to focus group participants. Given the recent sharp increases in energy bills, focus group participants particularly understood – and sympathised with – people who had fallen into debt with their energy supplier.

“There are people who, through no fault of their own, just can't pay their bills.”

Struggling to keep up with bills, Direct Debit.

“It just makes me so angry. They should be writing it [debt] off. They are low income, they can't afford it because the costs are so high.”

Keeping up with bills without any difficulty, Direct Debit.

Given the circumstances, many focus group participants considered the practice of forcing households onto PPMs as a debt recovery measure to be unfair and punitive. This perception of unfairness was driven by the aforementioned (and strongly held) perception that PPMs are a more expensive way to pay for your energy usage. Therefore, there is a perception that households are being punished for financial

vulnerability twice, once by incurring debt and again by having to pay higher costs for energy they were already struggling to afford. This prompted concerns that moving onto a prepayment meter would make it harder for households to escape debt. Beyond this, focus group participants expressed concerns about how the process worked in terms of notice periods, the right to appeal and other aspects. For example, one focus group participant queried if and how they might get off a PPM once they were put on one, including if they would be charged by the energy supplier for this.

“The people that have been forced to have these are the people who can’t afford to pay in what I’d call a normal way... They seem to be punished for not having much.” Struggling to keep up with bills, Direct Debit.

However, some focus group participants supported the practice. These consumers considered it an appropriate measure to prevent energy customers building up large amounts of debt, others spontaneously raised the prospect of a ‘won’t pay’ group at this stage. These consumers saw it as unfair that some customers could ‘choose’ not to pay their bills and face no consequences. However, it is important to stress that this view is less widespread than the sympathy expressed above and opposition to the practice in general.

“They should be able to recover the debt through the PPM. It gives the opportunity to the customer to draw back slowly, without the threat of court orders. Most people want to pay their way. These meters, if they are taking back a little more than the previous bill, I think that’s fair.” Keeping up with bills without any difficulties, Direct Debit.

How many consumers support the practice?

The online survey sought to quantify levels of consumer support for energy suppliers using PPMs as a debt recovery measure, without a household’s consent. Given the complexity of this issue, survey respondents were shown the following explainer text over two screens before being asked whether they supported the practice, or not⁷.

FIRST SCREEN

In some cases, when households get into debt on their energy bills, energy suppliers are allowed to change the way the household pays for their energy to a prepayment meter, even if they don’t agree.

This means energy suppliers can require certain households to pay their energy usage upfront through a prepayment meter – even without the household’s consent.

Energy suppliers do this to stop households getting further in debt and to recover some of the existing debt. This can be through the installation of a physical meter in the home or by remotely switching a household’s existing smart meter to a prepay tariff.

When this happens, the household would have to top up their energy account using a key, card, online or using an app. If they are unable to top up their account, their energy supply could be disconnected / cut-off.

⁷ Please note. Explainer text was not cognitively tested so we have to assume it was fully understood (and read) by participants. However, the absence of large number of don’t know responses suggests that survey respondents were able to form a view on subsequent questions following this text.

SECOND SCREEN

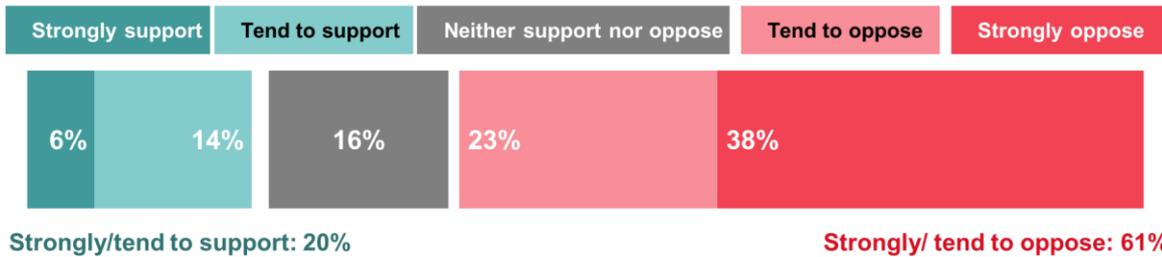
Energy suppliers are provided with official guidance intended to prevent the most vulnerable customers from being made to pay for energy in this way. This is because of the risk of harm they face from having no energy supply in the home if they are cut-off.

Being disconnected from energy can cause serious mental and physical harm especially for some vulnerable people.

When energy consumers were asked if they supported or opposed the practice, **20% said they strongly or tend to support it, but 61% said they strongly or tend to oppose.** Sixteen percent said they were neutral on the subject and 3% said don't know.

Figure 2 Do consumers support or oppose the practice of moving households on to prepayment meters without their consent to recover energy debt?

Q7. To what extent do you support or oppose, energy suppliers being allowed to move households onto prepayment meters without their consent, as a means of recovering household debt and preventing further debt?



Base: All GB energy consumers n=2,095

These numbers reflect broad, instinctive consumer opposition to the practice of energy suppliers using PPMs as a debt recovery measure without the household's consent. It is notable that the proportion of consumers that *strongly oppose* this practice (38%) is almost double the proportion that support it in any way (i.e., they either strongly or tend to support it). This opposition is shown despite the question introduction explaining why suppliers use this practice. The introduction also explicitly mentions that guidance is in place to try and protect the most vulnerable customers from the risk of self-disconnection by being placed on PPM. However, it should be noted that at this stage of the survey, the principle of unpaid energy bills leading to higher bills for all households had yet to be introduced.

Nevertheless, the clear starting point for consumers here is that they oppose the practice in principle. This implies that they are highly likely to at least want the most vulnerable customers to be protected from being put on a PPM without their consent, even if they would rather the practice did not exist at all.

The survey results show that some groups were more opposed to the practice of energy suppliers using PPMs as a debt recovery measure than others. Those with someone in the household aged 65+ (66%) or with a long-term illness or disability (69%) are some of the groups most likely to be opposed. In addition, those in rural areas (69%) were more likely to oppose than those in urban areas (60%) and those that have fallen behind on their bill in the past 6 months were more likely to oppose (64%) than those that have not (54%).

Conversely, as already noted one in five (20%) supported the practice of using PPMs as a debt recovery measure. Support tended to be greatest among younger consumers and more affluent consumers. For example, 32% of those aged under 35 supported the practice as did 27% of those in households with

incomes greater than £55,000 a year. However, it should also be noted that almost half (49%) of those aged under 35 opposed the practice, as did 56% of the higher income group.

Interestingly, those currently using PPMs were more likely to support the practice (28%) than those paying for their energy usage by direct debit or a bill (19%), perhaps reflecting the fact that PPM users are sometimes more positive about the payment method than non-users. However, in both cases, many more are opposed, including half of PPM users (50%) and 63% of those on direct debits or paying by bill.

Chapter 3: Consumer Attitudes to Energy Supplier Guidance

The existing rules from Ofgem require suppliers to only install a PPM where it is safe and practicable for a household to use one. In addition to the rules, Ofgem sets out further guidance to stipulate to energy suppliers when the involuntary installation of a PPM would be inappropriate. Focus groups and the online survey sought to understand consumer attitudes to the existing guidance and explore which groups should be prioritised for protection if it is changed.

Understanding the risk of self-disconnection

Focus group participants well understood the potential risks customers face if they end up self-disconnected from their energy supply when using a PPM. The range of risks, from detriment to general wellbeing to serious risk of harm was easy for participants to grasp:

Figure 3 The activities that focus group participants identified consumers would be unable to do if disconnected from their energy supply



“People will go without heating and electricity [if they self-disconnect] until they get the next payment which is really worrying.” Not keeping up with bills, Direct Debit.

“When I was at home, my parents had self-disconnection, if the shops aren’t open... My mum had been at work and the fridge freezer had gone off.” PPM user.

