



# **TOWARDS EFFECTIVE ENERGY INFORMATION**

## **Improving consumer feedback on energy consumption**

**Presentation to OFGEM seminar**

**24 February 2004**

**Simon Roberts**

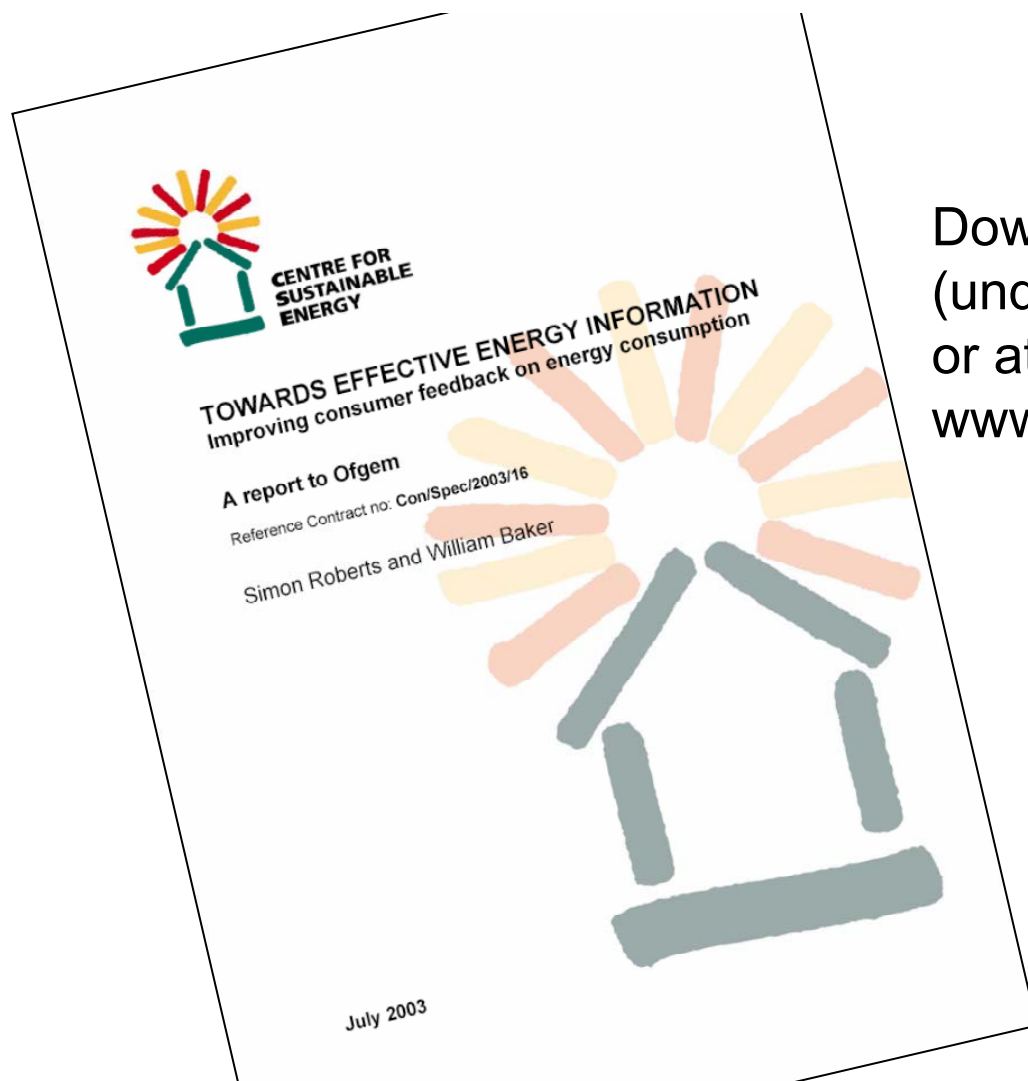
**Chief Executive, Centre for Sustainable Energy**

# Introduction



- **The current situation – imperfect information**
- **Understanding consumer perspectives**
- **Finding a ‘justification for action’**
- **Issues for further consideration**
- **Testing feedback options – the next step**

