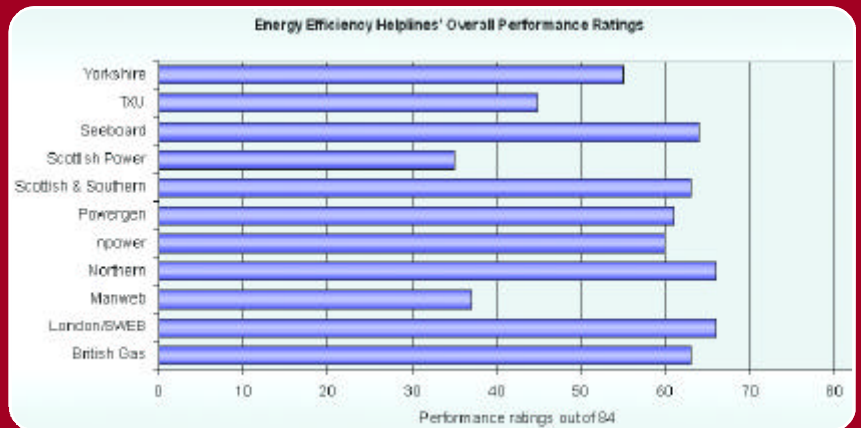


# Social Action Plan

Newsletter

ofgem

## Energy Efficiency Advice research



The 27th June saw the long anticipated publication of a report into energy suppliers' energy efficiency helplines.

The research, carried out for Ofgem by New Perspectives and mystery shopping experts Taylor Nelson Sofres, was launched by Robin Sadler, its author, at an event hosted by Ofgem at its Millbank offices. The launch was attended by most of the fuel suppliers whose advice lines were under scrutiny, along with representatives from consumer groups and interested energy efficiency experts. The research sought to establish three

separate things - first, whether suppliers specialist advice lines give a reasonable standard of advice; second, whether suppliers general call centre staff could identify and refer customers in need of energy efficiency advice; and third, whether customers found the advice they received useful and acted on it. Taylor Nelson Sofres provided a large panel of callers to carry out the survey of the suppliers' general call centres and specialist

advice lines. Most of the callers were genuine customers of the companies concerned. New Perspectives additionally spoke to over a hundred "real" customers who had recently called suppliers' advice lines to find out what they thought of the advice they had been given.

Mr Sadler presented the results of the survey, which were mixed. He said that while many customers do get

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## Message from the editor

New working year, new newsletter, new look, new editor - all change? Well, not quite, same dedication to our work! Which leads nicely into a plug for our own Social Action Plan Annual Review, which sets out the work undertaken by Ofgem during 2001/2 and also establishes Ofgem's priorities under the Social Action Plan for 2002/3.

The review was published in March 2002 and is available on the Social Action Plan section of the Ofgem website [www.ofgem.gov.uk/projects/sap\\_index.htm](http://www.ofgem.gov.uk/projects/sap_index.htm) or (if you prefer a hard copy) from our distribution centre telephone **0116 277 2617**. Ofgem has undertaken to:

- publish best practice guidelines on the delivery of energy efficiency advice
- along with energywatch, publish best practice guidelines for companies on debt prevention and debt management
- propose licence changes to enable prepayment customers to transfer suppliers with their debts
- develop an information campaign

with Age Concern to promote awareness of and confidence in competition among pensioners; and

- work with interest groups to promote awareness of energy issues among people for whom English is not their first language

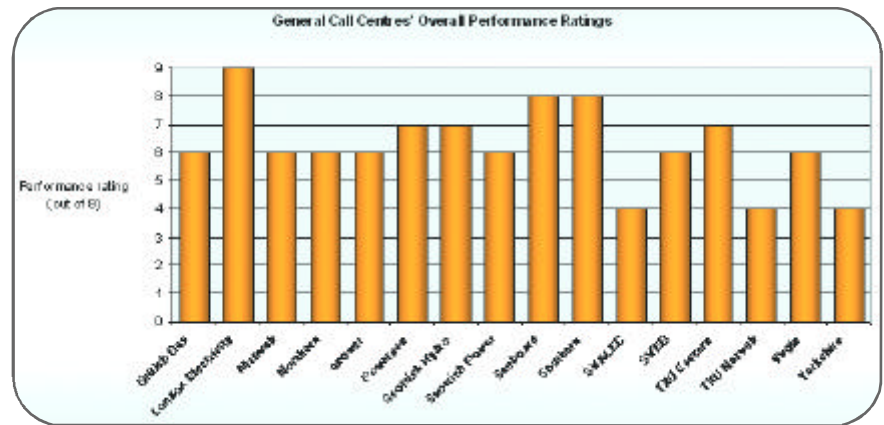
As you can see we have plenty to do over the coming months. If you want to keep up to date with Ofgem's work on fuel poverty, then take a look at our section on the Ofgem website. The website contains all documents published by the Social Action Plan team along with a selection of statistics and graphs monitoring companies' performance under the Social Action Plan and details of schemes run by companies to combat fuel poverty.