Spontaneous responses to guidance

Focus group participants could easily list the types of groups they felt ought to be protected from forced fitting of PPMs due to the risk of detriment, with many of the groups spontaneously mentioned already covered such as those with a medical need for a continuous supply or those with some form of physical or mental disability. Focus group participants responded well to the idea that the current guidance covers practical aspects of using a PPM, such as access to the meter or it being practically difficult to top up, as they had not previously thought of this. However, many were concerned that guidance might not be defined tightly enough and that it might be open to supplier discretion in its interpretation and implementation. Key concerns included:

- How is a physical or mental disability is defined?
- How do individuals prove they have a physical or mental disability?
- How do different aspects of guidance overlap – e.g. could a customer with limited mobility without a car be put onto a PPM if they only had to travel 1.9 miles to top-up?
- Does someone independent proactively check whether the considerations are being properly applied?

In addition, focus group participants also assumed that certain groups should be covered by the guidance that currently are not, including families with young children and the elderly.

“How is it properly regulated? A lot of the points are quite ambiguous. Who monitors it?”

Keeping up with bills without any difficulties, Direct Debit.

“They [energy suppliers] don’t seem very good at following the law. There was an undercover journalist that uncovered that they were forcing into vulnerable people’s homes.”

Not keeping up with bills, PPM user.

Fundamentally, many focus group participants held low levels of trust in energy suppliers and assumed they would be trying to stretch any rules or guidance that applies to them to their advantage. This led to concerns that people who should already be covered by the guidance are having PPMs force-fitted anyway.

“If there’s not a strict, rigid guideline, because energy companies are so greedy they will try and fly under the radar and get away with as much as they can.”

Keeping up with bills without any difficulties, Direct Debit.

“There’s this grey area with guidance. Guidance is guidance. What are the actual rules? What penalties are there for not adhering to the rules?”, Struggling to keep up with bills, Direct Debit.

Spontaneous views on who should be protected

As mentioned, focus group participants could easily identify groups at risk of harm from self-disconnection. Many of these groups are already covered by Ofgem guidance. These included those who are reliant on a continuous supply for medical equipment, those with physical disabilities and those with mental disabilities or learning disabilities. However, a range of groups who are not currently covered were also raised spontaneously. These included the elderly (typically thought of as being pensionable age and above), those with young children (with those aged 2 and under seen as particularly vulnerable) and people with substance use problems, including addiction.

All of these groups are seen to need protecting from force-fitting of PPMs for debt collection purposes:

“Anyone that is on dialysis or needs a breathing machine at night [are at risk from self-disconnection].”, Not keeping up with bills, Direct Debit.

“The elderly [are at risk]... If they don’t have anyone to help, if they can’t get out the house, can’t get online, if they’ve been ill or been in hospital. If they don’t realise their energy has run out.”,

Keeping up with bills without any difficulties, Direct Debit.

Three key factors appear to influence consumer views of who should be protected by the guidance:

How much detriment is faced if the household is disconnected?

Focus group participants felt that those who will face the greatest detriment from self-disconnection need to be protected from force-fitting the most. This might include the very elderly, those with health conditions and families with children under the age of 5. These types of households were seen to be particularly vulnerable to detriment.

How easy or difficult it would be for a household to use a PPM?

Similarly, participants also believed those with barriers to using a PPM should also be protected, as they are more likely to self-disconnect. The very elderly (for both smart and physical PPMs) and those with health conditions (for physical PPMs) were seen to be particularly likely to face significant barriers to operating a PPM.

How much are they responsible for falling into debt?

Participants felt that groups with less formal support available to them should be prioritised for protection. As well as groups with more limited ability to change their circumstances. The very elderly and those with health conditions were seen to face the greatest barriers to changing their circumstances of the groups discussed (see below). Children were also seen as being blameless for the financial issues their parents may experience. On the other hand, in some cases, whilst consumers might sympathise with those in financial difficulty, they did not always think there was a duty to protect from disconnection, especially if the household could be seen as partly responsible for the hardship faced.

To quantify support for protecting different groups, online survey participants were presented with an introduction that explained the concept of the guidance currently in place and the conditions under which a particular household might be protected from being put on a PPM without their consent. This read:

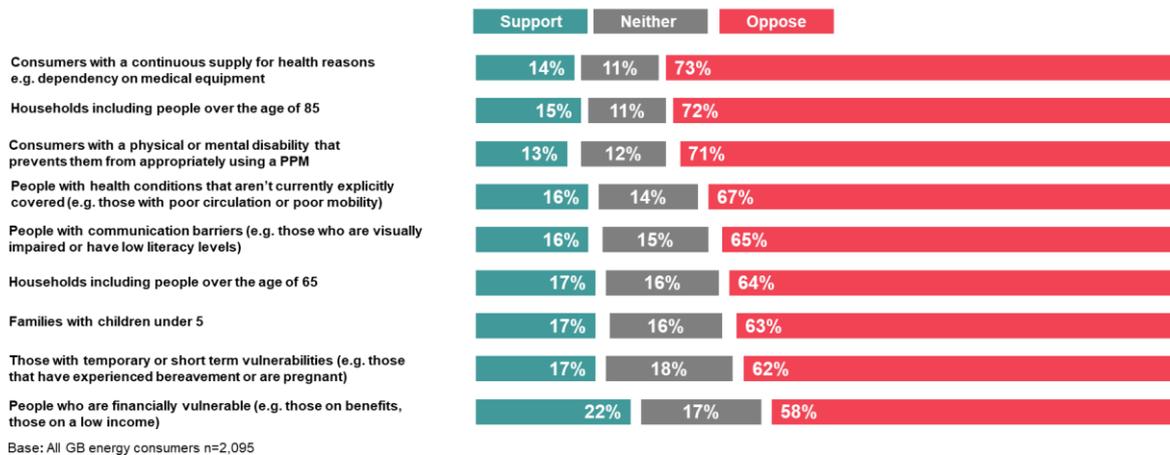
Before deciding to move a household onto a prepayment meter without their consent, energy suppliers must consider the official guidance. The official guidance advises that some types of households should not be put on a prepayment meter. This includes circumstances where:

- **It is not safe to move someone onto a prepayment meter – for example it might put people at risk of harm or ill health if they lost power.**
- **It is not practicable to move someone onto a prepayment meter – for example if people can't practically top up their meter because they can't reach or access it, or they can't get to a shop to top up their meter.**

Survey participants were then asked whether they supported or opposed households with different groups of people being placed on a PPM without their consent as a debt collection measure.

Figure 4 Which groups should energy suppliers be allowed to put on PPM?

Q8. Do you support or oppose energy suppliers being allowed to move households including the following groups of people onto prepayment meters without their consent, as a means of recovering household debt and preventing further debt?



Considering the overall levels of opposition to the practice outlined above, before the concept of vulnerability was fully explored, it is perhaps unsurprising that clear majorities of consumers opposed each group being placed on a PPM without their consent as a debt recovery measure. Support for the practice ranged from 13% to 22% depending on the group, and opposition ranged from 58% to 73%.

Consumers were most opposed to households being put on a PPM without their consent where a household member requires a continuous energy supply for health reasons (73% oppose), where households include someone over the age of 85 (72% oppose) and where households include someone with a physical or mental disability that prevents them from appropriately using a PPM (71%).

Overall, there was only one type of household where less than 6 in 10 consumers opposed them being put on a PPM without their consent. This was for those households including someone that was financially vulnerable e.g., on benefits or a low income. However, 58% still opposed this group being placed on a PPM without their consent, more than twice as many as the 22% that supported the practice for this group.

Focus groups explored attitudes to some of these household types in more detail.

Protecting the elderly

There was a clear consensus that the very elderly should be protected (reflected in the survey data showing 72% of consumers were opposed to households with those aged 85+ being placed on a PPM without their consent). Focus group participants spontaneously viewed the elderly as a group that require protection from force-fitting of PPMs. They felt that the very elderly are particularly at risk of detriment as they:

- Are more likely to have health conditions and need to live in a warm home.
- Are more likely to face barriers to using a PPM, both physical (due to being more likely to have limited mobility) and smart (due to being more likely to struggle with online technology).
- Have less ability to increase their income (and therefore get out of debt) compared to those who are working-age.
- Are more likely to be in their homes most of the time, making it harder for them to reduce their energy usage.

“They’re not responsible, it’s not their fault so shouldn’t be penalised for it. For me it’s about protecting lives – there’s a big risk to life here.” Not keeping up with bills, Direct Debit.