# The report to Ofgem



Download at [www.ofgem.gov.uk](http://www.ofgem.gov.uk)  
(under Environmental Issues)  
or at  
[www.cse.org.uk/pdf/pub1014.pdf](http://www.cse.org.uk/pdf/pub1014.pdf)

# Imperfect information

- **Very limited and often inaccurate (i.e. estimated) feedback and poorly understood bills**
- **Direct debit payers potentially totally ‘out of touch’**
- **Attempts to improve feedback on bills or via meters yield savings of up to 10%**
- **Market failure worth up to £1.3 billion and 3MtC?**

## What the research doesn't show...



- **What precisely makes the most difference, particularly in style of presentation of feedback**
- **What the impact has been of many of the more recently introduced schemes (of dubious quality)**

Your home (1641 - 3600 sq ft)  
v  
+-----+-----+-----+-----+-----+  
\$10\$128

Figure 2: Example of unsuccessful linear bill format used by Traer Municipal Utilities

## What the research doesn't show...



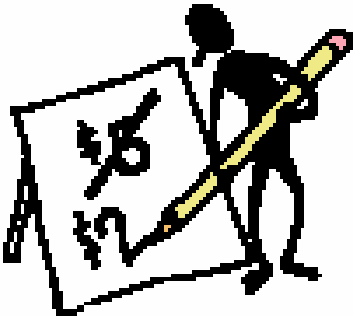
- What precisely makes the most difference, particularly in style of presentation of feedback
- What the impact has been of many of the more recently introduced schemes (of dubious quality)
- **What the fuel poor are doing to reduce consumption when given more informative prepayment meters**
- **A true understanding of consumer's perspective (or more specifically consumers' perspectives)**

## Understanding consumer perspectives



- **Disengaged from energy consumption and cost**

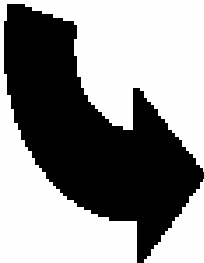
Prepayment meter payers: strong engagement but limited feedback