- Graham Knowles

## Energy Efficiency Advice research continued...

useful advice from suppliers' energy efficiency helplines, some customers are still dealt with inadequately. He said many enquiries were dealt with at face value without establishing the root of the problem. Suppliers were not picking up on opportunities to promote the Energy Efficiency Commitment and other grant schemes, which might assist customers in need of extra help. A number of companies' general call centre staff were slow to refer customers to the energy efficiency line, even when asked directly to do so. However, more positively, most customers who received advice felt that it was useful and a number are already starting to notice the benefits (both financial and in terms of improved comfort) from following the advice they received.

Reaction from the floor was generally positive with most feeling that the



survey had produced some useful and interesting insights and that many lessons could be learned. Ofgem commissioned the research following the energy efficiency summit it hosted last year.

In the light of the survey's findings, Ofgem's Head of Social Action Plan, Dave Barnes, pledged to develop guidelines for suppliers setting out what

Ofgem considered to be best practice in the provision of energy efficiency advice. All suppliers have been sent the report and asked to comment on the findings.

**The research is available on Ofgem's website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Copies may also be ordered from Ofgem's distribution centre by calling 0116 277 2617.**

## Blueprint to tackle Financial Exclusion

In March Ofgem published research carried out by National Energy Action (NEA), the New Economics Foundation (NEF) and the Personal Finance Research Centre (PFRC) on tackling financial exclusion. The report, funded by Innogy, sets out a blueprint for a 'Factor Four' approach that could potentially help an estimated 4 million households who pay by prepayment meter or regularly in cash.

### The 'Factor Four' model incorporates the key areas of:

- energy advice
- budgeting and money advice
- take up of energy efficiency measures
- bill payment

It suggests a greater role for Credit Unions in helping customers without bank accounts get access to cheaper energy payment schemes. Energy Minister Brian Wilson said, "access to financial services can help low-income households in a variety of ways, including helping them get access to cheaper tariffs for their fuel. This is an innovative approach which deserves to succeed; and I hope that the pilot projects which flow from this study will be successful in helping people to be more comfortable in their homes."

**The research is available on Ofgem's website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Copies may also be ordered from Ofgem's distribution centre by calling 0116 277 2617.**

## Companies publish reports on their Social Obligations

As part of their social obligations, all gas and electricity suppliers are obliged to produce an annual report on their performance under their codes of practice. These reports are available free of charge to customers or indeed anyone who is interested. All you have to do is contact your supplier and ask for their social obligations report and they should send one in the post to you.

The reports are a licence obligation (Condition 26), and set out the suppliers' performance in areas of debt, disconnections, prepayment meters, services to vulnerable customers and energy efficiency advice. They are based

on monitoring returns sent to Ofgem each quarter (published on the Ofgem website [www.ofgem.gov.uk](http://www.ofgem.gov.uk)) and provide a useful guide to how socially responsible and pro-active each supplier is.

Some suppliers have even sent their reports into cyberspace. London Electricity and Sweb, for example, have posted their reports on their websites. These can be accessed at [www.le-group.co.uk/press/publications.asp](http://www.le-group.co.uk/press/publications.asp) and <http://www.sweb.co.uk/home/information/cop.html>. Hopefully other suppliers may follow their lead soon.

Commenting on the production of the reports, Ofgem Director of Social and

Environmental Affairs Virginia Graham said, "these reports are an important contribution in the area of corporate social responsibility. Customers should be able to see whether suppliers are complying with their codes of practice. When it comes to switching supplier, customers value service as well as price, and these reports can provide an indication of the kind of service customers can receive". She added, "it is encouraging to see that some suppliers have gone beyond merely complying with their licence condition to report data and have produced useful and informative booklets for their customers"

# Preventing debt and disconnection

Ofgem and energywatch are close to publishing new guidelines for suppliers that set out best practice in the prevention and management of debt. The draft guidelines have been developed over a period of six months.

Ofgem and energywatch set up an advisory group to assist with their development. The Advisory Group is chaired by Peter Lehmann, Chairman of Energy Saving Trust and the

Government's Fuel Poverty Advisory Group. Relevant agencies, fuel suppliers and DTI are represented on the group.

Suppliers represented have reported their practices and experiences in a number of areas. We have received valuable input from such organisations as National Association of Citizens' Advice Bureaux. The advisory group has met five times and will meet once more before we issue the proposed guidelines.

Implementation of the guidelines should bring several benefits. Apart from reducing overall debt levels, customers should benefit from fewer disconnections, more energy efficiency advice, less need for prepayment meters, less likelihood of self-disconnection and easier access to competition.



## EEC has arrived

The Energy Efficiency Commitment (EEC) came into being on 1 April this year. The Government scheme, administered by Ofgem, sets each fuel supplier a target to save energy based on the number of domestic customers they supply.

The scheme has two aims: an environmental aim to reduce the emissions of harmful gases; and a social aim to improve the living conditions of the vulnerable. Half of the energy savings have to be targeted at a priority group of households that receive income-related benefits or tax credits. Suppliers are meeting their targets in a variety of ways. Some of these are familiar, like installing insulation, low energy light bulbs, and efficient boilers and electrical appliances. Other more innovative schemes include energy saving consumer electronics, solar water heating and other innovative forms of heating.