Protecting those with health conditions

Participants were in favour of expanding the range of health conditions covered. Survey data showed opposition to force fitting strongest for those households requiring a continuous supply for health reasons (73%) or those where someone had a physical or mental disability (71%).

Those with health conditions are seen to be at particularly high risk of detriment as:

- Their energy needs are higher than other consumers and their health conditions may worsen if they have to ration or self-disconnect.
- They may face significant barriers to using a physical PPM, due to limited mobility and/or ability to get out of the house (although most assume these barriers do not exist for smart PPMs).

Focus group participants also generally viewed this group as being less responsible for falling into debt than others as:

- They have less ability to limit their energy consumption, with their energy consumption dictated by their health condition
- They may face barriers to work (and therefore increasing their income) as a result of their health condition

“They should be protected, it will cost everyone more in the NHS cost [if they aren’t].” Not keeping up with bills, Direct Debit.

Protecting those with young children

Young children were seen as being at risk of detriment and blameless for it. Survey data showed 63% of consumers opposing these households being put on a PPM without their consent. This group is seen to be at particularly high risk of detriment as it is important for children’s development to live in a warm home, have clean clothes, hot food and so on. Furthermore, children are not seen to be responsible for their parents’ financial situation and there was a consensus in the focus groups that they should not have to ‘pay the cost’ for this through self-disconnection.

However, parents of young children were not necessarily seen as facing the highest barriers to PPM usage and participants felt that they were better able to improve their financial situation than the elderly or sick, which is perhaps why opposition to this practice is stronger for those household types.

“I can’t imagine having a cold home for a child. Or no fridge, or not being able to cook.” Keeping up with bills without any difficulties, Direct Debit.

Protecting those with temporary vulnerabilities

Focus group participants did not consider those with temporary vulnerabilities as requiring as much protection as other groups (although 62% of survey participants still opposed this group being put on a PPM without their consent). Participants expressed sympathy for those experiencing temporary vulnerabilities. Being made redundant, experiencing a bereavement or relationship breakdown are all seen to be traumatic life events, so there was understanding that this could lead someone to falling behind on financial commitments and fall into debt. However, unless combined with another vulnerability this group was not seen to be at especially high risk of detriment or facing barriers to using a PPM. The exception to this being pregnancy, which was seen to increase the risk of detriment and limit your ability to operate a physical PPM (i.e., due to being unable to travel to a top-up shop).

“There’s lot of different circumstances. If I was having a child I’d hope I’d have my life sorted out...” Not keeping up with bills, PPM user.

Protecting the financially vulnerable

The financially vulnerable were seen as less at risk than the other groups that focus group participants were specifically probed on. Unless combined with another vulnerability, this group was not seen to be at increased risk of detriment as a result of self-disconnection or as facing additional barriers to operating a PPM compared to someone who is not financially vulnerable.

This group were also most likely to be blamed for falling into debt: This is due to not having other mitigating factors to explain why they are financially vulnerable. Although, it is important to note that there was still relatively high sympathy for this group given the broader context of steep energy bill price rises and 58% of survey respondents opposed the practice of this group being put on a PPM without their consent.

“Anyone on benefits automatically has a low income. They will struggle to pay bills, even compared to what they were used to.” Keeping up with bills without any difficulty, Direct Debit.

Chapter 4: Willingness to Pay

Spontaneous responses to cross-subsidisation

The concept of cross-subsidisation – meaning the principle of households paying higher bills to subsidise the unpaid debt of vulnerable groups ineligible to be put on a PPM – was explored in focus group discussions. Overall, the principle was seen as unacceptable and unfair. Focus group participants perceived energy companies to be making huge profits and felt that the companies should write-off the debt themselves. When the difference between retail and wholesale profits were explained this made little difference. Consumers simply felt that any retail losses should be subsidised by the wholesale arm of energy companies' wider businesses.

Therefore, when discussing the potential trade-off between protecting vulnerable groups and consumers paying more on their energy bills, many consumers rejected the premise of the trade-off. In their view, vulnerable customers should be protected but consumers should not be the ones paying to do so.

“These companies are huge. They make ridiculous amounts in profit. That’s rubbish really. To try and claim it by increasing the amount to other people.”, PPM User.

The principle of cross-subsidisation was ultimately rejected by most focus group participants. It was seen as unfair to ask those that had paid their bills to cover the cost of writing off debt. Analogies were drawn with other businesses, who it was wrongly believed did not pass on customer debt through higher prices, such as supermarkets. This reflected a lack of knowledge amongst consumers about the operation of this practice more widely.

“First of all, I don’t think we should have to pay for other people’s debt.” Not keeping up with bills, Direct Debit.

Some focus group participants also worried that the concept of cross-subsidisation would become a ‘vicious cycle’ and make things worse. The concern was that prices would increase to subsidise unrecoverable household debt, and this would in turn make bills increasingly unaffordable. Thereby increasing the amount of unrecoverable debt, forcing bills to rise further and so on. This was a concern particularly felt by lower income focus group participants and those already on a PPM.

“When does it end? Maybe this year, up it by £30 a year, next year they could report they are in even more debt. Once they have the okay to do it... there’s so much distrust in these companies.” PPM User.

Taken holistically, focus group discussions showed a weak degree of consumer ‘willingness to pay’ for cross-subsidisation of bills. Energy bills were already seen as too high and energy suppliers were seen as making excessive profits as a result. Therefore, focus group participants found it hard to justify why they should be made to pay more.

“Are we protecting anyone or are we ensuring energy companies are keeping their profit, you’re effectively becoming their guarantor.” Not keeping up with bills, Direct Debit.

On the other hand, views did soften for some once it was explained how much bills might increase by in the event of a policy change. Many participants had expected increases of more than £100 per household per year to be introduced. When it was suggested that the average household might pay significantly lower amounts than this instead, the attitude of some more affluent consumers did soften. However, most remained unwilling to pay, based on the principles explained above. Some also raised a concern that the scale of increase might be based on average usage, which might mean some pay

more, potentially penalising less affluent households that need to use more energy for unavoidable reasons.

“That sounds like a bargain. I can definitely cover all those people for £2.50 [per month].”
Keeping up with bills without any difficulty, Direct Debit.

“I’m sceptical. Scepticism is my main emotion... I just feel like it’s a bit of a false justification, trying to put the bills up again.”
Struggling to keep up with bills, Standard Credit.

Quantifying the willingness to pay

Focus group discussions uncovered little enthusiasm for the cross-subsidisation of bills, even to protect vulnerable groups (though it was still felt they should be protected). To further explore this topic Ipsos undertook a Gabor Granger exercise as part of the online survey. **The purpose of this exercise was to understand whether consumers were willing to pay more on their energy bill to ensure vulnerable groups are protected from being placed on PPMs without their consent (and how much more).**

Gabor Granger is a survey-based research technique used to ascertain the optimum price point for a product or service. If we present a series of price points in a list, it is highly likely that most respondents will opt for the lowest price available (or none at all). Instead, this exercise presents each price point individually at random, with the purpose of finding out the maximum amount consumers will pay for a product or service. Or, in this case, how much extra, if anything, consumers are willing to pay on their energy bill to ensure that vulnerable customers are protected from being put on a PPM without their consent⁸.

How it worked in practice

Before completing the exercise, survey respondents were shown an explanation of the various considerations and trade-offs involved if guidance on the use of PPMs by energy suppliers as a debt recovery measure was changed. This read as follows:

Ofgem has guidelines for when it is safe and practicable for energy suppliers to place someone on a prepayment meter. Ofgem is considering updating this guidance to strengthen protections for vulnerable customers, e.g. those with long-term health conditions, elderly consumers, families with young children, or other vulnerable customers.

If this happens, fewer households are likely to be moved onto prepayment meters, reducing the risk of vulnerable customers facing serious harm to their health and wellbeing if they end up disconnected from their energy supply.

However, this will likely lead to an increase in energy bills for all households. If energy suppliers find it harder to recover debt using prepayment meters, the level of unpaid debt to them will increase and, if they can’t absorb this they are likely to pass that cost on to all households.

⁸ Of course, this exercise is entirely hypothetical in a survey environment, but it does allow us to measure underlying consumer sentiment and get a sense of what, if anything, they might be willing to pay.