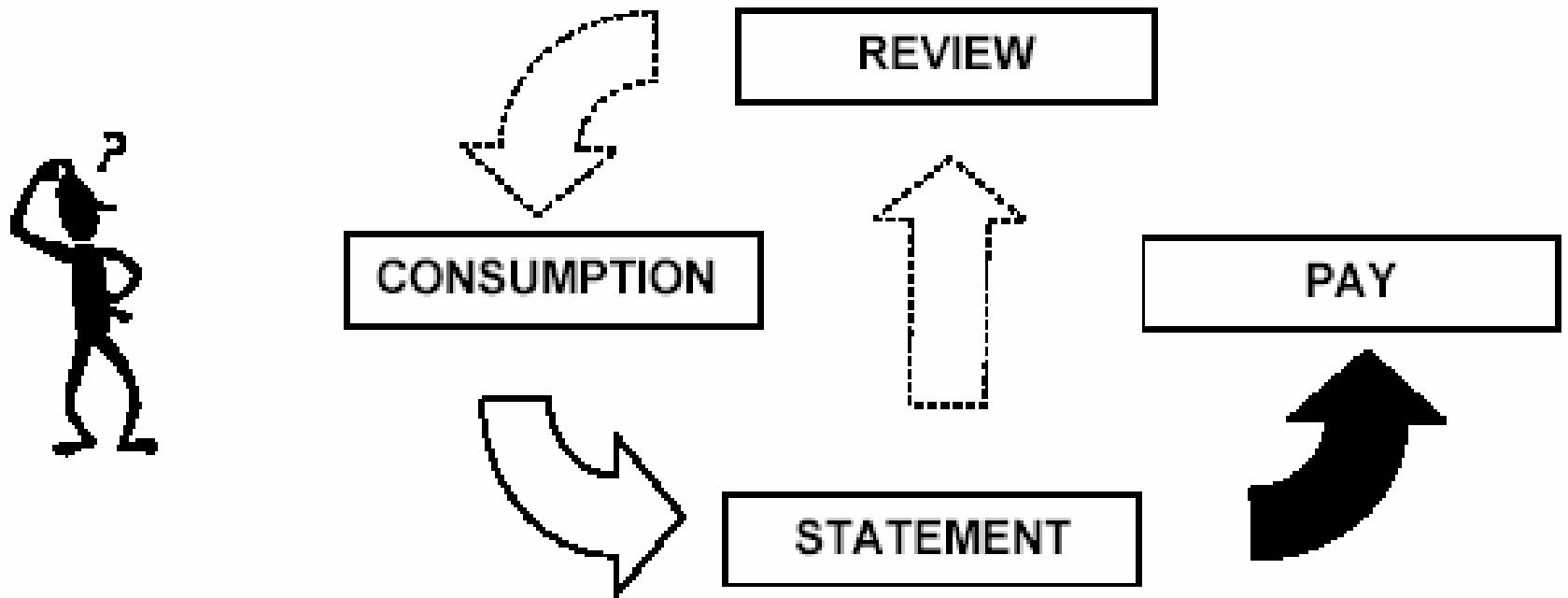
PAY

REVIEW

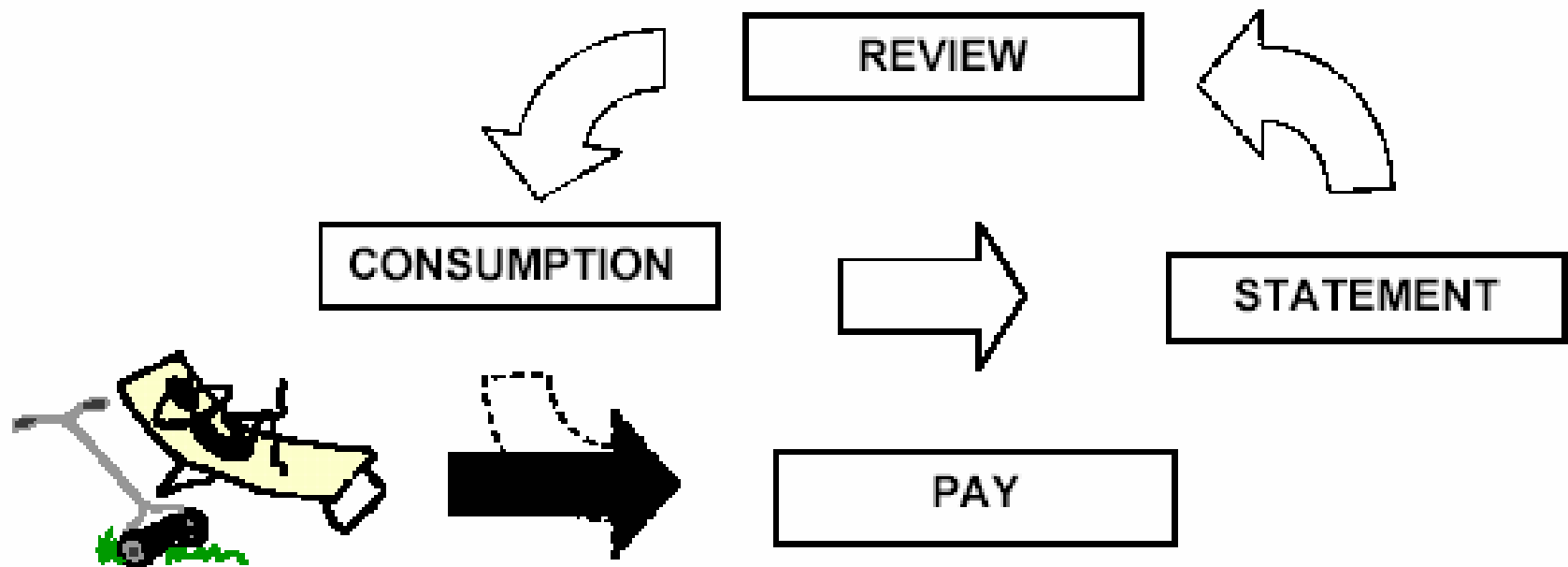
CONSUMPTION



Quarterly credit payers: limited engagement due to poor on-bill feedback



Direct Debit payers: almost no engagement with detached payment method



# Understanding consumer perspectives



- Disengaged from energy consumption and cost
- Unmotivated and generally 'ungreen'
- Disempowered
- Less ignorant about what to do than assumed
- Different ways of interpreting and assimilating information (verbal, visual, intellectual, emotional etc)

