

Social Action Plan

Annual Review

March 2002

Executive summary

Around four million households in Great Britain are in fuel poverty, which means that they would need to spend more than 10% of their household income on energy to maintain a satisfactorily warm home. Low income, poor housing conditions and energy costs contribute to the causes of fuel poverty. Ofgem published a Social Action Plan in March 2000 bringing together the work it is undertaking, with other partners, to tackle fuel poverty.

The past year

During the period of this review the Government consulted on its Fuel Poverty Strategy, which was finalised in November 2001. Ofgem welcomes the opportunity to contribute to the Strategy, which highlights the need for energy companies to work alongside a range of other organisations.

Ofgem has encouraged companies to innovate. A welcome development has been the introduction of a range of specific initiatives designed to reach fuel poor customers. Many of these combine easy payment methods with help from energy efficiency programmes. A number of these initiatives have been further developed during the period of this review and help to widen the benefits of competition. Research undertaken for Ofgem by MORI found that switching is now fairly even across all social groups, and extends to prepayment meter customers.

Work has been undertaken in several key areas to improve access to competition further, and to ensure licence obligations are met. With encouragement from Ofgem, the major suppliers have mounted a trial to test a new debt assignment process to enable prepayment meter customers to transfer with their debts. Improvements have been put in place to improve operation of the Fuel Direct scheme. Ofgem hosted an Energy Efficiency Advice 'Summit', bringing together suppliers and other organisations to consider the provision of energy efficiency advice. Improvements have been made to the monitoring of social obligations which suppliers have to meet. A wide range of data is now updated quarterly and published on Ofgem's website, and forms the basis for a number of the Social Action Plan key indicators.

An important element of the Social Action Plan has been a programme of seven research projects to understand better the needs of vulnerable customers. Some of the key findings concern prepayment meter customers, who are generally happy with their payment method because this provides a helpful means of financial control. Poverty and life change triggers are the main causes of long term debt. Help should extend to advice on energy efficiency improvements. Research suggests advice needs to be promoted more effectively to achieve an impact. Suppliers can benefit by working with trusted agencies at local level to help in reaching vulnerable customers. These findings will inform Ofgem's further work.

The coming year

Ofgem will be concentrating on a number of priority areas over the coming year. We will be publishing the results of 'mystery shopper' research into the quality of energy efficiency advice given by suppliers, and considering further steps needed to promote good practice. Working with an advisory group established with energywatch, we will be identifying good practice in debt prevention and management. Ofgem will continue to work with suppliers with the aim of achieving reform in the practice of 'debt blocking', to enable customers in debt to transfer suppliers.

Further work will be undertaken to help prepayment meter customers. This includes work with suppliers to minimise self-disconnections for the significant minority of customers affected, work on ensuring suppliers promote alternative payment options where these are suitable, and work in connection with the metering strategy to promote greater competition, innovation and choice in metering. We will continue to examine potential options for the development of social banking initiatives, which extend the provision and use of financial services such as direct debit. We will hold a seminar bringing together a number of organisations, including water companies, to discuss options for improving Fuel Direct.

There are some customer groups who may need help to get the full benefits from competition, including older people, ethnic minority groups for whom English is not their first language, and some customers in rural areas. We will be working with partner organisations to identify the needs of such customers.

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1. Introduction

Purpose of this document

1.1 In March 2000 Ofgem published its *Social Action Plan*, which set out a programme of work for Ofgem to undertake, with others, to tackle fuel poverty. This document reviews the second year of the Social Action Plan, and in particular:

- ◆ identifies the policy initiatives that have been pursued in the past year to increase protection for vulnerable customers and improve their access to the competitive market;
- ◆ considers the results of the research projects that were announced in March 2000;
- ◆ reports on how the industry and others have responded to the social agenda; and
- ◆ describes how Ofgem will continue to make a contribution to reducing fuel poverty over the coming year.

Background

1.2 It is estimated that four million households in the UK are in fuel poverty, which means that they would need to spend more than 10% of their household income on energy to maintain a satisfactorily warm home. Low income, poor housing conditions, and energy costs contribute to the causes of fuel poverty.

Government's Fuel Poverty Strategy

1.3 Following consultation on the draft, the Government published its final Fuel Poverty Strategy in November 2001¹. This commits the Government to bringing an end to the blight of fuel poverty for vulnerable households by 2010. The vulnerable households are defined to include pensioners, families with children, the disabled and those with a long-term illness. The Government intends to tackle fuel poverty in other households once progress has been made on the priority vulnerable groups.

¹ The UK Fuel Poverty Strategy, published by DEFRA and DTI, November 2001

- 1.4 Ofgem welcomes the Government's Fuel Poverty Strategy, and is committed to continuing to work in partnership with Government, industry and other agencies to help tackle fuel poverty. The Social Action Plan provides the focus for this important activity for Ofgem.

Ofgem's duties

- 1.5 Ofgem's principal duty is to protect the interests of present and future consumers, wherever appropriate by promoting competition². A number of secondary duties are relevant to vulnerable customers. We have a duty to consider the interests of consumers who are disabled or chronically sick, those of pensionable age, on low incomes and those living in rural areas.
- 1.6 In addition, the Secretary of State can give guidance to Ofgem on social and environmental issues relevant to Ofgem's work. Ofgem will have to 'have regard to' this guidance in carrying out its functions. A draft of the guidance was issued for consultation in May 2001 by DTI. This made it clear that where the Government wishes to implement social or environmental measures which would have significant financial implications for consumers, or for the regulated companies, these will be implemented by means of specific legal provision. Ofgem will take account of the guidance, when finalised, in the further development of the Social Action Plan.

² As set out in the Gas and Electricity Acts, as amended by the Utilities Act 2000

2. Overview

Progress to date

- 2.1 The Social Action Plan has been in place for two years. It has focused on those areas where Ofgem, working with industry and others, can make the most positive contribution to reductions in fuel poverty. Overall, the main impacts have been in:
- (i) reductions in fuel prices: it is estimated that the pressures of strong regulation and competition on fuel prices has accounted for 1 million out of the 1.5 million customers taken out of fuel poverty in Great Britain between 1996 and 2000;
 - (ii) improvements in access to competition: switching is now fairly even across all social groups, and extends to prepayment meter customers; and
 - (iii) developments in innovative schemes by suppliers which address the needs of fuel poor households: examples include TXU's Staywarm, British Gas's Warm-a-life and Scottish Power's NESTmakers schemes.
- 2.2 The initial Plan identified four specific areas of work: licence changes; monitoring; regulatory and policy initiatives; and a programme of research. Good progress has been made on these areas, notably:
- ◆ following licence changes, enhancements have been made to suppliers' codes of practice to improve delivery of social obligations. The codes cover payment methods, prepayment meters, energy efficiency advice, and services to elderly, disabled and chronically sick customers. Several new Codes have been developed covering the obligations of electricity distribution companies and gas transporters;
 - ◆ improved arrangements have been made for monitoring the codes of practice³, including regular publication of data on suppliers'

³ Monitoring domestic electricity and gas suppliers' performance under their codes of practice, published by Ofgem, February 2001. 12/01

performance. This data includes a set of Social Action Plan key indicators;

- ◆ a working group has undertaken a review of Fuel Direct and recommended improvements to the scheme;
- ◆ with support from Ofgem, an industry working group is examining a potential new process to enable prepayment meter customers with debts to transfer supplier;
- ◆ a series of seven research projects has been completed. The research increases our understanding of fuel poverty issues. Further work has commenced in several areas to take the findings forward;
- ◆ Ofgem has hosted an Energy Efficiency Advice 'Summit', bringing together key players to discuss ways of improving the delivery of energy efficiency advice to disadvantaged groups;
- ◆ research into the quality of energy suppliers' energy efficiency advice services has begun;
- ◆ work has started, jointly with energywatch, on a project to establish good practice in the management and prevention of debt. An advisory group has been established to guide this work;
- ◆ steps have been taken to improve communication of our work on the Plan through an enhanced website and a quarterly newsletter; and
- ◆ also associated with the Social Action Plan has been the Energy Efficiency Standards of Performance Programme (EESoPs) 2000-2, under which suppliers have had to target at least 65% of their efforts on disadvantaged customers. A new scheme, the Energy Efficiency Commitment (EEC), starts on 1 April 2002.

Development of competition

- 2.3 Ofgem continues to undertake in-depth research into the development of competition. Further research by MORI was published in November 2001⁴. This indicated that competition in gas and electricity supply is now highly developed and vigorous. Around 170,000 customers are currently switching suppliers each week, and around 15 million are no longer with the former incumbents. These switching rates are much higher than in comparable markets such as banking, fixed telecommunications or household insurance. MORI found that all customer groups are switching. Vulnerable customers such as those on low incomes, the disabled and one-parent families, are as likely as others to switch. Pensioners are somewhat less likely to have switched than others.
- 2.4 Significantly, switching rates for prepayment customers are double what they were in 2000. Prepayment customers are now offered a wide range of discounts, and are as likely to switch as those paying on a standard credit tariff. An average prepayment meter customer can save up to £20 in gas by switching from British Gas, and some customers can save up to £30 in electricity and £40 by switching both fuels at once.
- 2.5 For the period of this review, over 70 per cent of all gas customers and half of all electricity customers were on tariffs which were not price controlled. Ofgem considered very carefully the extent to which there would be benefit in retaining the price controls on the remaining parts of the market, in particular prepayment meter customers, beyond April 2002. In the light of the development of competition, Ofgem decided that the best way of protecting customers' interests into the future would be by the vigorous use of its competition and consumer law powers, rather than further specific supply price controls. The Gas and Electricity Markets Authority, which governs Ofgem, announced its conclusions and final proposals for lifting all remaining supply price controls from April 2002 on 15 February 2002⁵.

⁴ Experience of the competitive domestic electricity and gas markets: Research study conducted for Ofgem by MORI, November 2001, 72/02

⁵ Review of domestic gas and electricity competition and supply price regulation. Conclusions and final proposals, February 2002, 16/02

Monitoring and communication of results

- 2.6 A significant task during the year has been to ensure that suppliers properly implement new arrangements for monitoring compliance with their social obligations. A wide range of data is collected from suppliers, which is updated quarterly and published on Ofgem's website. This includes information on payment methods, disconnections, debt levels, take up of special services and energy efficiency advice. In addition, Ofgem has worked hard to ensure suppliers publish informative reports annually on their performance.
- 2.7 An important element of the Plan has been the development of 12 key indicators to monitor progress. The monitoring data forms the basis for a number of the Plan's key indicators, which are reviewed in appendix 1.
- 2.8 Ofgem regards it as important to keep other organisations informed about the progress of its work. To do this, regular newsletters are published providing information on current projects and research. Ofgem has also hosted a number of meetings during the year to present research findings and other work relevant to the Plan.

Research findings

- 2.9 A core activity has been the promotion of a series of research projects designed to establish the direct experience and needs of customers to help inform future policy making. All seven research projects identified in the Plan have been completed. Section 5 includes summaries of four research projects completed in the period of this review. Details of all the projects and their aims are given in appendix 3.
- 2.10 We have been struck by the consistency of the research results and the number of common themes emerging. The high level of overall satisfaction with prepayment meters comes through strongly. This arises from the fact that a large proportion of these customers value the assistance that these meters provide with budgeting. It is clear that many of these customers are reluctant to consider an alternative payment method, because of a fear of running up debt. It is important for suppliers to make efforts to ensure customers who need to budget benefit from energy efficiency programmes. It is also clear that some customers

can benefit from a more targeted approach to their needs, through delivery of help by suppliers working in partnership with trusted local agencies. A summary of the conclusions of all the research can be found in section 5.

2.11 Ofgem is grateful to the industry sponsors who have financed and participated in the research programmes, specifically:

- ◆ The Electricity Association (EA) Fuel Poverty Task Force
- ◆ London Electricity Group
- ◆ Norweb/TXU Energi
- ◆ Innogy
- ◆ Powergen
- ◆ Scottish and Southern Energy

Fuel Poverty Strategy

2.12 Ofgem supports the programme of work for tackling fuel poverty in the Government's strategy. The contribution of the energy companies includes: improving access to competition; developing payment methods which meet low-income customers' needs; taking a sympathetic approach to tackling debt; and developing accessible and innovative energy efficiency programmes. Energy companies can also contribute to the identification of 'at risk' customers needing help. It is important that they work in partnership with other organisations involved with fuel poverty such as housing authorities, consumer agencies and grants funding bodies. An example of this partnership approach is the close involvement of a number of energy companies in the Warm Zones (appendix 2 includes details).

2.13 Ofgem also welcomes the establishment of a Fuel Poverty Advisory Group by the Government to advise on delivery of the Strategy in England (an advisory group has also been established in Scotland under the chairmanship of Geoff Huggins, Scottish Executive). This group, under the chairmanship of Peter Lehmann, comprises senior level representatives from energy companies, local

government, consumer and fuel poverty agencies. It will report annually to the inter-Ministerial Group, of which Callum McCarthy is a member. It is helpful that a number of members of Ofgem's Social Action Plan Review Group are also members of the Advisory Group.

Review Group

2.14 Current membership of the Social Action Plan Review Group is as follows:

Charles Berry, Director, Energy Supplies Division, Scottish Power

Mark Clare, Managing Director, British Gas*

William Gillis, Director, National Energy Action*

Peter Lehmann, Chairman, Energy Saving Trust (EST) and Fuel Poverty Advisory Group*

Joan McNaughton, Director General (Energy), Department of Trade & Industry

Dr Gill Owen, Chairman, Public Utilities Access Forum*

Ann Robinson, Chairman, energywatch*

Phillip Turberville, Chief Executive, TXU Europe

(* denotes a member of Fuel Poverty Advisory Group)

2.15 The Review Group has met on two occasions during the period of this review. The Group has discussed progress on the projects described in this report, and contributed to defining the programme of work for the coming year which is described below.

Priorities for the coming year

2.16 Ofgem will be building on the progress so far in its programme of work for 2002-3. The main project areas for the coming year are:

Energy Efficiency Advice

2.17 Suppliers are obliged to provide energy efficiency advice to customers on request. Ofgem will be undertaking further work to promote good practice. Ofgem's monitoring and research indicates that the take up of advice is very low. We know little about the quality of advice that is given, or whether customers find this useful. To gain a fuller picture, 'mystery shopper' research is being undertaken to test the quality of suppliers' advice services. We are also seeking customers' views about advice given. Ofgem will publish the research results, which are due in May 2002. In the light of the research, Ofgem plans to develop best practice guidelines for suppliers to follow. This work will build upon the Energy Efficiency Advice 'Summit' Ofgem organised in July 2001, and research by Dr Brenda Boardman for the Electricity Association⁶.