After being shown this explanation, survey respondents were then presented with up to five different amounts that their annual energy bill might increase by and asked whether they would accept their energy bill increasing by this amount each year to protect vulnerable groups being put on a PPM without their consent. These amounts are listed below and range from £5 to £100 per year.

One of these five increases was selected at random as a starting point and survey respondents asked whether they would accept the increase or not on a five-point scale (with a don't know option also included). Where a respondent said they 'definitely would accept' a certain increase they were coded as 'definitely would accept' for that amount and any lower amount. This is on the basis that if someone would 'definitely accept' paying, for example, £30 extra per year then it is reasonable to assume they would definitely accept less than that. Likewise, where a respondent said they 'definitely would not accept' a certain increase, they were coded as 'definitely would not accept' for that amount and any higher amount. Again, this was on the basis that anyone that would 'definitely not accept', for example, £30 per year would also definitely not accept a higher annual increase too.

The question wording is found below:

Q. Would you accept your household's annual energy bill increasing by £5/30/50/75/100 a year if it meant that vulnerable groups such as those with long-term health conditions, elderly consumers, families with young children, or other vulnerable customers were protected from being moved onto prepayment meters by their energy supplier without their consent?

Definitely would accept.

Probably would accept.

Might or might not accept.

Probably would not accept.

Definitely would not accept.

Don't know.

Survey respondents were shown the other amounts from the list of five at random as appropriate. This meant that in the end each respondent has a score ranging from 'definitely would accept' to 'definitely would not accept' for each price increase (or a rating of 'don't know').

Analysing the results

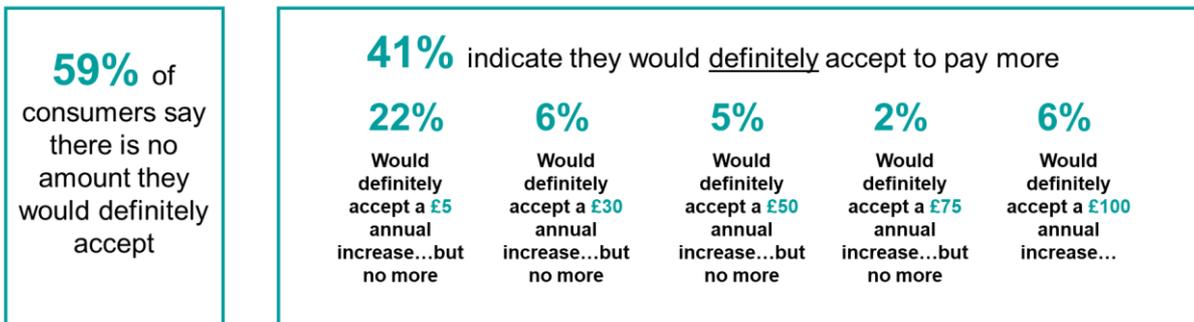
When analysing the results, Ipsos created a matrix where each survey respondent was allocated to the highest annual increase to their energy bills they 'definitely would accept' to protect vulnerable groups as outlined above. Alternatively, if they had not indicated they 'definitely would accept' any of the five amounts specified they were classified as having no amount they 'definitely would accept'. Focusing on the amount consumers 'definitely' would accept is a deliberately high bar, as logically support for this level of increase is more secure than any increases consumers would 'probably' accept. It would be reasonable to consider 'probable' support to be vulnerable to some of the arguments raised above against the principle of cross-subsidisation, or indeed the practice of involuntary PPMs itself, once such discussions enter the public realm.

Forty one percent of consumers would ‘definitely accept’ one of the five annual increases to protect vulnerable groups from being put onto a PPM without their consent. However, the amounts consumers would ‘definitely accept’ were small. More than half of those who would definitely accept any increase (22% in total) would ‘definitely accept’ an increase of no more than £5 a year. This means that overall, 19% would accept an increase of more than £5 per year but 6% would accept no more than an increase of £30 per year, 5% no more than £50 per year, 2% no more than £75 and 6% no more than £100.

On breaking down the 41% that would definitely pay more, the most open to paying more tend to be older age groups (46% of those aged 65+), more affluent groups (46% of those in households keeping up with their bills without any difficulty) and those with some form of vulnerable household member in the home (44% of those with a child, someone over the age of 65 or someone with a long term physical or mental illness or health problem in their household).

Figure 5 What is the maximum annual increase in energy costs that consumers would accept to support the cross-subsidisation of energy debt?

Q9. Would you accept your household’s annual energy bill increasing by £x a year if it meant that vulnerable groups such as those with long-term health conditions, elderly consumers, families with young children, or other vulnerable customers were protected from being moved onto prepayment meters by their energy supplier without their consent? (% definitely accept)



Base: All GB energy consumers n=2,095

Survey data supports focus group findings that large numbers of British energy consumers were strongly averse to the principle of having to pay more on their energy bill to prevent vulnerable customers being put on a PPM without their consent (even if they did think they should be protected somehow). In total, 59% of consumers did not indicate any amount that they ‘definitely’ would accept as an increase. The most resistant groups were those aged 35-54 (64%), the less affluent (66% of those in households struggling with their bills) and those with no vulnerable household member (64%).

Alternative solutions

Returning to the focus groups, it is important to stress that consumer opposition to paying extra on their energy bills to protect vulnerable groups does not mean they are opposed to them being protected. Focus group participants still wanted vulnerable customers to be protected, just not through bill increases. The most important issue for focus group participants was to protect vulnerable customers from high energy bills. In many ways, protection from the involuntary fitting of PPMs was seen as a secondary issue to the cost of energy bills themselves, which was seen as the driver of consumer debt in the first place.

Three alternative solutions were proposed during the focus group conversations.

- Government subsidies for those in vulnerable circumstances

- Reducing the cost of energy tariffs for those struggling financially
- A levy on wholesale suppliers to cover the cost of consumer debt to suppliers that cannot be recovered and is written-off

Participants spontaneously raised these solutions in each of the groups, suggesting these should be paid for through taxation – ideally paid by the energy industry (with wholesale suppliers singled out as a target). However, some participants also said they would be willing to see an increase in their taxes to pay for these as preventative measures. Meanwhile, when focusing on PPM involuntary installations, there was a clear consensus that wholesale suppliers (i.e., those making profits) should pay for the cost of written off debt, not customers. Thus, reiterating the opposition to the cross-subsidisation of energy bills outlined above.

“2 years ago, I would’ve been willing to pay, but not with the current energy prices. The pinching is so hard right now. I wouldn’t pay it to the energy companies, but it would be more acceptable if it was done through the Government via tax, but not more energy bills.”

Not keeping up with bills, Direct Debit.

“It’s not easy to get off the PPM because the costs are higher – the incentives should be that the rates are lower so it’s an incentive.” Not keeping up with bills, Direct Debit.

“The wholesale suppliers haven’t struggled. They want to make these massive profits, I would suggest they should be taxed more to pay for these vulnerable people.”

Struggling to keep up with bills, PPM user.

Chapter 5: Understanding a Potential ‘Won’t Pay’ Group

During the focus group discussions, the idea of a ‘won’t pay’ group was raised spontaneously by participants. This is the idea that some consumers would simply not pay their energy bills if they knew they could not be forced to by being put on a PPM, irrespective of the consequences for their credit rating and broader financial position. This concept was mentioned by participants when the discussion around forced fitting of PPMs began and it therefore had little impact on willingness to pay.

Nevertheless, divergent views were expressed in the groups. Those who spontaneously believed a ‘won’t pay’ group would emerge were generally more sceptical of expanding the number of groups covered by the guidance. Whilst others queried whether a large “won’t pay” group would materialise on the basis that very few people would actively choose to fall into debt with their energy supplier, as being in debt is stressful and has other consequences. For example, it was assumed that other forms of debt collection would still be allowed even if PPMs were not (i.e. bailiffs, court orders, etc.), which few would wilfully choose to go through unless they had no other choice.

“The proportion of people who don’t pay is going to be minimal... [The idea of a “won’t pay” group] doesn’t sound very compelling to me.” Not keeping up with bills, PPM user.

“I don’t believe there would be a won’t pay group emerging. No one wants to be in debt. Even without a PPM installation. Being in debt is very stressful.”