The majority of priority group insulation measures are likely to be delivered in conjunction with Local Authorities and Housing Associations. This allows suppliers to leverage additional funding and more effectively target and assist customers who are in the priority group. In this way the scheme can deliver measures to those who are most likely to feel the benefits of the reduced bills and increased warmth that many of the measures can bring.

Ofgem's role is to approve each scheme and to monitor its progress from quarterly reports received from suppliers. The first reports are due in July.

## Ofgem sets out plans for a greener future

Earlier this month Ofgem published the first Annual Review of its Environmental Action Plan (EAP). The EAP, published in August 2001, was a response to new duties and responsibilities given to Ofgem under the Utilities Act. It set out Ofgem's policy principles in regard to its environmental responsibilities.

### Achievements of the past year include:

- systems have been put in place to administer the new environmental schemes, including the Energy Efficiency Commitment, which Ofgem has responsibility for, in time for their introduction on 1 April 2002
- interim measures have been agreed to improve the way that distributed generators are charged for connection to the local electricity grids
- new guidelines were issued on 'green supplies' to inform customers and suppliers better about what constitutes a green supply
- gas network operator Transco is now required to report on environmental performance
- Ofgem has gained ISO 14001 certification for its internal environmental management.

### The Review also included a new environmental workplan for 2002 - 3 with priorities for the coming year including:

- continuing work to enable Britain's distribution and transmission systems to accommodate much increased distributed generation
- appointing an environmental advisory group to provide expert advice on priorities for Ofgem's work in relation to the environment
- publishing the first annual review of the New Electricity Trading Arrangements (NETA) which will assess how participants have fared under NETA
- work to reduce electricity losses
- on the transmission and distribution networks
- undertaking research into key issues to help inform consumer, Government and Ofgem decisions involving the environment
- continuing to administer key parts of the Government's environmental programme on renewables and energy efficiency

If you would like any further information on Ofgem's environmental work please contact **John Costyn on 020 7901 7166 (john.costyn@ofgem.gov.uk)**

# Spreading the word

**Keen to spread the good news as ever, Ofgem has been out and about talking to people about our work.**

Ofgem's public appearances over the last three months have been many and varied. At the more formal end of the scale, Chief Executive Callum McCarthy, Managing Director John Neilson and Director of Social and Environmental Affairs Virginia Graham gave evidence on fuel poverty to the Trade and Industry select committee. The cross party committee asked a range of questions covering the spectrum of Ofgem's social policy work. Still at the Palace of Westminster, Callum McCarthy also gave a presentation to the Parliamentary Warm Homes Group in June on Ofgem's work in combining economic, social and environmental objectives.

Virginia Graham, Director of Social and Environmental Affairs and Charles Hargreaves, Ofgem's Head of Energy Efficiency, spoke at four workshops at the Institute of Energy HECA conference in Birmingham. Charles outlined the key features of the Energy Efficiency Commitment (EEC) and its links with HECA. He spoke alongside Suzanne Le Miere from Impetus - a consultant for the Energy Savings Trust.

Throughout March and April, Ofgem took part in a series of seminars run for Housing Associations throughout England and Wales. The seminars were set up by the Energy Saving Trust with the Housing Corporation and National Assembly for Wales. The aim was to inform Housing Associations of the EEC and how they can benefit. Details on the seminars can be found at [www.est.co.uk](http://www.est.co.uk).

SEA Director Virginia Graham has also been taking the word to Europe, speaking at the Electricity in Europe conference earlier this month. Ofgem has also been manning the stands at a variety of conferences, including Sustainable Development UK held in London in May, the Chartered Institute of Housing conference in Harrogate in June, and the Parliamentary Renewable and Sustainable Energy Group open day, also in June. Not satisfied with this, we will also be at the Local Government Association conference in Bournemouth in early July. Feel free to drop by and chat if you see our stand at this or any future events - we're always keen to meet new people and see old friends.

## Fuel Poverty

Fuel poverty is a topic of concern for many areas of government. June saw the publication of the Scottish Fuel Poverty Statement. The statement was produced by the Scottish Executive, and looks at fuel poverty from a Scottish perspective. It sets out how the Scottish Executive plans to eliminate fuel poverty in Scotland within 15 years, while also explaining the steps it has taken so far. The report was informed by the Scottish Fuel Poverty Advisory Group, of which Ofgem is a member. The group mirrors work undertaken in England and Wales by the Fuel Poverty Advisory Group (which Ofgem attends as an observer). The London based Fuel Poverty Advisory Group met again in April and continues its work in earnest.

## on the Agenda

The government backed Warm Zones project is also moving on apace. This is an innovative approach to eliminating fuel poverty which concentrates efforts on particularly deprived zones and targets blanket help in their direction. The zones in question are Hull, Stockton (in Teeside), London Borough of Newham, Sandwell (West Midlands), and Northumberland. In particular, the Warm Zones teams are looking to generate referrals for Warm Front and EEC grants using a systematic approach. Each zone comprises some 100,000 homes.

## Social Issues



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