Debt prevention and management

2.18 Ofgem is working with energywatch on a joint project to identify good practice in debt prevention and management. An advisory group, under the chairmanship of Peter Lehmann (Chairman of the Energy Saving Trust and the Government's Fuel Poverty Advisory Group), and comprising representatives of suppliers and consumer groups, is developing recommendations. These will take account of the research carried out by Powergen⁷ into debt management which was described in last year's review.

2.19 Implementation of good practice in this area should have several benefits. Apart from reducing the overhead of debt on companies, customers should benefit through fewer disconnections, less need for prepayment meters, and easier access to competition. The objective is to publish draft guidelines by June.

Debt Blocking

2.20 Ofgem continues to seek reform of the practice of 'debt blocking', which suppliers use to prevent the transfer of customers in debt. As described in last year's review, a series of proposals have been made over the last two years to abolish or limit the use of 'debt blocking', but it has been difficult to make progress. Most recently, the major suppliers have mounted a three-month trial,

⁶ Effective advice: Energy efficiency and the disadvantaged, published by the Environmental Change Institute at the University of Oxford, December 2000

⁷ Scope for better prevention and management of debt, published by Diagnostics Social & Market Research

which started on 1 December 2001, to test a new process of debt assignment to enable prepayment meter customers to transfer supplier with their debts.

- 2.21 The next step, building on the lessons and evaluation of the trial, is to work with suppliers on a plan to improve and automate this new debt assignment process. It is Ofgem's objective that this should lead on to proposals later this year for licence changes to make the new process permanent. Ofgem intends to concentrate on prepayment meter customers for the moment.

Prepayment meters

- 2.22 Ofgem will be undertaking work in further areas relating to prepayment meters. Ofgem is encouraging companies to provide prepayment customers with improved information about their meters to help minimise self-disconnections. We shall review the progress suppliers have made in this area in July.
- 2.23 Research by Scottish and Southern Energy (SSE)⁸ (see section 5) also suggests that a significant minority – largely owner/occupiers with bank accounts – may be responsive to a change of payment method. Ofgem will be encouraging suppliers to ensure these customers are aware of the option of changing from a prepayment meter to a cheaper payment method.
- 2.24 Ofgem is keen to promote competition in the provision of meters, to encourage innovation and cut costs. The metering strategy should help bring forward improvements in prepayment meters, where there is scope for use of new technology. During the coming year, Ofgem will be reviewing the infrastructure which supports prepayment, to see how this needs to develop into the future.

Financial Services

- 2.25 Ofgem sees a considerable overlap between customers in fuel poverty and those who do not have access to the normal range of financial services. The development of basic bank accounts by the High Street Banks, and development of universal banking services available through Post Offices, are significant steps in overcoming financial exclusion. These developments are closely linked with the Government's plans to make automated credit transfer (ACT) into bank accounts the norm for payment of benefits from April 2003. We will continue to

⁸ Prepayment meter customer switching, published by Scottish and Southern Energy plc, January 2002

use all the influence we can to encourage suppliers, banks, and the Post Office to work together to extend the option of paying by direct debit to more low-income customers.

- 2.26 Ofgem is also involved, through one of the Social Action Plan research projects, in encouraging the development of credit unions as a means of tackling fuel poverty and financial exclusion at a local level. With other partners, this will involve following up the 'Factor Four' research (see section 5) to establish if three pilot schemes in Portsmouth, Birmingham and Liverpool can proceed later this year⁹.

Fuel Direct

- 2.27 As part of our work to make the Fuel Direct scheme work more effectively for specific groups of vulnerable customers, Ofgem wants to ensure that users of the scheme get fair treatment when the payment of benefits by ACT into bank accounts increases from 2003. Ofgem will be supporting the development of an electronic interface for Fuel Direct, working with suppliers and the Benefits Agency, as well as continuing to discuss a potential new scheme to operate via the Universal Bank. Ofgem will be hosting a seminar in the summer bringing these organisations and water companies together to discuss how progress can be made.

Vulnerable groups

- 2.28 There are a number of customer groups who may need particular help to get the full benefits from competition. Ofgem plans further work to identify their needs. This will follow up Social Action Plan research into the needs and identification of vulnerable groups (see LE Group research, section 5). For each group of vulnerable customers who may need special help, Ofgem aims to work in partnership with organisations who have a particular involvement with that group. We plan to work with Age Concern on a joint information campaign to increase awareness and confidence of older people on switching suppliers. This campaign will be launched in September/October 2002, at the start of the heating season, when it should make most impact. Ofgem also plans to examine the needs of ethnic minority groups - particularly those for whom

English is not their first language - where we believe agencies working at local level can help improve awareness of energy efficiency and other fuel related issues. Ofgem will also be supporting the DTI's work on rural fuel poverty in following up their report on extending access to gas networks. We will be monitoring the delivery of the range of special services which suppliers are obliged to provide to vulnerable customers.

⁹ Ending fuel poverty and financial exclusion: A Factor Four approach, published by NEA, NEF, npower, PFRC and Ofgem, March 2002

3. Developing competition

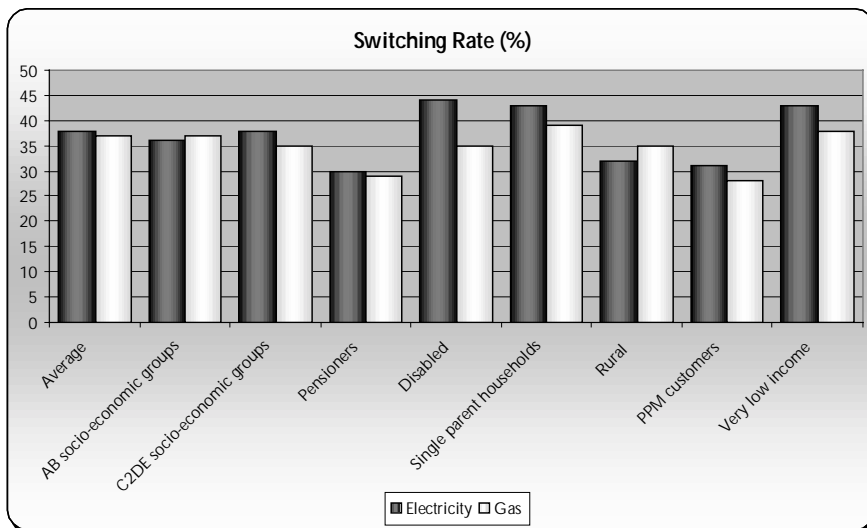
- 3.1 A key element to the Social Action Plan is ensuring that all customers, in particular those who are vulnerable, are able to benefit from competition. Progress is monitored through market research.

Switching rates

- 3.2 The latest research conducted by MORI for Ofgem into the domestic competitive market found that more customers are switching supplier, across all social groups, than in previous surveys¹⁰. The new survey, carried out for Ofgem during August and September 2001, found that overall 38% of electricity customers and 37% of gas customers have switched supplier at least once. This compares with switching rates of 19% and 28% respectively in the previous MORI survey, conducted during September and October 2000.

Switching across customer groups

- 3.3 Many disadvantaged customers are switching at or around the average rate. The following graph and table shows how switching rates for a range of different customer groups compare with the average:



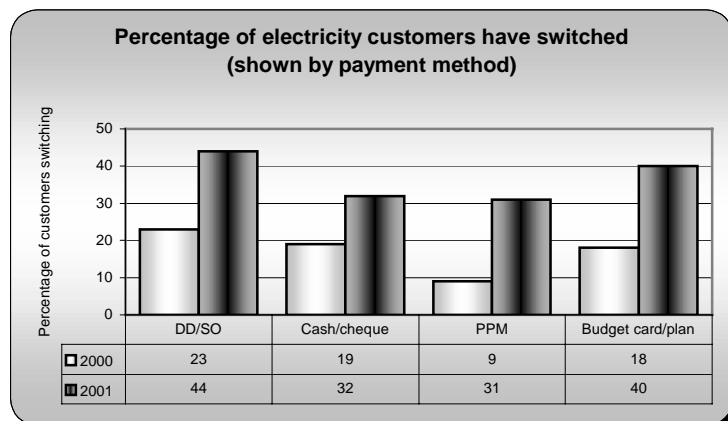
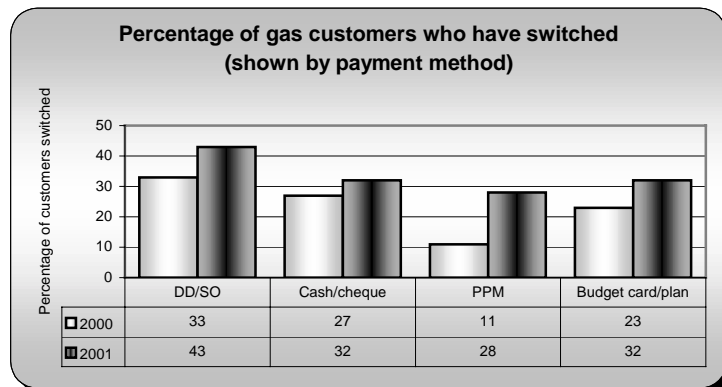
¹⁰ Experience of the competitive domestic electricity and gas market: Research conducted for Ofgem by MORI, published by Ofgem, November 2001, 72/01

Switching rate (%)	Electricity	Gas
Average	38	37
AB socio-economic groups	36	37
C2DE socio-economic groups	37-41	32-37
Pensioners	30	29
Disabled	44	35
Single parent households	43	39
Rural	32	35
PPM customers	31	28
Very low income	43	38

3.4 The table shows that pensioners have switched less than average. Ofgem is working with Age Concern on a publicity campaign to draw the attention of older people to the benefits and ease of switching supplier. This campaign will be launched in autumn 2002.

Switching across payment method

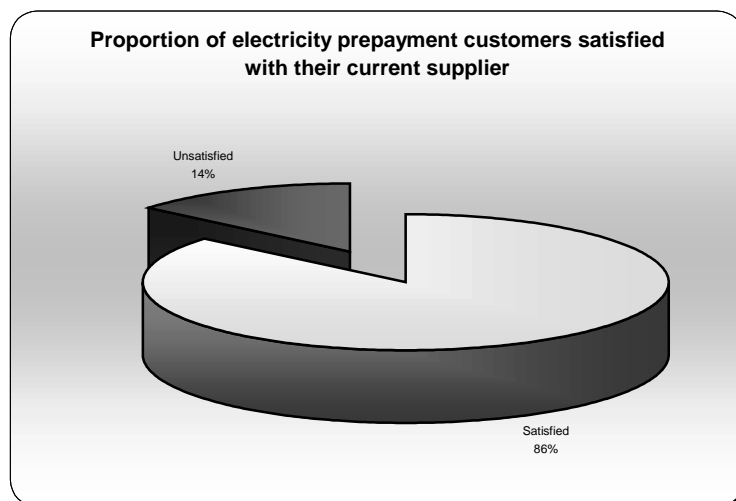
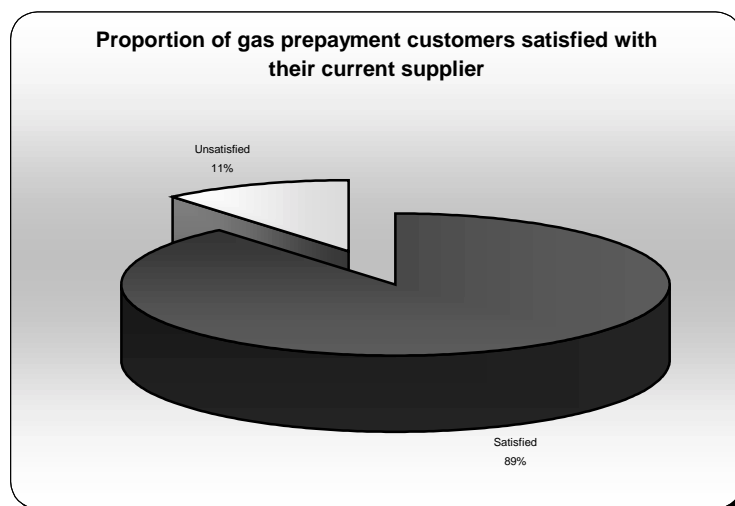
3.5 Mori's research also shows that competition is now more evenly established across all methods of payment, including prepayment. The following graphs compare progress between 2000 and 2001.



Prepayment meter customers

3.6 A number of additional factors show how prepayment customers switching supplier can benefit:

- ◆ For electricity customers with average consumption, the number of suppliers offering cheaper prepayment prices than the incumbent ranges from 2 to 9, with savings ranging from 1% to 8%;
- ◆ For gas customers with average consumption, there are currently 9 suppliers offering cheaper prepayment prices than British Gas and the average saving is nearly 5%;
- ◆ 9 out of 10 prepayment customers report no difficulty in changing supplier, and the majority (86%) are satisfied or very satisfied with the service provided, as the charts below indicate:



Industry schemes

- 3.7 Ofgem has encouraged suppliers to find innovative approaches to tackling fuel poverty and extending the benefits of competition. In last year's review we gave details of a number of initiatives. We welcome the fact that during 2001 suppliers have not only expanded existing initiatives, but also introduced some new ones.

Prepayment meters

- 3.8 Some suppliers have worked at reducing the additional amount prepayment customers have to pay. London Electricity / SWEB introduced its 'Powerkey Plus' pilot in May 2001. This aims to reduce the prepayment meter surcharge by encouraging prepayment customers to manage aspects of the Powerkey meter more cost effectively. By reducing the need for callouts to customers the scheme aims to achieve lower operating costs, and hence reduce prices charged to prepayment customers.
- 3.9 Scottish and Southern Energy has introduced a scheme called Equipower for electricity customers. The scheme is similar to the Equigas scheme, which is available to gas customers. All customers on these schemes pay the same unit price, regardless of their chosen payment method. There is no standing charge. In effect, direct debit and quarterly pay customers forego some of their discount to subsidise prepayment customers.
- 3.10 Powergen has reduced its prepayment meter surcharge from £15 to £8 per year, and aims to abolish the surcharge completely by 2005.