, Keeping up with bills without any difficulty, Direct Debit.

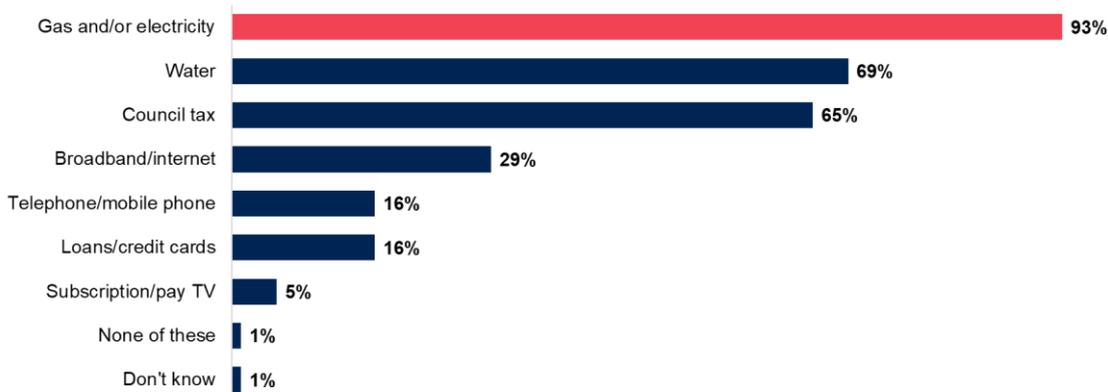
The importance of energy bills

The concept of a ‘won’t pay’ group was explored further in the online survey. From the outset, we should acknowledge that this is a difficult subject to explore in a survey environment. Some consumers might be reluctant to admit the ‘bad behaviour’ of not paying their bills, whilst others may claim they would not pay but ultimately end up doing so in practice. Therefore, we should not consider these findings predictive of behaviour but instead to be indicative of the importance consumers place on paying their energy bills and what sort of ‘won’t pay’ group might emerge in future.

This topic was explored in the online survey in two ways. First, survey respondents were asked how important their energy bills were to their household. They were asked to select their top three most important bills, outside of housing costs. Some 93% of energy consumers place their household gas and / or electricity bills in the top three most important for their household to pay. The next on the list were water (69%) and council tax (65%).

Figure 6 Importance of energy bills

Q10. Apart from your mortgage or rent, which of the following, if any, are the MOST important bills for your household to pay. Please choose the three most important.



Base: All GB energy consumers n=2,095

Impact of strengthened guidance

Turning specifically to the question of a ‘won’t pay’ group, online survey participants that currently pay by direct debit or on receipt of their bill were asked if they would be more or less likely to pay their bill if they could not be compelled to use a PPM. Here, the introduction to the question made clear there could be other consequences if they did not pay. This is the full question wording respondents saw:

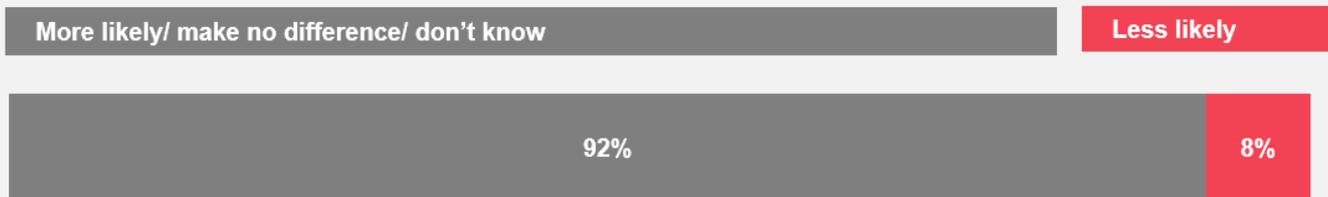
If official guidance said that your household could not be moved on to a prepayment meter without your consent if you do not pay your energy bills, would it make you more or less likely to pay your energy bills, or would it make no difference?

Please remember that if you don’t pay your energy bills, even though you would not be at risk of running out of credit and being cut off, you would still build up debt which may impact on your ability to get a mortgage, loan or credit in the future.

Overall, 8% of direct debit / on receipt of bill said they would be less likely to pay their energy bills in these circumstances. This meant that 92% of this group did not say it would have an adverse effect on their likelihood to pay.

Figure 7 Would consumers be less likely to pay their bill if suppliers could not put them on a PPM?

Q11. If official guidance said that your household could not be moved on to a prepayment meter without your consent if you do not pay your energy bills, would it make you more or less likely to pay your energy bills, or would it make no difference?



Base: GB energy consumers paying by direct debit/on receipt of bill n=1,790

A higher proportion of younger consumers paying by direct debit / on receipt of bill and those that have fallen behind on their financial commitments in the last 6 months reported that they would be less likely to pay their energy bills if they could not be placed on a PPM without their consent. For example, 19% of those paying by direct debit / those paying on receipt of bill aged 18-24 said they would be less likely to pay as were 25% of those falling behind on their financial commitments.

Those paying their energy costs by direct debit or on receipt of bill were slightly more likely to put energy costs in their top three most important bills (94%) than PPM consumers (90%). Of the 6% that did not, just under one in five (18%) said they would be less likely to pay their energy bills if they could not be placed on a PPM without their consent. This amounts to approximately 1% of all British energy consumers.

Overall, British energy consumers clearly place a high degree of importance on their energy bills. For the overwhelming majority of those paying by direct debit / on receipt of a bill, removing the risk of force-fitting a PPM would not have an adverse impact on their likelihood to pay their bill. However, we should reiterate, for the reasons given above, we cannot say with certainty that the potential size of the 'won't pay' group is 1% of British energy consumers. We can say that approximately 8% of those paying by direct debit / on receipt of bill tell us they would be less likely to pay to some degree (7% of British energy consumers overall) if they could not be compelled to use a PPM. How they would behave in reality is impossible to say, as someone being 'less likely' to pay for their energy costs does not mean they won't and what someone says in a survey environment may not reflect what they actually do.

Conclusion

This report does not seek to cast judgement on the merits, or otherwise, of potential policy changes that may emerge from this review, nor does it make recommendations on what such changes should be. This subject matter is extremely complex, and it is difficult to convey the complexities and trade-offs involved in a survey environment. However, this report reflects a clear sense of consumer opinion at the time of data collection on the involuntary installation (force-fitting) of PPMs by energy suppliers as a debt recovery measure. It also explores and provides clear quantifiable evidence regarding consumer 'willingness to pay' to protect vulnerable customers from this practice through higher bills.

It is clear from the research that British energy consumers instinctively oppose the practice of energy suppliers force-fitting PPMs as a debt recovery measure. 61% opposed this practice in our online survey and just one in five support it.

There are a range of reasons for this. It is clear from focus group discussions that consumers were acutely aware of the rising cost of living in Britain today and the role that rising energy prices are playing in it. Most are experiencing this themselves one way or another and therefore there is a great deal of sympathy for those that may be getting into debt as a result. On the other hand, there was much less sympathy for energy suppliers seeking to recover debt from unpaid bills, as consumers tended to think they should just absorb this debt within profits that consumers perceive to be increasing and excessive. This sentiment remained even when the difference between wholesale and retail energy suppliers was explained. Meanwhile, PPMs themselves were seen as expensive, inconvenient, and punitive by many non-users, which only made them more resistant to the practice of force-fitting by suppliers.

All of the above combined means consumers typically hold more sympathy for households than the energy suppliers in this discussion, and therefore they tend to oppose the practice of force-fitting PPMs generally.

It is in this context that the discussion around consumer 'willingness to pay' for higher bills to protect vulnerable consumers from being put on PPMs without their consent took place. Consumers recognised the risks posed to vulnerable groups by possible self-disconnection if they are put on a PPM. Both focus groups and survey results highlighted elderly people and those requiring a continuous supply of energy for health reasons as the most vulnerable. Consumers were clear that these groups – and others – ought to be protected from being put on a PPM without their consent, given the risk of serious harm posed if their energy supply is disrupted.

However, in general, British energy consumers did not think they should be the ones paying to protect these groups through higher bills. Once again, they tended to feel that energy suppliers can afford to do this themselves one way or another or that there should be some form of government scheme that does this. Consumers were naturally averse to their own bills rising further, given that they have risen so much in the recent past already. Many felt that if bills went up further, household debt would only increase, thereby potentially exacerbating the issue even more.

The online survey quantifies this point by showing that just 41% said they would definitely accept some form of annual increase to their energy bills to protect vulnerable groups from being put on a PPM without their consent. More than half of this group (22% of all energy consumers) said they would accept no more than an increase of £5 a year. This therefore reinforces the message from focus groups that whilst consumers strongly felt that vulnerable customers should be protected from force-fitting of PPMs, other consumers should not bear the cost.

In conclusion, when presented with the trade-off between protecting vulnerable customers and rising energy bills, British energy consumers reject the premise. They instinctively oppose the practice of suppliers force-fitting PPMs as a debt recovery measure. However, they show only limited willingness to pay extra on their bill to protect vulnerable groups from the practice. In an environment where consumers think the cost of living is rising, energy bills are a key driver of the rise and suppliers are perceived to be making excessive profits, this limited willingness is unlikely to change. It is therefore reasonable to conclude that public opinion is likely to be resistant to any policy change that involves their bills going up further, even though they do want vulnerable consumers protected from being put on a PPM without their consent somehow.

It is extremely difficult to quantify the size of the 'won't pay' group in a survey environment for the reasons mentioned in this report and we make no attempt to do so. For most consumers, energy bills were very important and only a small minority (less than one in ten of direct debit / those paying on receipt of bill) said they are less likely to pay their energy bills if new guidance means they cannot be placed on a PPM without their consent. However, how they might behave in response should this change take place is impossible to say, as being 'less likely' to pay does not mean they won't.

Annex

1.1 Online survey questionnaire

Base: F0: All respondents

INTRO1
SINGLE CODE

We would now like to ask you some questions about how households in Britain pay for gas and electricity. We are asking these questions on behalf of Ofgem, the independent energy regulator for Great Britain.

To start with, a few questions to make sure we are speaking with the right people.

In this survey, some questions will be about personal categories such as your household, employment status, and background. A “Prefer not to answer” option will be available for you to select, if you wish to use it.

Ipsos has been commissioned by Ofgem to carry out this research.

Base: F0: All respondents

Q1
SINGLE CODE
DO NOT ROTATE CODES

Do you have mains gas and / or mains electricity in your home?

- 1: Mains gas only
- 2: Mains electricity only
- 3: Mains gas and electricity
- 4: Neither
- 98: Prefer not to say
- 99: Don't know

Base: F1: Q1 = Codes 1-3 (Has gas and/or electricity supply)

Q2
SINGLE CODE
DO NOT ROTATE

Are you responsible or jointly responsible for the gas and / or electricity bills in your household?
If your landlord organises and pays the energy bills, please answer ‘No’.

- 1: Yes, me alone
- 2: Yes, me and someone else (e.g. partner, housemate) jointly
- 3: No [STOP INTERVIEW]
- 98: Prefer not to say [STOP INTERVIEW]
- 99: Don't know [STOP INTERVIEW]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q3
SINGLE CODE

Does your household have a smart meter?

- 1: Yes
- 2: No
- 98: Prefer not to say [EXCLUSIVE]
- 99: Don't know [EXCLUSIVE]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q4
MULTI CODE
RANDOMISE ORDER OF STATEMENTS

There are several ways that households can pay for their gas and electricity usage. Before today, which of the following payment methods had you heard of, if any?

- 1: Monthly / quarterly direct debit (where your supplier takes the same amount of money from your bank account automatically)
- 2: Payment by cheque, cash or card on receipt of your bill
- 3: Prepayment meter (where you top up credit onto a key or card, or online, or using an app)
- 97: None of these [FIXED, EXCLUSIVE]
- 98: Prefer not to say [FIXED, EXCLUSIVE]
- 99: Don't know [FIXED, EXCLUSIVE]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q5
MULTI CODE. DO NOT SHOW ANSWERS IF NOT AWARE / SELECTED AT Q4
DO NOT ROTATE

How does your household pay for your <Q1=1/3 gas and> electricity? <Q1=2/3 If you pay using different methods, please select both.

- 1: Monthly / quarterly direct debit (where your supplier takes the same amount of money from your bank account automatically)
- 2: Pay by cheque, cash or card on receipt of your bill
- 3: Prepayment meter (where you top up credit onto a key or card, or online, or using an app)
- 97: Other – please specify [SPECIFY]
- 98: Prefer not to say [EXCLUSIVE]
- 99: Don't know [EXCLUSIVE]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

DISPLAY

For various reasons, sometimes households can struggle to pay for the energy they use and they get into debt with their energy supplier through non payment of bills. We are now going to ask you some questions about households that get into debt with their energy supplier in this way.

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q6
MULTI CODE
RANDOMISE

In which of these ways, if any, do you think that energy suppliers are allowed to recover debt from households for unpaid energy bills? Please indicate if you are unsure or don't know.

- 1: Send letters / emails demanding payment
- 2: Take households to court/issue county court judgement/CCJ
3. Move a household on to a prepayment meter on a possibly higher tariff that includes some repayment of the debt
- 4: Use bailiffs to enter the household to recover the debt through the sale of household items
5. Apply to the Department for Works and Pensions to have debt paid directly via benefits (Third party deductions/Fuel Direct)
- 97: Other (please specify) [FIXED]
- 98: None of these [FIXED, EXCLUSIVE]
- 99: Don't know [FIXED, EXCLUSIVE]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

DISPLAY

We would now like to ask you about prepayment meters in more detail.

Prepayment meters (PPMs) are meters that require customers to pay for their electricity or gas before they use it – on a pay-as-you-go basis. Customers buy credit, either with a key or a smart card, online, or via an app. The credit is added to the meter and is used up as the customer uses gas or electricity.

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

DISPLAY

In some cases, when households get into debt on their energy bills, energy suppliers are allowed to change the way the household pays for their energy to a prepayment meter, even if they don't agree.

This means energy suppliers can require certain households to pay their energy usage upfront through a prepayment meter – even without the household's consent.

Energy suppliers do this to stop households getting further in debt and to recover some of the existing debt. This can be through the installation of a physical meter in the home or by remotely switching a household's existing smart meter to a prepay tariff.

When this happens, the household would have to top up their energy account using a key, card, online or using an app. **If they are unable to top up their account, their energy supply could be disconnected / cut-off.**

NEW SCREEN

Energy suppliers are provided with official guidance intended to prevent the most vulnerable customers from being made to pay for energy in this way. This is because of the risk of harm they face from having no energy supply in the home if they are cut-off.

Being disconnected from energy can cause serious mental and physical harm especially for some vulnerable people.

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q7

SINGLE CODE

REVERSE SCALE

Based on what you have just read, to what extent do you support or oppose, energy suppliers being allowed to move households onto prepayment meters without their consent, as a means of recovering household debt and preventing further debt?

- a) Strongly support
- b) Tend to support
- c) Neither support nor oppose
- d) Tend to oppose
- e) Strongly oppose
- f) Don't know [FIXED]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

DISPLAY

Before deciding to move a household onto a prepayment meter without their consent, energy suppliers must consider the official guidance. The official guidance advises that some types of households should not be put on a prepayment meter. This includes circumstances where:

- It is not **safe** to move someone onto a prepayment meter – for example it might put people at risk of harm or ill health if they lost power.
- It is not **practicable** to move someone onto a prepayment meter – for example if people can't practically top up their meter because they can't reach or access it, or they can't get to a shop to top up their meter.

GRID.

REVERSE SCALE.

SINGLE CODE PER STATEMENT

RANDOMISE STATEMENTS

Q8.

Do you support or oppose energy suppliers being allowed to move households including the following groups of people onto prepayment meters without their consent, as a means of recovering household debt and preventing further debt?