New ways to pay

- 3.11 British Gas launched the Jigsaw payment scheme in 2001. This scheme, run in conjunction with Bank of Scotland, allows regular cash payers to receive direct debit savings. Customers continue to pay regularly through Paypoint agents, but the payments go in to a basic bank account with a direct debit facility, which allows the customer to benefit from a cheaper tariff.
- 3.12 HelpCo, in partnership with Scottish Power and London Electricity, operates a scheme which allows regular cash payment customers to benefit from direct

debit discounts. Customers pay regularly in cash to HelpCo, which then pays the supplier by monthly direct debit. Savings are passed back to the customer. This scheme, which includes help with energy efficiency, has been expanded in 2001.

- 3.13 TXU's Staywarm tariff, launched as a pilot in 2000, has recently been rolled-out nationally. Under the scheme, qualifying customers over 60 years of age pay a fixed annual amount based on the size of their premises. Since the annual amount is fixed, customers can leave their heating on during cold periods without the fear of running up increased bills.

Targeting resources

- 3.14 It is important that resources are targeted at those customers in need of help. Suppliers are making efforts to identify such customers. Help can be provided in the form of energy efficiency advice, Warm Front grants or the suppliers own energy efficiency programmes, and in some cases a 'benefits health check'.
- 3.15 British Gas has developed 'Warm-a-life'. This is aimed at regular cash payers and prepayment customers, and provides a package of measures to reduce energy bills. The scheme, which was originally launched in 2000, has recently been re-launched as 'Warm-a-life II'. Help includes referral to energy efficiency advice and grants, provision of a free 'benefits health check', a one-off reduction in gas bills and a guaranteed cap on the price of electricity until 2004. Scottish Power's 'NESTmakers' (Neighbourhood Energy Services Team) scheme, run jointly with the EAGA partnership, takes a similar approach.
- 3.16 npower's 'Health Through Warmth' scheme improves access to energy efficiency programmes for people at risk of poor health due to cold and damp homes. The scheme is run in partnership with the NHS and National Energy Action. It has resulted in nearly £1 million of grant aid in the West Midlands. The scheme has now been expanded into a national project. With funding by npower, 20,000 nurses and care workers will be trained to help spot people at risk from fuel poverty and refer them on to sources of help.
- 3.17 Seeboard have developed a new programme with the Energy Conservation and Solar Centre called EnergyCare Network. The programme targets areas where

there is a high incidence of fuel poverty. The aim is to link fuel poor households to available grants and support services.

Pricing information

- 3.18 In October 2001 Ofgem transferred responsibility for the production of price comparison factsheets to energywatch. Responsibility for administering the voluntary code, which Ofgem developed for accrediting independent price comparison services, also transferred to energywatch in December 2001. 330,000 factsheets were downloaded from the Ofgem website between January and October 2001, when responsibility transferred to energywatch.

Transfer of customers in debt

- 3.19 In last year's Social Action Plan report, we described the efforts Ofgem had been making to reform the arrangements which entitle suppliers to block the transfer of customers in debt. Ofgem had made several proposals to remove or reduce the practice of 'debt blocking', but these had been rejected by suppliers. We therefore commenced discussions with suppliers about possible ways forward.
- 3.20 As a result, a debt working group was constituted by suppliers under the chairmanship of British Gas, with a remit to 'review the principles of debt blocking and assignment for domestic gas and electricity customers, giving consideration to a range of proposals for solutions that will allow customers in debt to transfer supplier'. Several possible solutions were considered, leading to the decision by the group to mount a trial for prepayment customers adopting the following key principles:
- ◆ debts should be 'assigned' between suppliers, the new supplier taking over responsibility from the outgoing supplier for collection of the outstanding debt from the time of transfer;
 - ◆ customer transfers should not take place until the customer and the two suppliers agree that the debt should be assigned;
 - ◆ the value of the debt should be factored, in order to incentivise the new supplier taking over the debt. The standard approach for the trial is for the new supplier to pay the old supplier 90% of the value of the debt.

- 3.21 The group developed a code of practice detailing the various processes needed for assignment. At the trial stage many of these processes were not fully automated so methods of communicating, using email, were agreed, and arrangements made for monitoring the effectiveness of each stage. Most of the detailed work on the code of practice has been undertaken by a technical sub-group chaired by Powergen. Two issues have added to the complexity of drawing up these arrangements, these being compliance with VAT rules and the Data Protection Act (DPA).
- 3.22 The group sought advice from HM Customs and Excise about liability for VAT on assigned debts. In order to satisfy VAT rules, arrangements have needed to be made to satisfy Customs and Excise that the original supplier will account for all VAT payable, even though responsibility for collecting the debt will pass to the company taking over the supply. A further complexity is compliance with the DPA, which requires that customers give consent before information about their debts passes between one supplier and another. Responsibility for obtaining the customer's consent can rest with the outgoing or incoming supplier. Both routes for obtaining consent are being tested and one of the outputs of the trial will be experience with these.
- 3.23 The code of practice provides for the following basic steps in the process:
- i) the new supplier submits a request to the old supplier to transfer the customer;
 - ii) the old supplier notifies the new supplier of the details of the customer's outstanding debt (subject to the customer giving consent to disclosure of debt information);
 - iii) the customer agrees the terms for repayment with the new supplier, who asks the old supplier to proceed with assignment of the debt;
 - iv) the customer switches to the new supplier;
 - v) the new supplier pays the old supplier for the assigned debt at an agreed rate (normally 90% of value) and commences recovery of debt on terms as agreed with the customer; and

vi) the old supplier ensures VAT on the debt is accounted for.

3.24 The trial commenced on 1 December 2001 for three months for prepayment meter customers. British Gas, npower, Powergen, London Electricity/SWEB, Scottish & Southern, Scottish Power, Seeboard and TXU/Norweb are participating. Key outputs from the trial include how efficient the process is to operate and whether customers benefit. Ofgem's overall objective, subject to evaluation of the trial, is to seek the agreement of domestic electricity and gas suppliers to an amendment to the standard licence conditions, making the process permanent. In line with the trial's design, Ofgem will be concentrating on prepayment customers for the moment.

4. Regulatory and policy initiatives

- 4.1 In the last section we described the developments in the competitive market over the past year and how these are benefiting vulnerable customers. We believe that the policy initiatives outlined in this section will bring further improvements over the coming year.

Prepayment meters

Tackling self-disconnection

- 4.2 Research undertaken for the EA Fuel Poverty Task Force by the Centre for Management under Regulation at Warwick Business School and the Centre for Competition and Regulation at the University of East Anglia¹¹ examined the extent to which customers self-disconnect. This found that although the majority of households with a prepayment meter do not self-disconnect, for a relatively small group of customers, self-disconnection can be a significant problem (see appendix 1, Indicator 8).
- 4.3 Ofgem has proposed a range of specific actions to suppliers that are designed to reduce self-disconnection as much as possible. These focus on improving the quality of information provided to prepayment customers, identifying and targeting help towards those more likely to self-disconnect, and encouraging the use of metering technology that allows electricity to stay on overnight if a customer runs out of credit. Generally suppliers are supportive of Ofgem's proposals and most are already taking action in some or all of the areas identified.
- 4.4 With regard to the quality of information, a number of suppliers have prepared new leaflets to make it easier for prepayment customers to understand how their meters work. These cover issues such as emergency credit. We will continue discussions over the coming months with those suppliers that have yet to take action.
- 4.5 We have been encouraged to discover that nearly all companies make use of technology that enables customers to retain their supply overnight if the meter

¹¹ Fuel Poverty: Low Income, Prepayment Meters and Social Obligations – March 2001

runs out of credit. We would hope that all companies would make use of such technology, where it exists.

4.6 The review has highlighted examples of good practice with respect to the identification and assistance to customers likely to self-disconnect. Some examples are described below:

- ◆ London Electricity instructs frontline prepayment meter staff to refer accounts to their team manager for follow-up if they suspect self-disconnection and to target help and advice at customers who repeatedly use emergency credit.
- ◆ npower seeks to help prepayment customers in real hardship by targeting those who contact the call centre asking for free credit. In addition to providing free tokens in hardship cases, such customers may also be offered a 'benefits health check' and information and advice on energy efficiency programmes. npower has also sent a questionnaire to 1000 prepayment customers asking about usage, payment patterns and whether they have self-disconnected. Free lightbulbs and a 'benefits health check' have been offered as an incentive to customers to respond.
- ◆ Powergen investigates when a customer has not purchased credit for 14 days and takes appropriate action where self-disconnection is identified. It also targets energy efficiency programmes at prepayment customers in debt.
- ◆ British Gas attempts to contact electricity customers who have not purchased credit for 14 days, through telephoning, letters, and visits. Through the 'Warm-a-life' scheme information about free 'benefits health checks', energy efficiency measures and grants has been targeted at prepayment customers.
- ◆ Seeboard collects information on customers that have not purchased credit for a long period, then visits to check on the circumstances.

4.7 Ofgem will be monitoring the impact of these actions and pursuing the other issues raised above over the coming months.

Ofgem's metering strategy

- 4.8 Ofgem's metering strategy sets out a number of areas of work with a common objective of promoting competition and choice for buyers and sellers of metering services. Several issues have been examined in relation to prepayment meters.

Choice in the gas market

- 4.9 One barrier to innovation in gas prepayment meters may be the £15 limit on the additional amount Transco is permitted to charge suppliers for a prepayment meter. Ofgem believes that this limit, coupled with the obligation on Transco to provide prepayment meters, may act as a disincentive on suppliers to seek alternative provision to the Siemens' Quantum meter, which is the only meter generally available in the gas prepayment market. Ofgem held a seminar in November 2001 to consider how competition could be introduced. However, it has been clear from this seminar and other discussions with suppliers that they are generally happy with the current arrangements. Progress in widening choice may be difficult to achieve in the short term.

Infrastructure

- 4.10 An important element of the provision of prepayment meters is the infrastructure that supports them. We have investigated how this is currently operating.
- 4.11 In gas, the prepayment infrastructure is provided to all suppliers by Siemens Metering Ltd. This followed Centrica's sale of the Central Quantum Office to Siemens in 1998. In electricity, incumbent suppliers have a licence obligation to provide a prepayment meter infrastructure (ppmip) service to all suppliers. These services cover the issue of payment cards, keys or tokens, the collection of payments from customers and their distribution to suppliers, and the communication with meters.
- 4.12 Three Network Service Providers (NSPs) provide the network of payment outlets that support infrastructure arrangements for gas and electricity. The NSPs are Paypoint, Payzone and the Post Office.

- 4.13 Paypoint and Payzone operate approximately 8,000 outlets each across England, Scotland and Wales. These are mostly convenience stores and newsagents, 90% of which open 7 days a week. Paypoint and Payzone outlets support all current and emerging prepayment technologies. The Post Office has by far the greatest number of outlets, with 17,500 nationwide, which are open on weekdays and on Saturday mornings only. All Post Offices accept Quantum payments on behalf of gas suppliers and, depending on location, many also have arrangements to support regional ppmips with the provision of tokens and the charging of keys on behalf of electricity suppliers.
- 4.14 There are strengths and weaknesses in both the current electricity and gas arrangements. The Quantum system operated by Siemens provides a standard technology, which can be supported by all suppliers and payment agents on a national basis. In electricity there is a range of prepayment technologies in operation regionally, depending on the system used by the 'host' supplier.
- 4.15 We are encouraged by the initial findings from our review of infrastructure arrangements:
- ◆ the number of outlets at which prepayment customers can make payments continues to increase (totalling nearly 30,000 for gas customers, or one outlet for every 60 customers);
 - ◆ the continued expansion of Paypoint and Payzone, alongside the Post Office, has created competition in the provision of network services, maintaining downward pressure on costs and improvements to service;
 - ◆ the extended opening hours of many outlets is convenient to customers.
- 4.16 During 2002 we plan to examine further how infrastructure arrangements need to develop in order to increase the choice and flexibility available to suppliers and their customers.

Fuel Direct

- 4.17 As explained in last year's report, Ofgem has established a working group, comprising representatives from the energy companies, relevant government departments, and energywatch, to review the operation of Fuel Direct. This

scheme helps benefits claimants threatened with disconnection for non-payment, by making deductions directly from their benefits. The group published a report in January 2001¹², highlighting issues requiring action over both the short and longer term.

- 4.18 For the short term, the group examined the way in which the scheme is currently operated between fuel suppliers and the Benefits Agency (BA). The group found inconsistencies in the operation of the scheme, and made a number of proposals for improving this, particularly for ensuring the scheme is focussed on those who need it most. Proposals included the development of guidelines and a standard application form, which have now been introduced. It remains of concern to Ofgem that the number of customers on Fuel Direct continues to fall. We intend to investigate the reasons for this, and the extent to which the new operational arrangements are working effectively.
- 4.19 For the longer term, the group considered whether alternative arrangements could be made for deductions once benefit payments start to be made into claimants' bank accounts from April 2003. The group examined the option of a scheme modelled on the Irish Household Budgeting Scheme, to enable the Post Office/Universal Bank to make deductions on behalf of claimants rather like direct debits. Subject to commercial agreement being reached, it had been hoped that sufficient progress could be made to at least pilot a new deductions scheme in 2003. However, following discussions with the Post Office, it was established that for technical reasons suitable arrangements could not be introduced until 2005 at the earliest. To be satisfactory, customers need to use a smart card incorporating both benefits and deductions data, but this development is some way off. The Post Office has said that it is willing to undertake further development work, but to date it has not been able to provide any estimate of costs. Discussions are ongoing.
- 4.20 Other options to improve Fuel Direct have been considered during the year. Discussions have been held with the Department for Work and Pensions (DWP), the Benefits Agency (BA) and suppliers on the possibility of developing an electronic interface, to reduce the amount of manual work involved with the current scheme. Water companies are also understood to be interested in

¹² Social Action Plan: Report from Working Group on Fuel Direct, January 2001, 06-01

improvements to the scheme. Ofgem will be hosting a meeting bringing together representatives of electricity and gas suppliers, water companies, the DWP and BA to consider a joint programme of work.

Energy efficiency

Energy Efficiency Standards of Performance

- 4.21 The Energy Efficiency Standards of Performance (EESoP) 3, which operated from 1 April 2000 to 31 March 2002, included for the first time a target on gas suppliers as well as electricity suppliers. These targets were based upon suppliers spending £1.20 per domestic customer per fuel each year of the programme. Ofgem has approved approximately 200 schemes under EESoP 3, which should achieve total energy savings of over 1400 GWh. We estimate that over 400,000 households will benefit from insulation and heating measures (based on schemes submitted up to August 2001). Two thirds of the funding for the programme has been focused towards disadvantaged customers, including those on low incomes, the elderly or disabled and those in rural areas.
- 4.22 Suppliers have flexibility in the measures they deliver to their customers. The following three case studies show examples of EESoP schemes specifically designed to identify and benefit disadvantaged customers.

London Electricity (LE) Group: Tower Hamlets Combined Heat and Power (CHP)

- 4.23 This scheme involved joint funding from Tower Hamlets Council and LE Group for community heating within a housing estate. Under the scheme, the existing heating system, considered incapable of producing adequate temperatures, has been replaced with a CHP based community heating system. The project will increase the efficiency of the heating system and improve comfort and warmth for residents. The estate comprises over 60 social housing flats, with over 75% of tenants being elderly, disabled or on low incomes.

Scottish and Southern Energy: Efficient lighting and kettles with a credit union

- 4.24 This scheme provided energy efficient lighting and jug kettles as part of an energy service scheme. Measures were offered to domestic consumers who are active members of a credit union. Scottish and Southern Energy provided

funding towards the measures and, through partnership with the credit union, customers paid the remainder of the costs with a low-interest loan. The majority of recipients are expected to be disadvantaged, including those receiving benefits and those experiencing difficulties in paying bills. Such consumers would not usually have access to such energy service programmes. This scheme followed on from a similar EESoP project run by SWALEC involving Welsh credit unions and NEA. Scottish and Southern plan to extend such schemes in the future to include insulation measures.

Scottish Power: Social Housing Competition

- 4.25 Scottish Power targeted Social Housing providers by setting up a competition open to all local authorities and housing associations to request funding for insulation measures. Priority was given to submissions offering help to those tenants who were least able to afford their fuel bills or those living in properties with a low National Home Energy Rating. This approach, also used under EESoP 1 and 2, was designed to enable social housing providers to prioritise the poorest housing stock within their communities. Funding was available for all, or part, of the insulation and lighting measures provided to gas or electrically heated homes.

Energy Efficiency Commitment

- 4.26 From 1 April 2002, Ofgem will be administering the Energy Efficiency Commitment (EEC). Powers for this new scheme, which replaces EESoPs, were provided in the Utilities Act 2000. The initial three-year programme places an obligation on all suppliers with 15,000 or more domestic customers to achieve an obligated level of energy savings. DEFRA is responsible for regulations governing the scheme, and has set an overall energy saving target of 62TWh, which means that over 1 million households should benefit from EEC measures. A key feature of EEC is that at least 50% of the energy savings must be targeted at customers receiving certain income-related benefits or tax credits. On 31 January 2002, Ofgem determined individual energy efficiency targets for each gas or electricity supplier and will adjust these annually, according to customer numbers.

- 4.27 Suppliers are required to meet their targets by encouraging or assisting domestic customers to take up energy efficiency measures in homes. Ofgem approves suppliers' schemes, determining the measures that qualify and the resultant energy savings. Ofgem will be monitoring each supplier's performance and reporting to the Secretary of State annually.
- 4.28 Ofgem participated in a series of events to promote interest among housing providers in the scheme. This included hosting a meeting in July 2001 between suppliers and representatives from the social housing sector to explore the opportunities for collaborative energy efficiency work targeted at disadvantaged households.

Energy efficiency advice

- 4.29 The table below shows the number of customers provided with 'advice' or 'information' by suppliers during 2001. Ofgem is particularly keen that suppliers raise the profile of energy efficiency among vulnerable customers, customers in debt and those with low-incomes. This is reflected in the information that we require suppliers to provide.

All gas and electricity customers, 2001	Customers provided with energy efficiency advice	Energy efficiency codes of practice distributed	Customers in debt provided with energy efficiency information	Fuel direct customers provided with energy efficiency information	PSR customers provided with energy efficiency information	Referrals to HEES and EESoPs contacts
Amerada	136	7	1	0	5	0
British Gas	22,959	3,897	276,046	19	157	1,514
Cambridge Gas	8	0	0	0	0	2
Countrywide Gas	10	10	4	0	0	0
Enron	28	0	0	0	7	0
London Electricity	10,877	11,240	302	18	330	294
North Wales Energy	0	0	0	0	0	0
Northern Electric and Gas	2,758	6,448	2	0	1	161
Npower	21,172	319	16	18	29	151
Powergen	8,412	0	624	5	50	1,253
Scottish and Southern Energy	12,192	733	153	8	635	980
Scottish Power	957	0	0	0	0	0
Seaboard Energy	3,098	747	0	0	0	77
Telecom Plus	5	8	0	0	0	4
TXU Energi	20,150	339	4,485	7	119	81
Yorkshire	1,796	464	0	0	0	0
Total	104,558	24,212	281,633	75	1,333	4,517

- 4.30 It is clear from the table that although some suppliers have made an effort to increase the provision of both information and advice, there is significant scope for further expansion.
- 4.31 In July 2001 Ofgem hosted an Energy Efficiency Advice 'Summit', bringing together key players and advice providers to discuss ways to make advice more effective for the disadvantaged. Professor John Chesshire of SPRU chaired the summit for Ofgem. Dr Brenda Boardman from the Environmental Change Institute gave a presentation on the findings of her report "Energy Efficiency and the Disadvantaged"¹³, which was described in last year's review. Other speakers at the event included representatives from fuel suppliers, energy efficiency advice centres, DEFRA, the EST and Ofgem. The summit highlighted the need for:
- ◆ greater publicity and co-ordination;
 - ◆ better customer identification and awareness raising;
 - ◆ improved monitoring and evaluation;
 - ◆ reaching customers with literacy and numeracy difficulties;
 - ◆ co-ordinating more effectively the provision of advice with grants; and
 - ◆ the adoption of best practice.

Qualitative monitoring of energy efficiency advice

- 4.32 Ofgem made a commitment in last year's review to carry out qualitative monitoring of suppliers' energy efficiency advice services.
- 4.33 We have commissioned consultants to undertake research in two areas. This work was nearing completion at the time of publication of this review. The first area of work was to undertake 'mystery shopping' of suppliers' telephone advice lines and to establish the quality of advice given. We also commissioned the 'mystery shopping' of suppliers' general call centres to establish whether frontline staff make the link between customers' circumstances and the need for

¹³ Effective advice: Energy efficiency and the disadvantaged, published by the Environmental Change Institute at the University of Oxford, December 2000

energy efficiency advice. The second area involves interviewing customers who had recently called suppliers' energy efficiency advice lines to establish what they thought of the advice and whether they had acted on it or were considering doing so. The research focuses particularly on the needs of customers on low-incomes.

- 4.34 Ofgem plans to publish the results of the research in May 2002. This will form the basis for the development of guidelines on good practice.

Improving debt prevention

- 4.35 Ofgem and energywatch are working together to develop best practice guidelines to help focus suppliers' efforts on preventing customers falling into debt. This follows up research sponsored by Powergen last year¹⁴.
- 4.36 We estimate that there are approximately 1.7 million gas customers and 1 million electricity customers currently repaying a debt. Ofgem and energywatch believe that suppliers could do more to prevent customers from falling into serious debt. This may include better identification of those struggling to pay and targeting such customers with energy advice and providing help with installation of energy saving measures. Billing errors and under-estimates may result in debt, which could be avoided by improved practice. We also want suppliers to be more responsive to customers' circumstances, and easier to contact.
- 4.37 The objective of the project is to:
- ◆ identify good practice in the prevention of debt and disconnection and the management of debt recovery, following consultation with a wide range of interested parties
 - ◆ develop, and publish for the benefit of suppliers, customers and their representatives, guidelines describing good practice
 - ◆ establish suitable criteria for monitoring and reporting on industry performance following the introduction of new guidelines

¹⁴ Scope for Better Prevention and Management of Debt, February 2001

- 4.38 We have set up an advisory group to assist with the development of the guidelines. This is chaired by Peter Lehmann, Chairman of the Energy Saving Trust and the Government's Fuel Poverty Advisory Group. Relevant agencies, fuel suppliers, and DTI are represented on the group. Suppliers represented on the group have reported their practices and experiences in a number of areas. We have also considered practice in other industries and received valuable input from such organisations as National Association of Citizens' Advice Bureaux . Ofgem participated in three regional workshops hosted by energywatch in Bournemouth, Cardiff and Glasgow, to gather the views and experience of consumer agencies dealing with customers' debt problems.
- 4.39 Ofgem and energywatch intend to publish a joint report, including the Advisory Group's recommendations, in June 2002.

5. Research projects

- 5.1 The Social Action Plan identified seven areas where more research was considered necessary to determine further action. All seven research projects have now been completed. We reported on three research projects, concerning self-disconnection and rationing, energy efficiency advice, and better prevention and management of debt in last year's review. We are working with suppliers and consumer groups to take the findings forward (see section 4).
- 5.2 Ofgem received results from the remaining research projects during the period of this review. These concern:
- ◆ financial services to disadvantaged customers;
 - ◆ spreading the cost of payment through a prepayment meter;
 - ◆ switching from prepayment to other payment methods; and
 - ◆ identification and help to vulnerable customers.
- 5.3 Summaries of each of these projects and the main conclusions are outlined below.

Financial services to disadvantaged customers

- 5.4 As part of its Social Action Plan research remit, Ofgem considered that credit unions, working with energy companies, could have a role in meeting the needs of low-income households. National Energy Action (NEA) and the New Economics Foundation (NEF) were commissioned to undertake a short study of existing credit union and community development finance institution activity. Evidence from this study indicated potential for an integrated service which addressed the issues of poor housing conditions, low income, expensive payment methods and exclusion from the benefits of the competitive energy market. As a result, a 'Factor Four' service model was designed to integrate four key areas:
- ◆ energy advice;
 - ◆ budgeting and money advice;

- ◆ take-up of energy efficiency measures; and
- ◆ bill payment

5.5 Funding was secured from Innogy for the next stage of the research. This involved a feasibility study to assess the potential market for a 'Factor Four' service, and to identify three areas with sufficient credit union resources and interest to participate in pilots (the areas selected were Portsmouth, Birmingham and Liverpool)¹⁵. A further output was a business plan to support the pilots¹⁶. Research was also undertaken into credit union experience in Great Britain and overseas.

5.6 As part of the study, the Personal Finance Research Centre at the University of Bristol undertook a research project to assess consumer demand for the 'Factor Four' concept. The project featured focus groups in the three cities chosen as the sites for 'Factor Four' service pilot schemes. The study was followed by a larger quantitative survey involving cash payers across Britain.

Main findings of the consumer research

Profile of cash payers

5.7 The profile of households paying by cash revealed that:

- ◆ more than half were tenants in the social rented sector;
- ◆ almost half were headed by a single adult, with a large proportion of single parents; and
- ◆ there was a disproportionate number of non-pensioner households with no-one in paid employment.

Satisfaction with cash payment

5.8 Few households were dissatisfied with their method of payment. The perceived advantages of cash payment were focused on greater financial control, custom,

¹⁵ Ending fuel poverty and financial exclusion - A Factor Four approach: A market feasibility study Final report, published by NEA, NEF, npower, PFRC and Ofgem, March 2002

¹⁶ Ending fuel poverty and financial exclusion - A Factor Four approach: Social Enterprise Business Plan, published by NEA, NEF, npower, PFRC and Ofgem, March 2002

habit and convenience. Those with the most interest in using a credit union to pay bills were households with the following characteristics:

- ◆ headed by an individual under 50;
- ◆ one or two parent families with dependent children;
- ◆ only one earner;
- ◆ either an owner-occupier with a mortgage or private tenant; and
- ◆ pay by cash and have banking facilities.

How the factor four service could succeed

5.9 There was consensus within the quantitative data and from focus group findings that for a Factor Four bill payment service to succeed, it must:

- ◆ be free at the point of delivery;
- ◆ provide equivalent control and information to the method it replaced;
- ◆ be at least as convenient as the current method; and
- ◆ accommodate all or most bills.

5.10 The Personal Finance Research Centre estimated that savings of between £4.00 - £5.00 per week would be needed as an incentive to large-scale switching to a credit union. Resistance to 'Factor Four' services was highest amongst pensioner households generally and single pensioner households in particular.

Conclusions

5.11 The results of the project indicated interest in developing a 'Factor Four' pilot service. The report concluded that for such a pilot to be successful it would need to ensure that services offered are flexible and appropriate to household need. It was also considered essential that the emphasis is on quality over quantity in the early stages.

5.12 A further essential element was the recruitment of a cross-section of relevant agencies and institutions to include a utility, Registered Social Landlords

partners, the banking sector, Warm Front, the Post Office, local government and the Benefits Agency.

5.13 Overall the conclusions of the research were that:

- ◆ providers of an integrated service covering energy and money advice and bill payment, credit unions and community finance agencies could become 'one-stop-shops' for the needs of the fuel poor and financially excluded;
- ◆ significant consumer demand for this kind of service already exists – and support from 'partner' institutions and agencies, such as the energy utilities, for its development is evident; and
- ◆ with sufficient funding to develop a viable initial model, an integrated service could rapidly become self-financing and this, in turn, could act as a powerful agent in the widespread development of credit unions and community finance services.

5.14 Subject to consultation with potential funding partners, the next step is to mount the pilot projects.

Spreading the cost of payment through a prepayment meter

5.15 It is a characteristic of prepayment that customers using fuel for heating pay the bulk of their bills in winter, which can cause hardship. Some consumer groups have therefore argued that prepayment customers should have the option of spreading their payments evenly over twelve months. In the Social Action Plan, we proposed that research be undertaken to test the viability of converting prepayment meters into a budget payment scheme, with a fixed weekly amount that is similar to a payment plan.

5.16 Norweb (now TXU Energi) agreed to run a pilot involving customers on two rate meters using electric central heating. This research involved a practical trial to establish the interest of prepayment customers in a fixed payment plan approach. Unfortunately, the outcome has been disappointing as the following results show.

Main findings

- 5.17 In March 2000 Norweb wrote to 300 prepayment customers with electric heating to establish the level of interest in the scheme. Of these, just 41 customers agreed to take part in the pilot.
- 5.18 Following discussion with the project steering group, Norweb agreed to attempt a further contact exercise. In December 2000, they wrote to 1000 customers, inviting them to take part in a further pilot. Of these, only 66 asked to be included, and 20 have subsequently left the scheme.
- 5.19 Norweb surveyed customers who had chosen not to participate in the scheme. Over 70% of those that replied said they preferred to pay for their heating as they used it and about half said they were worried about getting into debt.

Conclusions

- 5.20 The findings from this project correspond with other research undertaken into the experiences of prepayment customers. In summary, prepayment customers prefer this method of payment because it helps them to budget and ensures that they do not get into debt. For these reasons, prepayment customers were not responsive of the proposal to spread payments. TXU Energi has decided not to extend the pilot started by Norweb.