- 1) Families with children under 5
 - 2) People with communication barriers (e.g. those who are visually impaired or have low literacy levels)
 - 3) People with health conditions that aren't currently explicitly covered (e.g. those with poor circulation or poor mobility)
 - 4) Those with temporary or short term vulnerabilities (e.g. those that have experienced bereavement or are pregnant)
 - 5) People who are financially vulnerable (e.g. those on benefits, those on a low income)
 - 6) Households including people over the age of 65
 - 7) Households including people over the age of 85
 - 8) Consumers with a physical or mental disability that prevents them from being able to appropriately use a PPM
 - 9) Consumers with a continuous supply for health reasons, such as dependency on medical equipment requiring an electricity supply
- a) Strongly support
 - b) Tend to support
 - c) Neither support nor oppose
 - d) Tend to oppose

- e) Strongly oppose
- f) Don't know [FIXED]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

DISPLAY

Ofgem has guidelines for when it is safe and practicable for energy suppliers to place someone on a prepayment meter. Ofgem is considering updating this guidance to strengthen protections for vulnerable customers, e.g. those with long-term health conditions, elderly consumers, families with young children, or other vulnerable customers.

If this happens, fewer households are likely to be moved onto prepayment meters, reducing the risk of vulnerable customers facing serious harm to their health and wellbeing if they end up disconnected from their energy supply.

However, this will likely lead to an increase in energy bills for all households. If energy suppliers find it harder to recover debt using prepayment meters, the level of unpaid debt to them will increase and, if they can't absorb this they are likely to pass that cost on to all households.

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q9 SINGLE CODE REVERSE SCALE

Next we will ask you whether, if at all, you would accept an increase in the cost of your household's energy if it meant that Ofgem guidelines were strengthened to prevent vulnerable groups from being moved onto prepayment meters without their consent.

You will be asked to think about different amounts of increase. These will come up at random. The amounts are based on an average household energy bill. The average household energy bill is currently £2,500 per year.

NEW SCREEN FOR FIRST ITERATION SHOW

Would you accept your household's annual energy bill increasing by £x a year if it meant that vulnerable groups such as those with long-term health conditions, elderly consumers, families with young children, or other vulnerable customers were protected from being moved onto prepayment meters by their energy supplier without their consent?

FOR LATER ITERATIONS SHOW

Would you accept your household's annual energy bill increasing by £x?

RANDOMISE PRESENTATION OF ITEMS, USING VALUES SHOWN BELOW

SHOW AS % INCREASE IN BILL AND £ AMOUNT (ROUNDED) BASED ON ANNUAL BILL

| | | | | |
|----|------|------|------|-------|
| £5 | £ 30 | £ 50 | £ 75 | £ 100 |
|----|------|------|------|-------|

SELECT RANDOM START POINT FROM VALUES SHOWN IN THE TABLE

IF RESPONDENT SAYS THEY DEFINITELY WOULD NOT ACCEPT, DO NOT ASK ABOUT HIGHER LEVELS OF COST INCREASE

IF RESPONDENT SAYS THEY DEFINITELY WOULD ACCEPT, DO NOT ASK ABOUT LOWER LEVELS OF SAVINGS.

CONTINUE ASKING UNTIL REACH OPTIMAL LEVEL OF SAVINGS (MAXIMUM 5 ITERATIONS).

- a) Definitely would accept
- b) Probably would accept
- c) Might or might not accept

- d) Probably would not accept
- e) Definitely would not accept
- f) Don't know [FIXED]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

DISPLAY

Next we'd like you to think about how your household pays your bills.

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q10

MULTI CODE UP TO THREE

RANDOMISE ITEMS

Below we have listed some of the usual types of bills households pay. We are interested in how households think about paying their bills, and which they prioritise.

If your household is in a position where you can afford all of your bills, please think about a situation where you are having to make a decision around which bills your household thinks are most important to definitely pay.

PLEASE CHOOSE THE TOP THREE

Apart from your mortgage or rent, which of the following, if any, are the MOST important bills for your household to pay. Please choose the three most important.

- a) Council Tax
- b) Water
- c) Gas and/or electricity
- d) Broadband/internet
- e) Telephone/mobile phone
- f) Subscription/pay TV
- g) Loans/credit cards
- h) None of these [FIXED]
- i) Don't know [FIXED]

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it) and pays energy bill by direct debit or standard credit

Q11

SINGLE CODE

REVERSE SCALE

Please think about a situation in which your household might not be able to afford all your usual bills.

If official guidance said that your household could not be moved on to a prepayment meter without your consent if you do not pay your energy bills, would it make you more or less likely to pay your energy bills, or would it make no difference?

Please remember that if you don't pay your energy bills, even though you would not be at risk of running out of credit and being cut off, you would still build up debt which may impact on your ability to get a mortgage, loan or credit in the future.

My household would be...

- 1: A lot more likely to pay our energy bills
- 2: A little more likely to pay our energy bills
- 3: Would make no difference
- 4: A little less likely to pay our energy bills

5: A lot less likely to pay our energy bills

98: Prefer not to say [FIXED]

99: Don't know [FIXED]

The next few questions are about you and your household, so we can look at your answers alongside those of other households like yours.

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q12

SINGLE CODE

REVERSE SCALE

Which one of the following statements best describes how well you are keeping up with all of your bills and credit commitments at the moment?

Please include those you have personally or jointly with a partner or spouse.

PLEASE SELECT ONE ONLY

1. I am / we are keeping up with all bills and commitments without any difficulties
2. I am / we are keeping up with all bills and commitments, but it is a struggle from time to time
3. I am / we are keeping up with all bills and commitments, but it is a constant struggle
4. I am / we are falling behind with some bills or credit commitments
5. I am / we are having real financial problems and have fallen behind with many bills or credit commitments
6. I / we don't have any bills or credit commitments
98. Prefer not to say [EXCLUSIVE AND FIX AT END]
99. Don't know [EXCLUSIVE AND FIX AT END]

Base: Q6=1.2

Q13

SINGLE CODE

Thinking about the past 6 months, has your household fallen behind on an energy bill so that you owed money to your energy supplier?

- 1) Yes
- 2) No
- 3) Don't know
- 4) Prefer not to say

Base: Q6=3

Q14

SINGLE CODE

DO NOT ROTATE

Thinking about the past 6 months, has your household run out of credit on your pre-payment meter so that you have been temporarily disconnected from your energy supply?

- 1) Yes
- 2) No
- 3) Don't know
- 4) Prefer not to say

Base: F2: Q1 = Codes 1-3 AND Q2 = Codes 1 or 2 (Has gas and/or electricity supply and responsible for it)

Q15
MULTICODE
DO NOT ROTATE

Which, if any, of these groups of people live in your household? Please include yourself when answering.

1. Any children aged under 5
2. Any children aged 5-15
3. Any adults aged 65+
4. Anyone (adult or child) with a long-term illness, physical or mental health problem or disability which limits their daily activities or the work they can do
5. None of these [EXCLUSIVE]
6. Don't know [EXCLUSIVE]
7. Prefer not to say [EXCLUSIVE]

1.2 Focus group discussion guide

| | Key questions and probes | Time | Total |
|----------------------------------|---|------|-------|
| Introduction | <p><i>Moderator to introduce themselves, Thanks Insight and Strategy and the topic of the research:</i></p> <p><i>Moderator to explain the ground rules:</i></p> <ul style="list-style-type: none"> • There are no right or wrong answers to any of the questions, we just want to hear your honest views. Don't worry if you don't feel like you know very much about any of the topics we are discussing today. • The research findings will be anonymised. This means you will not be personally identified in any of our reporting. • The only exception to this is if you say something that gives me reason to think you or someone else is at risk of harm. In the unlikely event that this happens, we may be legally obliged to pass this information on to the relevant authorities. • You may all have very different experiences and opinions and you may disagree, which is absolutely fine, but let's please be respectful of each other's views. • You can opt out of the research at any time before the end of this session. We won't then provide your input to the report. • We'll be talking for 90 minutes – finishing up at [XXX]. • Incentives for this phase will be paid by Ayda <p><i>Moderator to cover:</i></p> <ul style="list-style-type: none"> • <i>Introduce any observers / colleagues / clients in the room.</i> • <i>Obtain permission to video record the research session and recap how the recording will be used.</i> • <i>Offer participants the opportunity to ask questions about the research process.</i> <p><i>Moderator to ask all participants to introduce themselves, including:</i></p> <ul style="list-style-type: none"> • Your first name. • Where you live and who you live with | 5 | 5 |
| Spontaneous views of PPMs | <p>We will be talking about pre-payment meters in today's session.</p> <ul style="list-style-type: none"> • <i>Dependent on group moderator to ask different lead-in question:</i> <ul style="list-style-type: none"> ○ <i>[For groups 1-3] In the chat please could you write down the first three words that come to mind when you hear the phrase 'pre-payment meter'.</i> ○ <i>[For groups 4-5] We have a mixture of people in this group who may or may not use a pre-payment meter. In the chat please could you write down the first three words that come to mind when you hear the phrase 'pre-payment meter'.</i> ○ <i>[For group 6] Everyone in this group uses a pre-payment meter for their energy. In the chat please could you write down the first three words that come to mind when you think about your experience using a pre-payment meter.</i> ○ <i>For each, moderator to pick up on any themes before moving on.</i> • What reason, if any, do you think that someone might be on a PPM? <ul style="list-style-type: none"> ○ What could be beneficial about being on a PPM compared to another payment method? ○ What could be detrimental about it? | 10 | 15 |

| | | | |
|--|--|----|----|
| | <ul style="list-style-type: none"> To what extent, if at all, have you heard about pre-payment meters in the news recently? <i>If participants have heard follow-up with:</i> <ul style="list-style-type: none"> Where had you heard about them? What had you heard about them? | | |
| Initial information sharing and spontaneous responses | <p>I'd now like to take you through some information about prepayment meters.</p> <ul style="list-style-type: none"> <i>Moderator to present stimulus deck up to slide 5</i> <i>Moderator to pause at the following slides and ask the following:</i> <ul style="list-style-type: none"> <i>Slide 2 – What do you think of this? Does it seem fair?</i> <i>Slide 4 – Can you think of any groups that might be particularly vulnerable when it comes to self-disconnection?</i> <i>Slide 5 – What do you think of the idea that debts being written off can lead to increased bills for all customers?</i> <p>Does anyone have any questions about the information I've just talked though?</p> <ul style="list-style-type: none"> <i>Moderator to show slide 6 and take any questions on the clarity of the information (using Ofgem's 'cheat sheet' to answer) and parking any questions that will be covered in subsequent information and/or subsequent discussion</i> <p>What is your immediate reaction to the information I've just told you?</p> <ul style="list-style-type: none"> <i>Moderator to show slide 7 and record broad responses onto a PowerPoint slide, using this as an opportunity to 'park' responses that are not directly relevant to the research (i.e. about energy company profits, etc.)</i> What, if anything, do you think is good about the current system regarding PPM installation for debt? What, if anything, do you not like about the current system? What, if anything, would you change? <p>I'd now like to give you some more information about PPMs and debt collection.</p> <ul style="list-style-type: none"> <i>Moderator to present slides 8 to 12.</i> <p>Does anyone have any questions about the information I've just talked though?</p> <ul style="list-style-type: none"> <i>Moderator to show slide 13 and take any questions on the clarity of the information (using Ofgem's 'cheat sheet' to answer) and parking any questions that will be covered in subsequent information and/or subsequent discussion</i> <p>What is your immediate reaction to the information I've just told you?</p> <ul style="list-style-type: none"> <i>Moderator to show slide 14 and record broad responses onto a PowerPoint slide, using this as an opportunity to 'park' responses that are not directly relevant to the research (i.e. about energy company profits, etc.)</i> What, if anything, do you think is good about the current system? What, if anything, do you not like about the current system? What, if anything, would you change? | 25 | 40 |
| Who should be protected? | <p>I'd now like to talk a bit about the groups who could be protected.</p> <ul style="list-style-type: none"> <i>Moderator to present slides 15 to 17.</i> | 40 | 80 |

What do you think of the guidance that Ofgem gives to suppliers to decide whether it is safe, easy and practicable for a customer to have a PPM fitted?

- Why do you say this?

Do you think there are any additional groups of consumers that you think should be protected which the current guidance don't protect?

- *Moderator to record responses onto slide 18 and note whether any of the types of groups covered later in the session are raised spontaneously*
- Who are they? Why do you think they should be protected?
- *[If participants say 'everyone' moderator to ask] Which groups should be the biggest priority for Ofgem to protect? Why should they be a priority?*
- Are there any types of people who you think might need protecting but you're not sure about? For example:
 - You might think that there are some types of people who are temporarily vulnerable that should be protected, but only for a limited amount of time
 - Or that there are some issues which aren't serious enough by themselves to mean someone needs to be protected, but might be serious enough when combined with another issue

You might remember that if the amount of debt that has to be written off goes up, then all energy bills will increase. Bearing that in mind, how much, if anything, extra are you willing to pay to protect those additional groups you just mentioned?

- *Moderator to record answers into slide 19*
- *Moderator to probe around why participants say they are willing to pay that much, noting references to affordability for them personally*

Ofgem is interested in whether a broader group of consumers should be protected. We're now going to talk through each of these groups in turn.

- *Moderator to present slide 20, before covering each new group in turn on the subsequent slides (21-25) rotating the order they are shown in between groups. For each moderator to ask:*
 - To what extent, if at all, do you think this group should be protected, even if they currently aren't? Why do you think that?
 - How much extra, if anything, would you be willing to pay to protect this group? Why do you say that?
 - *Moderator note – please probe on the considerations rather than the exact amount*

Now that we've looked at all those groups, I want to double-check that we're all happy with how we've answered those questions.

- *Moderator to complete slide 26*
- Looking at this slide, is there anything you'd change in terms of your responses? If yes, what and why?

Would the amount extra that you are willing to pay increase at all having had this discussion about these additional groups?

- *Moderator to share slide 27, including reminder participants of the figures they gave earlier in the discussion if necessary*
- *[If yes] How would you change it? Why do you say that?*

| | | | |
|---------------------------|---|----|----|
| | <ul style="list-style-type: none"> • <i>[If no] Why not?</i> | | |
| Willingness to pay | <p>I'd now like to give you some more information about the cost implications of changing the PPM guidance.</p> <ul style="list-style-type: none"> • <i>Moderator to talk through slides 28 and 29</i> <p>Thinking about the potential impact on your energy bill...</p> <ul style="list-style-type: none"> • To what extent would you be willing to pay more to protect the groups we just talked about? Why / why not? • What are the factors that make you more or less likely to feel willing to pay more to protect different groups? <p>And if you were in charge of Ofgem, what decision would you make?</p> <ul style="list-style-type: none"> • What factors would you take into consideration? Why would they be important? <p>I'd now like to talk about the potential for a "won't pay" group to emerge.</p> <ul style="list-style-type: none"> • <i>Moderator to show slide 30</i> • How, if at all, does it change how you feel about how willing you are to pay to protect vulnerable consumers from having a PPM installed? | 10 | 85 |
| Wrap-up and close | <i>Remind participants to upload payment details to Ayda, thank and close.</i> | - | 90 |

Our standards and accreditations

Ipsos' standards and accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Our focus on quality and continuous improvement means we have embedded a "right first time" approach throughout our organisation.



ISO 20252

This is the international market research specific standard that supersedes BS 7911/MRQSA and incorporates IQCS (Interviewer Quality Control Scheme). It covers the five stages of a Market Research project. Ipsos was the first company in the world to gain this accreditation.



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ISO 9001

This is the international general company standard with a focus on continual improvement through quality management systems. In 1994, we became one of the early adopters of the ISO 9001 business standard.



ISO 27001

This is the international standard for information security, designed to ensure the selection of adequate and proportionate security controls. Ipsos was the first research company in the UK to be awarded this in August 2008.



The UK General Data Protection Regulation (GDPR) and the UK Data Protection Act (DPA) 2018

Ipsos is required to comply with the UK GDPR and the UK DPA. It covers the processing of personal data and the protection of privacy.



HMG Cyber Essentials

This is a government-backed scheme and a key deliverable of the UK's National Cyber Security Programme. Ipsos was assessment-validated for Cyber Essentials certification in 2016. Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet.



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Ipsos is signed up as a "Fair Data" company, agreeing to adhere to 10 core principles. The principles support and complement other standards such as ISOs, and the requirements of Data Protection legislation.

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