Switching from prepayment to other payment methods

- 5.21 Scottish and Southern Energy (SSE) conducted this research¹⁷. The objective was to examine why customers have prepayment meters and how they can be encouraged to change to cheaper payment methods. 6,000 questionnaires were sent to electricity prepayment customers in the North of Scotland and Southern England. 2000 customers responded. In addition, the research tracked 200 customers who had recently changed from prepayment to credit terms. Various other methods were used to analyse the socio-economic mix of prepayment customers in both regions.

Main findings

- 5.22 The research found that 49% of prepayment customers who responded lived in rented council or housing association properties and 42% owned their own home. This compared with 14% and 72% respectively in the total customer base. A small number (less than 10%) lived in private rented accommodation, which compares with 14% of the total customer base. Just under half of the households questioned had three or more occupants. This compared to around a third in the total customer base. The research found that 86% of prepayment customers in the survey had bank/building society accounts and 40% paid other bills by direct debit.
- 5.23 The main reasons customers gave for paying for their electricity by prepayment meter were that it assisted budgeting and was convenient. Some customers (17%) said that the prepayment meter was there when they moved in. Only a small number (7%) said they had a prepayment meter for the purposes of clearing debt.
- 5.24 Nearly 60% of prepayment customers in the survey charged their meter at least once a week with the majority of customers spending between £6 and £20 at a time.
- 5.25 The research found that 29% of customers would consider changing to an alternative payment method. Of these customers almost 65% said they would consider this if it saved them money. These customers are more likely to live in owner-occupied housing and to have bank accounts. They pay other bills by direct debit and place less emphasis on using their meter as a budgeting tool than those who would not consider switching payment methods.
- 5.26 Where prepayment customers had switched payment methods, they said that they had done so because it was cheaper (35%) or because the alternative was more convenient (31%) or because they changed method when they moved house (20%). Generally, those that had changed payment methods were also more likely to change supplier.

¹⁷ Prepayment meter customer switching, published by Scottish and Southern Energy plc, January 2002

Conclusions

- 5.27 The research found that the majority of prepayment customers had made a well-informed choice to pay for their electricity through a prepayment meter. The majority were satisfied with paying in this way due to the convenience and budgeting discipline afforded by prepayment. Nevertheless, a significant minority of prepayment customers may be responsive to change. These are likely to be owner-occupiers with bank accounts, or those who had moved into a house with a prepayment meter, or who had completed repayment of a debt. They were also likely to purchase credit in large amounts, paying less frequently than the average.
- 5.28 The report identified a number of opportunities for suppliers to encourage customers to switch from a prepayment meter to another payment method. These were:
- ◆ ensuring that customers are better informed through prepayment literature about how their meter operates and the alternatives available, in particular on change of occupancy;
 - ◆ inviting customers that have paid their debt to change payment method;
 - ◆ targeting mailshots at owner-occupiers and prepayment customers who purchase credit less frequently; and
 - ◆ liaising with local authorities to develop incentives for tenants to change payment method.

Identification and help to vulnerable customers

- 5.29 London Electricity (LE) Group undertook a research project into the scope for working in partnership with local authorities, agencies, local and national charities to identify efficient and cost effective opportunities to help vulnerable customers¹⁸. Entitled 'Project VC', the research was conducted in the London Borough of Brent and St. Austell (Cornwall). Partners of the project included the relevant 'Health Action Zones', Brent Energy Network, Royal National Institute for the Blind (RNIB), Red Cross, and meter operators/data collectors.

¹⁸ Identifying and Helping Vulnerable Customers, published by LE Group, January 2002

Main findings

- 5.30 The research found that working with local authorities was an effective way of identifying vulnerable customers. Working with local 'Health Action Zones' allowed LE Group to establish a two-way referral mechanism in order that care staff could identify those who would benefit most from energy services and advice. Hospital staff attended a workshop to increase their awareness of the Priority Service Register. Through the partnership a local pilot scheme was run to install a number of Cold Alarms. These were well received and seen as a useful tool in protecting those at risk from the cold.
- 5.31 A positive working relationship was also established with the RNIB and the Red Cross. Again, training was provided and a referral mechanism was put in place so that charity carers could identify vulnerable customers, provide basic energy efficiency advice and refer them to LE. Following the referrals and LE staff visits to customers' homes, there have been increases in both the take up of Priority Services and numbers on the Priority Service Register.
- 5.32 Working with meter operators and data collectors, LE developed a referral form which was completed by meter operators and an information card which was left with customers. The research suggests that meter operatives, who install and exchange meters, could deliver the most suitable referrals due to the amount of customer interaction and time spent in customers' homes. The report also suggests that meter readers, who work on a commission basis, would not be as useful in identifying vulnerable customers as this process takes time.

Conclusions

- 5.33 The project team observed that whilst there remains a degree of apathy towards fuel poverty, which hinders the process of identification and support to vulnerable customers, partnerships can help overcome this. In particular, they found that:
- ◆ partnerships can be successful in the task of identifying vulnerable customers and building a Priority Service Register. Success depends on a number of factors, such as good management, setting clear objectives, and the allocation of adequate resources;

- ◆ forming partnerships is more difficult and time consuming in rural communities;
- ◆ Although NHS offers a good way of identifying vulnerable customers, it may not have the resources to discuss patients' health-related energy needs;
- ◆ metering and data collection companies have commercial objectives, which need to be considered in partnerships; and
- ◆ energy companies will need to provide training to agency staff and may need to consider a payment structure to enable distribution companies to refer vulnerable customers.

General conclusions from the research programme

5.34 These projects complete the series of research work identified in the Social Action Plan. The earlier chapters to this review outline ways in which Ofgem is taking the findings of the research programme forward.

5.35 The research programme has provided a great deal of valuable information. Some of the key findings in the seven research projects are as follows:

- ◆ **Prepayment meter customers are happy with their payment method**

Research from a number of sources confirms that the majority of prepayment meter customers are satisfied with their payment method even though many realise it is more expensive. Scottish and Southern Energy and Electricity Association research concludes that the main reasons for customers using a prepayment meter are convenience and financial control. Similar conclusions emerge from MORI and research by Bristol University.

- ◆ **Self-disconnection is not a problem for the majority of prepayment meter customers**

About one in four prepayment households self-disconnect. Most self-disconnection is unintentional and for short periods only. For a very

small number of households – less than 10% of those affected - self-disconnection is a result of poverty in general.

- ◆ **Poverty and life change triggers are the most common causes of long term debt**

Customers in difficulty with payment of bills are often on low incomes or experiencing personal problems. Such customers can benefit from improved dialogue with suppliers about their needs, stronger links to energy efficiency programmes, and in some cases help with money and benefits advice.

- ◆ **Energy efficiency advice should be promoted more effectively, especially to vulnerable groups**

The provision of energy efficiency advice to low-income customers has failed to make much of an impact. While it is recognised that the provision of advice is not the sole responsibility of suppliers, there is a need for improved targeting of information and advice about energy efficiency programmes to vulnerable groups.

- ◆ **Work with trusted agencies at local level can help in reaching vulnerable customers**

By working with trusted and recognised agencies, suppliers can increase the awareness and take up of Priority Services. However, effective partnerships need effort and resources from both partners. There is a strong link between financial exclusion and fuel poverty, and scope for the development of a joint approach for tackling these problems at a local level.

6. Programme of work for 2002-2003

6.1 The main objective of Ofgem's social action work over the next year will be to ensure that all customers, including those on low incomes, pensioners, and customers who are sick or disabled and those living in rural areas, benefit fully from the competitive gas and electricity markets. The following work plan, which is informed by the results from the seven completed research projects, is designed to address this objective.

Energy efficiency

- ◆ publish results of research into the quality of suppliers' energy efficiency advice; and
- ◆ consult on and publish best practice guidelines relating to the delivery of energy efficiency advice, particularly for low-income customers.

Debt management and prevention

- ◆ consult on and publish best practice guidelines for companies on debt prevention and management (joint project with energywatch); and
- ◆ establish arrangements for monitoring the impact of the guidelines, e.g. on numbers in debt, levels of disconnection, and provision of energy efficiency advice.

Reform of debt blocking

- ◆ evaluate the results of the industry trial for prepayment customers, and decide next steps for introducing new assignment process; and
- ◆ propose changes to licence conditions.

Operation of Fuel Direct

- ◆ host seminar to promote the development of an electronic interface between Benefits Agency office and suppliers, to ensure more effective operation of Fuel Direct; and
- ◆ continue discussions with suppliers, Post Office, the DWP and other interested parties on a new scheme, and developments on social banking.

Prepayment meters

- ◆ work with energywatch and suppliers to improve the information provided to prepayment meter customers about the operation of their meters and alternative methods of payment; and
- ◆ work with the metering strategy team on the development of the current prepayment infrastructure arrangements and to encourage competition and innovation in the provision of prepayment meters.

Rural fuel poverty

- ◆ work with DTI to take forward the recommendations relating to the extension of the gas network.

Vulnerable customers

- ◆ develop an information campaign with Age Concern to promote awareness and confidence in competition among pensioners; and
- ◆ work with groups liaising with those for whom English is not their first language to increase awareness of the benefits of competition.

Monitoring against social obligations

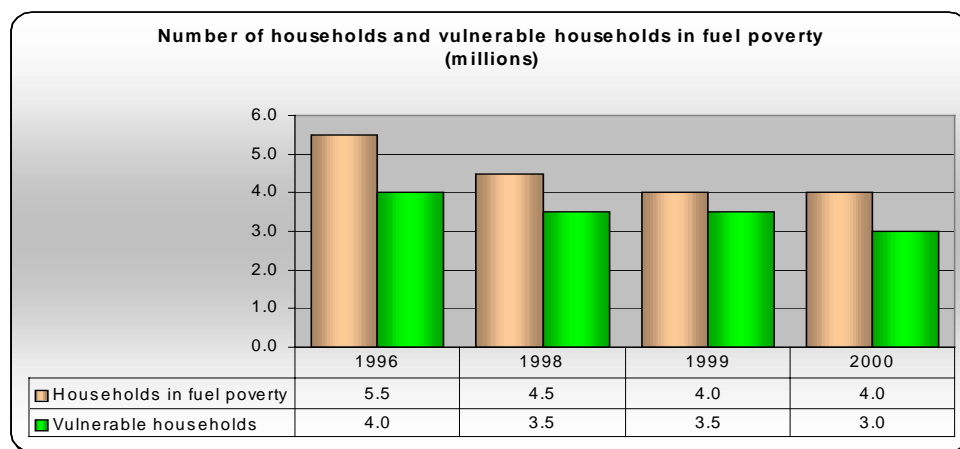
- ◆ monitor compliance of codes of practice through quantitative and qualitative measures;
- ◆ liaise with energywatch on evaluation of company performance; and
- ◆ contribute to DTI's indicators on Fuel Poverty Strategy.

Appendix 1 Fuel poverty indicators

- 1.1 The initial Social Action Plan identified twelve key indicators for use in monitoring the progress of the Plan. The data for these has been collated from a range of sources, including Government. An important source of information has been data collected from companies, the quality of which has been much improved during the year.
- 1.2 On 1 April 2001 Ofgem introduced a new system of monitoring suppliers' performance under their codes of practice. Suppliers are now obliged to provide quarterly data covering five key areas: debt, disconnections, services to prepayment customers, priority services and energy efficiency advice. The data is published on Ofgem's website and suppliers are also obliged to publish an annual report. Initially, a number of suppliers experienced some difficulty in producing accurate and complete monitoring returns and members of the Social Action Plan team have undertaken a series of meetings with suppliers to ensure that they are producing accurate and reliable data. We are satisfied that, overall, the data is now of good quality. The data provided forms the basis of a number of the Plan's key indicators (see below).

Indicator 1: Total number of households in fuel poverty

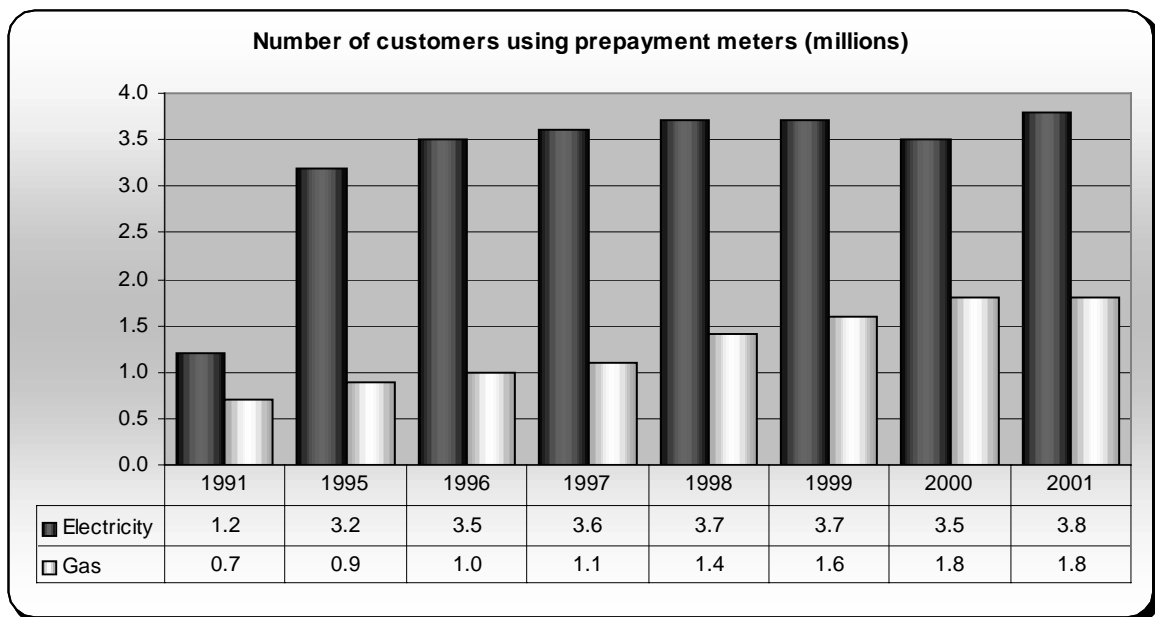
- 1.3 Lower prices have accounted for 1 million of the 1.5 million households that have been lifted out of fuel poverty since 1996.



Source: UK Fuel Poverty Strategy (the extent of rounding suggests that more progress has been made in some years than others- this is not necessarily the case. More detailed information is shown in the Strategy.)

Indicator 2: Number of customers using prepayment meters

1.4 The number of prepayment meters for both markets has remained relatively stable. Many prepayment meters are initially installed to recover a debt. Of new meters installed during 2001, around 30% of gas prepayment meters and 65% of electricity prepayment meters were installed for reasons other than debt recovery. This reflects the fact that many customers find them useful for budgeting.

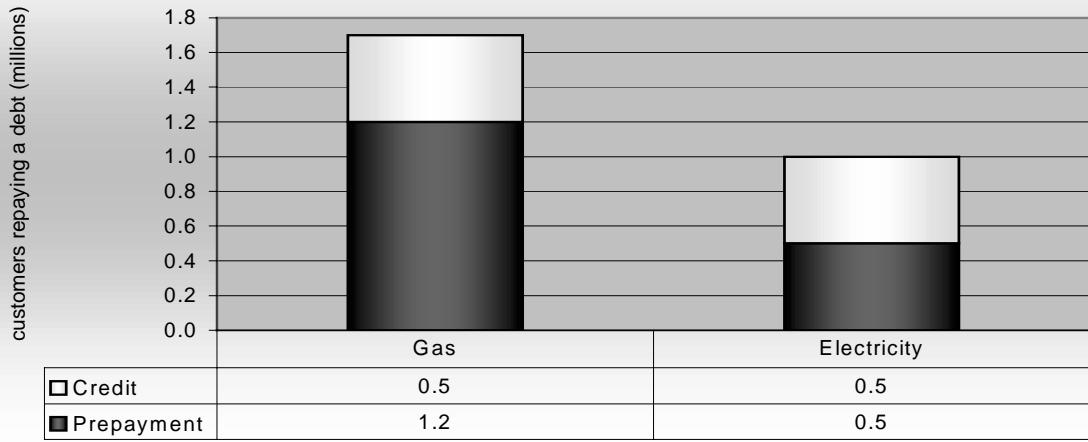


Source: Ofgem

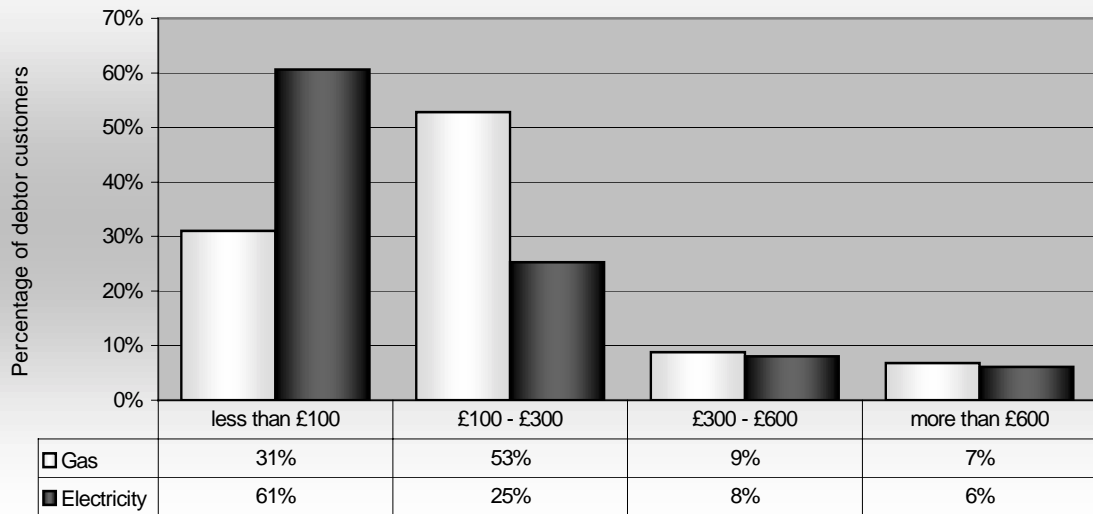
Indicator 3: Debt repayment levels

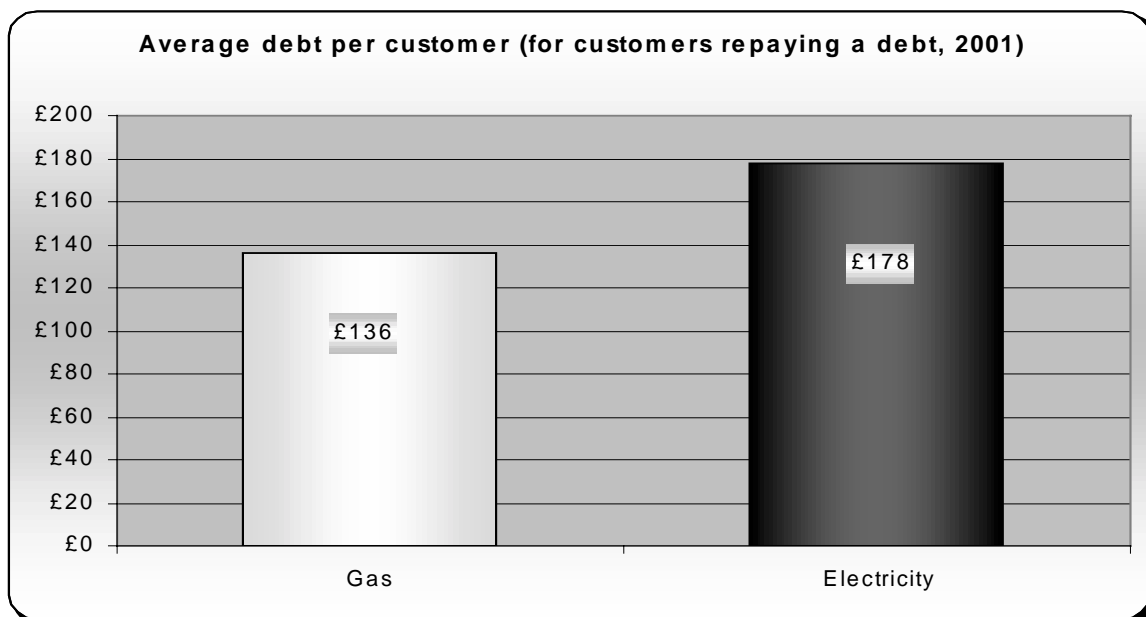
1.5 Overall, 1.7 million gas customers and 1 million electricity customers are on debt payment plans. Of these, 1.2 million gas customers and 0.5 million electricity customers are repaying through a prepayment meter. On average, 69% of all customers repaying a debt in gas and 39% in electricity owe over £100. The average gas debt is £136 and the average electricity debt is £178.

Numbers of Gas and electricity customers repaying a debt (by payment method)



Average amounts owed by customers on a debt payment arrangement 2001

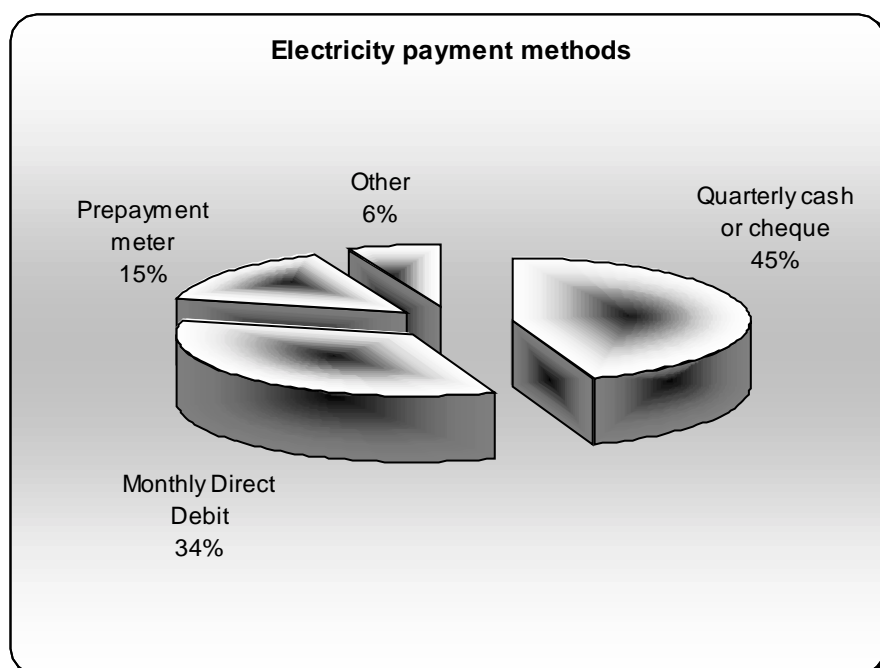


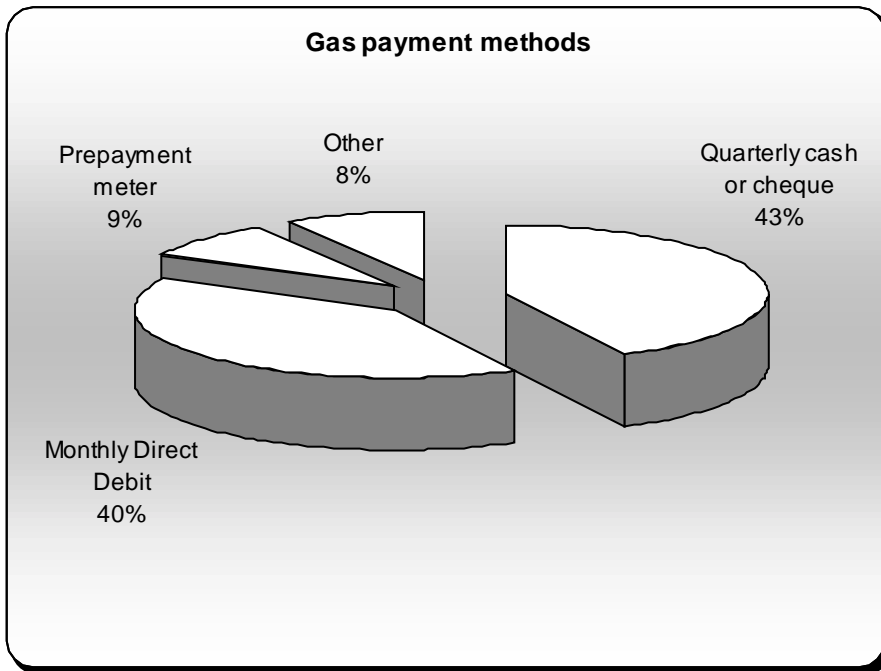


Source: Ofgem

Indicator 4: Tariff and payment choice

1.6 The graphs below set out the percentages of customers paying by various payment methods. Around 8.5 million electricity customers and 8 million gas customers pay by the cheapest method of monthly direct debit. Approximately 0.7 million electricity customers and 0.8 million gas customers pay in cash weekly, fortnightly or on a flexible payment arrangement. 11.2 million and 8.6 million respectively pay quarterly and 3.8 million and 1.8 million use prepayment meters.

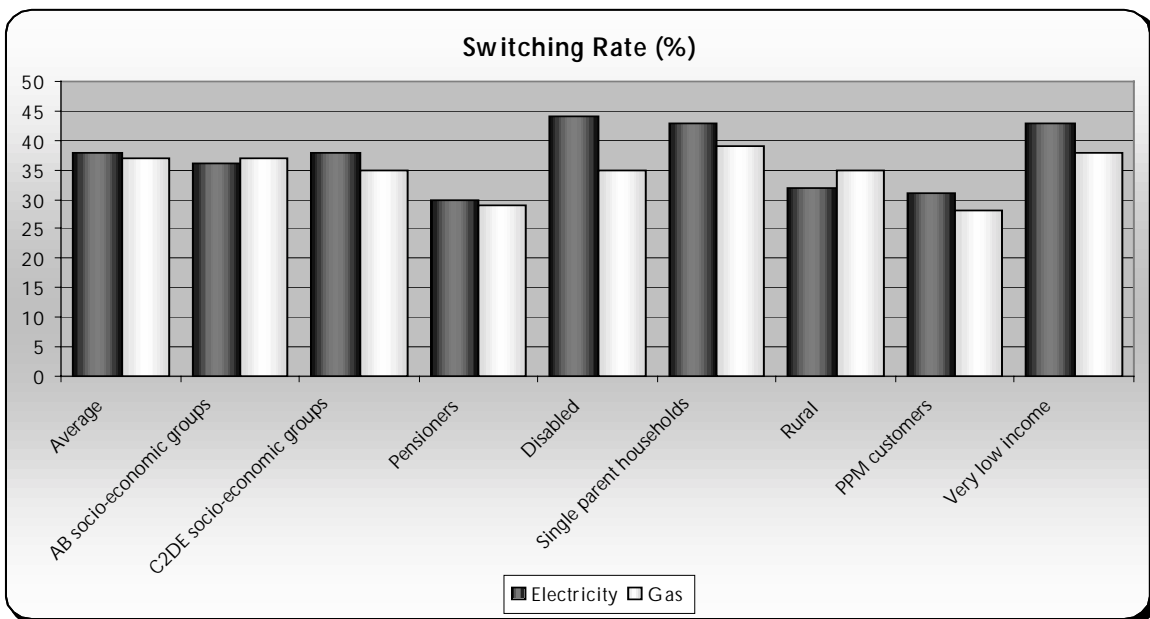




Source: Ofgem

Indicator 5: Switching rates

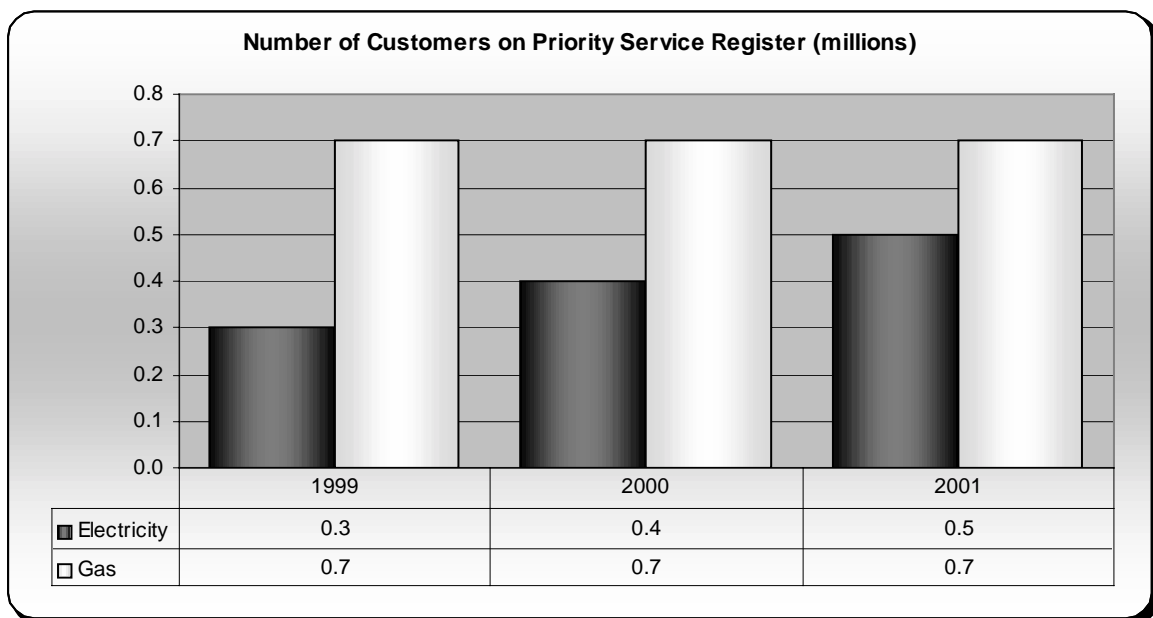
1.7 The graph below sets out switching rates for disadvantaged customers compared to the average.



Source: MORI

Indicator 6: Priority Services Register

- 1.8 There has been little growth in the number of customers on the Priority Service Registers. The number of free gas safety checks carried out by suppliers during 2001 is down by 20% to 67,000. Approximately 3.5% of gas customers and 2% of electricity customers are currently on the Registers, although research carried out by energywatch suggests around 31% of customers may be eligible for inclusion. Energywatch is taking work forward to raise awareness of the Registers.

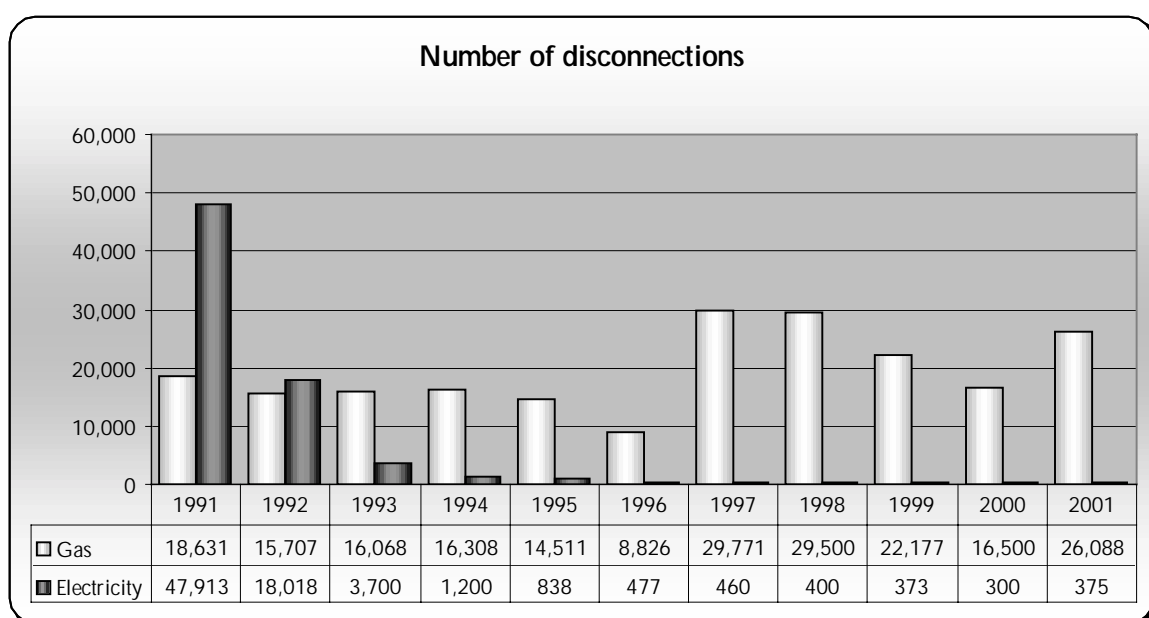


Source: Ofgem

Indicator 7: Disconnections

- 1.9 The number of disconnections for non-payment of debt in gas rose steeply by 63% in 2001. The major cause is a 50% increase (up 7,073 to 20,992) in the number of disconnections carried out by British Gas. Ofgem contacted British Gas to seek an explanation of this large increase. British Gas has explained that the number of disconnections carried out in 2000 was artificially low as a result of two factors. They report that they experienced difficulty in obtaining warrants to disconnect from magistrates as a result of the introduction of the Human Rights Act in October 2000, but that this had not persisted. Additionally, they

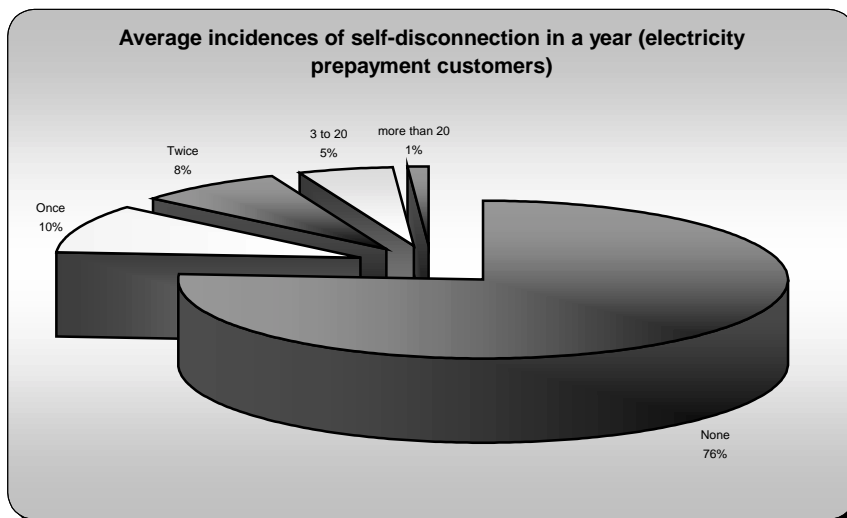
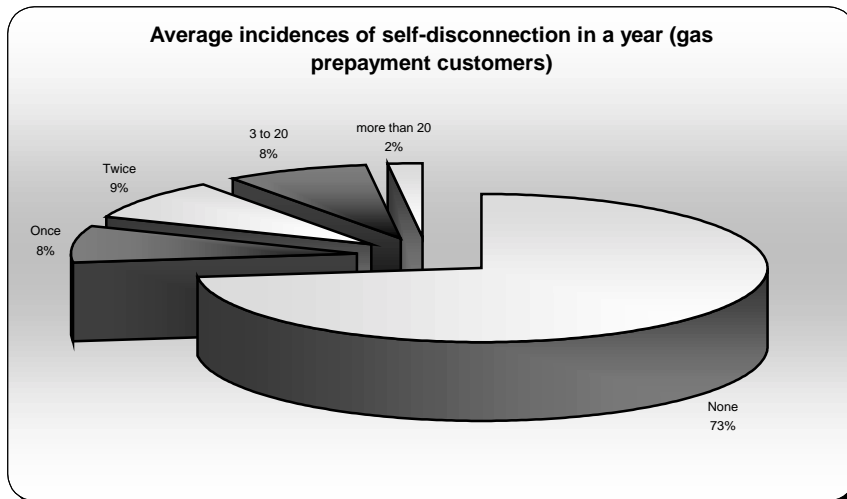
reported that disconnections had to be halted towards the end of 2000 owing to a shortage of prepayment meters (which need to be present at disconnection in case the customer wishes to retain their supply). The shortage in prepayment meters was industry wide. It was caused by the need to replace some faulty meters. British Gas explain, therefore, that a balance of outstanding disconnections had to be carried forward from 2000, making the 2001 figure artificially high. British Gas reported that it is exploring ways to reduce the number of disconnections in future. Ofgem will be monitoring the position carefully.



Source: Ofgem

Indicator 8: Self-disconnections

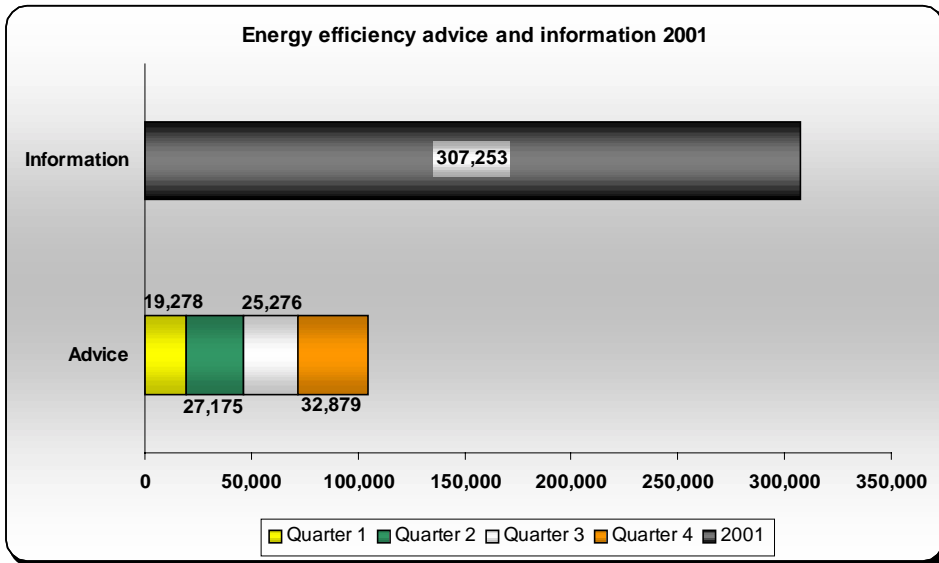
1.10 The latest available research on self-disconnections is set out below. As shown, self-disconnection is a major problem for only a small number of customers.



Source: Electricity Association

Indicator 9: Energy efficiency advice

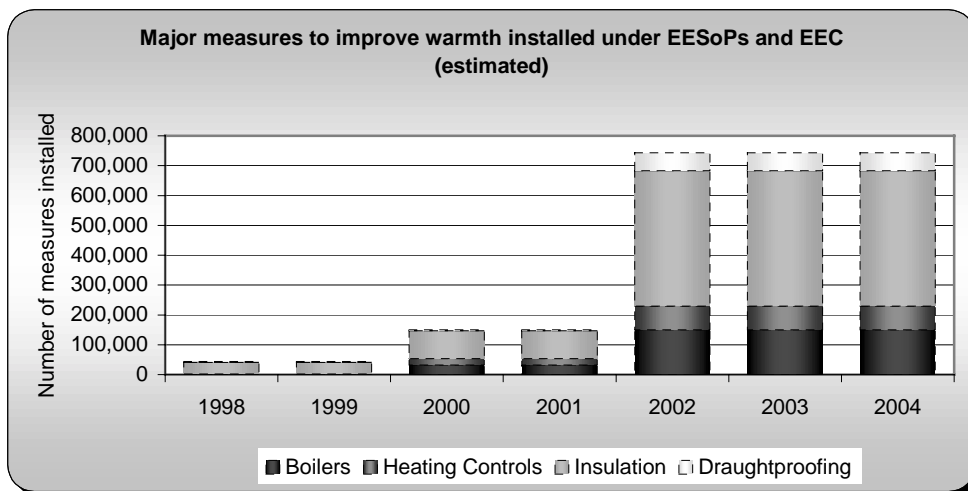
1.11 104,558 customers received energy efficiency advice from suppliers in 2001, while 307,253 received information. This equates to less than 1% of customers receiving advice (which is defined as advice which is specific to the customer, given by a qualified adviser) and 1.3% of customers receiving information (defined as general information from a non-qualified person or generic written information). Ofgem has recently undertaken mystery shopping research to determine the quality of advice given by suppliers. The results of this research will be published by Ofgem in May 2002.



Source: Ofgem

Indicator 10: Warm homes initiatives

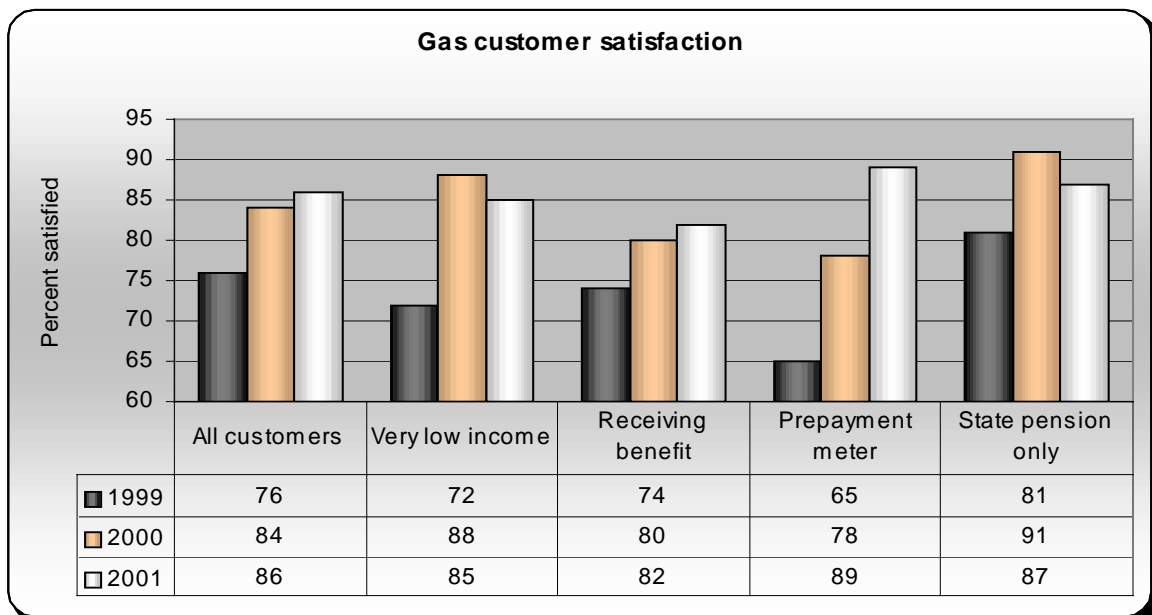
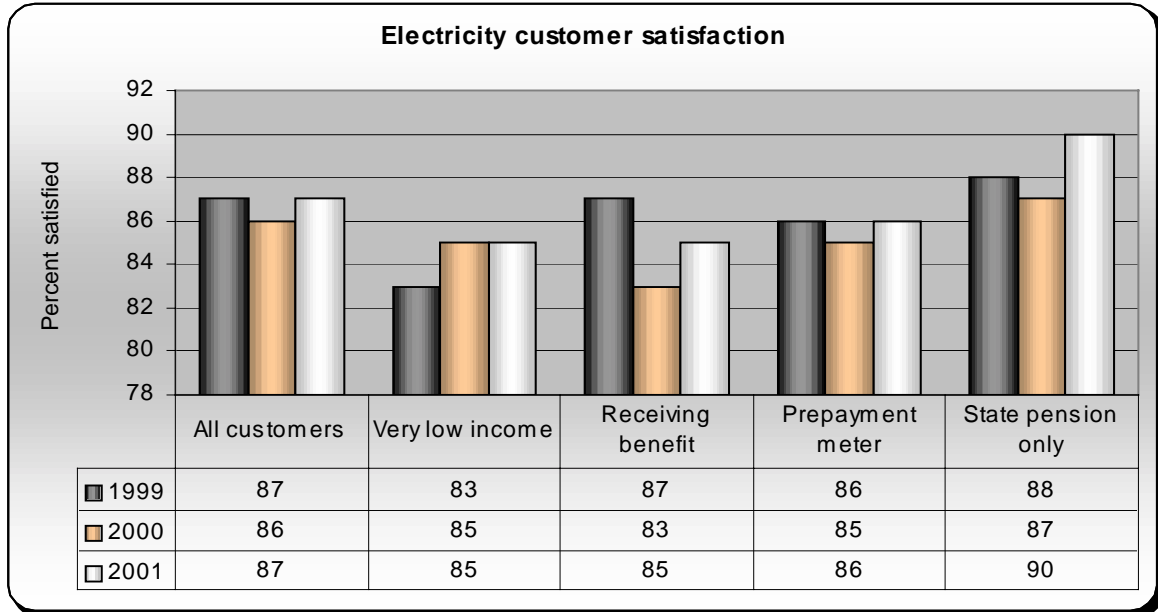
1.12 The table below compares numbers of measures installed under EESoPs schemes between 1998 and 2001, with measures anticipated under EEC for the three years 2002 to 2004. It is estimated that, on average, 750,000 measures which improve heat and comfort should be installed each year for the next three years under the new EEC programmes. 50% of suppliers' obligated energy savings resulting from energy saving measures are to be targeted at customers in receipt of benefits and tax credits.



Source: Energy Saving Trust

Indicator 11: Customer satisfaction

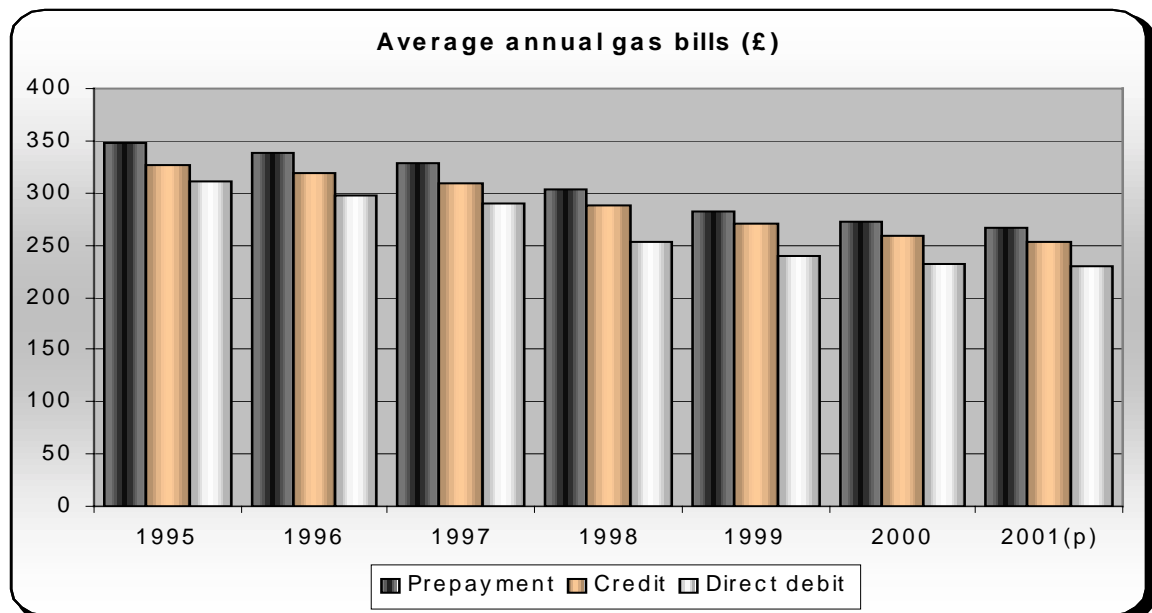
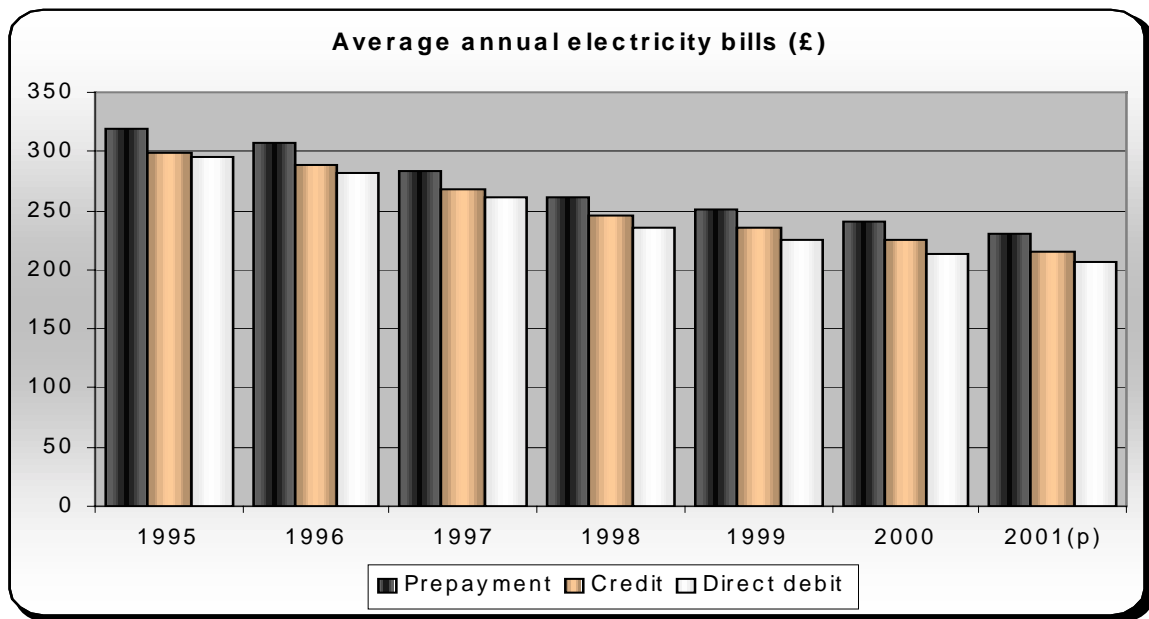
1.13 Surveys carried out for Ofgem by MORI show the level of customers' satisfaction with their current suppliers over each of the last three years. The level of satisfaction tends to be highest amongst pensioners. Satisfaction levels amongst gas prepayment customers have risen dramatically since 1999.



Source: MORI

Indicator 12: Prices

1.14 Average prices have dropped in real terms steadily since 1995. The drop has applied evenly across all payment methods, and has led to 1 million households being removed from fuel poverty during this period.



Source: UK Fuel Poverty Strategy

Appendix 2 Industry initiatives

This appendix describes a range of industry initiatives notified to Ofgem. It is not intended to be comprehensive.

British Gas

Warm-a-life

- 2.1 This scheme (extended through 2002), aimed at the fuel poor, proactively targets customers who might benefit from energy efficiency grant schemes and offers a free benefit check plus a two-stage reduction on fuel bills up to £10. Customers are offered capped electricity prices until 2004.

Jigsaw Account

- 2.2 This is a 'Bill Payment Bank Account' which British Gas has developed with Bank of Scotland. The aim is to provide customers without bank accounts who pay weekly or fortnightly by cash with basic bank accounts that allow them to pay for their bills by direct debit and therefore benefit from cheaper tariff rates. There is no overdraft facility on the accounts, preventing customers from getting into debt.

Stockton Warm Zone

- 2.3 British Gas is supporting the Stockton Warm Zone. The project targets energy efficiency advice towards those most in need and aims to develop an understanding of the issues underlying fuel poverty. Approximately 8,000 properties had been assessed by the end of 2001. A welfare rights officer has been employed since 1 January 2002 to visit the most vulnerable customers and facilitate 'benefits health checks'.

London Electricity/ SWEB

HelpCo

- 2.4 This is a scheme offering electricity to cash payment customers at cheaper direct debit rates. Customers pay regularly to an intermediary, HelpCo, who are then billed by direct debit by London Electricity. The savings are passed on to the

customer. Customers are offered energy efficiency advice and measures. HelpCo are also looking towards offering interest-free loans and grants to customers to help them pay off their outstanding energy debt. The pilot for this scheme, 'The Breaking Out Fund', is due to begin soon.

Powerkey Plus

- 2.5 Currently being piloted in Newham and Plymouth, this scheme offers customers a prepayment meter without the surcharge meaning that prepayment meter customers pay the same as those on standard credit terms. However, any customers who require call-outs are now charged. This has seen a significant reduction in the number of call-outs.

Newham Warm Zone

- 2.6 London Electricity is supporting the Newham Warm Zone. The project targets energy efficiency advice towards those most in need and aims to develop an understanding of the issues underlying fuel poverty. By the end of 2001, analysis had been undertaken on 6,500 properties. This together with benefits data is being used to enable better targeting of resources. Work has also been continuing on developing additional funding for fuel poor households falling outside the current programme.

npower

Health Through Warmth

- 2.7 This is a link up with NHS health workers to target assistance at people suffering ill health due to their living conditions. Following a pilot scheme in the West Midlands, Health Through Warmth has now been rolled-out nationwide. The project will be worth £10 million and aims to help 300,000 households across the country. 20,000 nurses and care workers will be trained to help spot people at risk from fuel poverty and refer them on to sources of grant aid.

Sandwell, Northumberland and Hull Warm Zones

- 2.8 npower is supporting three Warm Zones. The projects target energy efficiency advice towards those most in need and aim to develop an understanding of the issues underlying fuel poverty. Approximately 2,500 homes had been assessed

in Sandwell and 3,000 in Northumberland, by the end of 2001. It was planned to assess approximately 4,500 in Hull by the end of March 2002.

Powergen

Age Concern Partnership

- 2.9 This initiative targets energy efficiency measures at older people, as well as providing free heating when the temperature drops below freezing.

Scottish and Southern Energy

Equigas

- 2.10 Equigas is a scheme run by Scottish and Southern Energy which charges all customers the same unit price for their gas (with no standing charge), regardless of their payment method. This means that in effect direct debit and quarterly credit customers pass some of their savings on to prepayment customers, whose charges are then cheaper than the normal prepayment tariff.

Equipower

- 2.11 Scottish and Southern Energy have launched a similar scheme to Equigas for electricity named Equipower.

Budget Warmth

- 2.12 Targeted at the elderly and those on low incomes, this scheme is designed to ensure customers have at least one constantly warm room throughout the winter. An electric storage heater is installed in the living room and operates constantly from October to April. The cost of the heating is spread evenly throughout the year.

Scottish Power

NESTmakers

- 2.13 NESTmakers is owned jointly by Scottish Power and EAGA. It uses a neighbourhood based approach, where NESTmakers' local advisers offer disadvantaged households advice on grants and offer the potential to reduce

their energy bills through the combination of energy efficiency measures and flexible bill payments.

HACTEnergy

- 2.14 HACTEnergy is a packaged service aimed at the vulnerable. The package offers a free 'benefits health check' and a freephone advice line. Scottish Power makes a contribution to the HACTEnergy charitable fund for each customer that registers.

HelpCo

- 2.15 ScottishPower HelpCo provides packaged energy services for domestic customers. The package includes energy supply, energy efficiency measures, heating equipment, energy monitoring and advice, and finance. It provides direct debit prices whilst maintaining customers' preferred payment method.

Seaboard/Beacon Gas

EnergyCare Network

- 2.16 Working with the Energy Conservation and Solar Centre (ECSC), this is a programme that develops referral networks in targeted regions, linking fuel poor households with available grants and support services.

Transco

Affordable Warmth

- 2.17 Targeted at local authorities and Registered Social Landlords, this scheme encourages the installation of high-efficiency gas central heating and energy efficiency measures through the means of lease finance.

TXU

Staywarm

- 2.18 Staywarm is a social tariff aimed at customers who are over 60. Customers' houses are assessed on their size and occupancy, and a fixed amount agreed for payment in instalments over a period of 12 months. As customers are not billed for actual usage they are more likely to leave their heating on during cold

periods. Costs are lower because there are no meter readings and no bills. Payments are made regularly either by cash or direct debit (cash payers do not have to pay any extra). Fixed regular payments mean that there should be no build up of debt.

Appendix 3 Research

3.1 The table below provides information on all the research projects. Further details of the research can be found on the Ofgem website at http://www.ofgem.gov.uk/projects/sap_index.htm

Social Action Plan: Research Projects

Project	Sponsors	Project Aims
Energy Efficiency Advice	EA Fuel Poverty Task Force & EESoP Working Group	To establish how low-income customers prefer to access energy efficiency advice, the extent to which advice that is given is appropriate, and how it is acted upon.
Self-Disconnection & Rationing	EA Fuel Poverty Task Force	To identify and analyse the pattern of electricity and gas consumption in households vulnerable to fuel poverty, in particular the extent of self-disconnection amongst prepayment users and patterns of rationing amongst credit customers.
Switching from prepayment meters to other payment methods	Scottish and Southern Energy	To examine why customers have prepayment meters and how they can be encouraged to change to cheaper payment methods.
Debt prevention and management	Powergen	To increase understanding about customers who are in debt and to explore ways of managing debt problems more effectively.
Identification and help to vulnerable customers	London Electricity Group	To examine the scope for working in partnership with local authorities, agencies, local and national charities to identify efficient and cost effective opportunities to help vulnerable customers.
Different forms of debt recovery using prepayment meters	Norweb (TXU Energi)	To examine the effectiveness of spreading the cost of payments through a prepayment meter so as to avoid large winter bills.
Financial services to disadvantaged customers	npower, National Energy Action and New Economics Foundation	To identify the feasibility of developing community investment partnerships based upon credit unions, as means of overcoming fuel poverty and financial exclusion at a local level.