# ‘Justification for action’



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SUSTAINABLE  
ENERGY**

**Relevant,  
engaging  
feedback**

**Motivating  
justification  
for action**

**A call to  
action**

**Advice on  
how to act**



**Motivations:**

**‘don’t pay more than I should’**

**‘don’t stick out from the crowd’**

**Historical  
comparison  
feedback**

**Comparison with  
neighbours or  
national target**

**Offer of  
assistance to  
understand own  
position**

**Free energy  
advice**

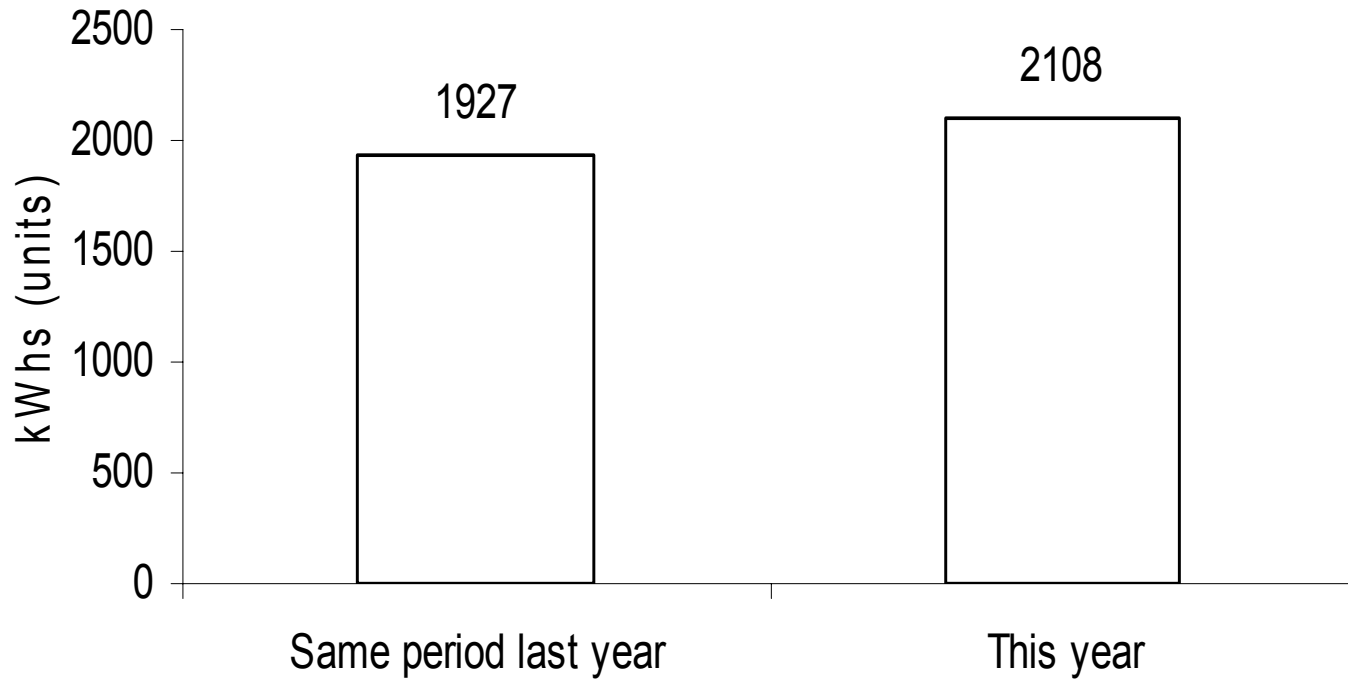




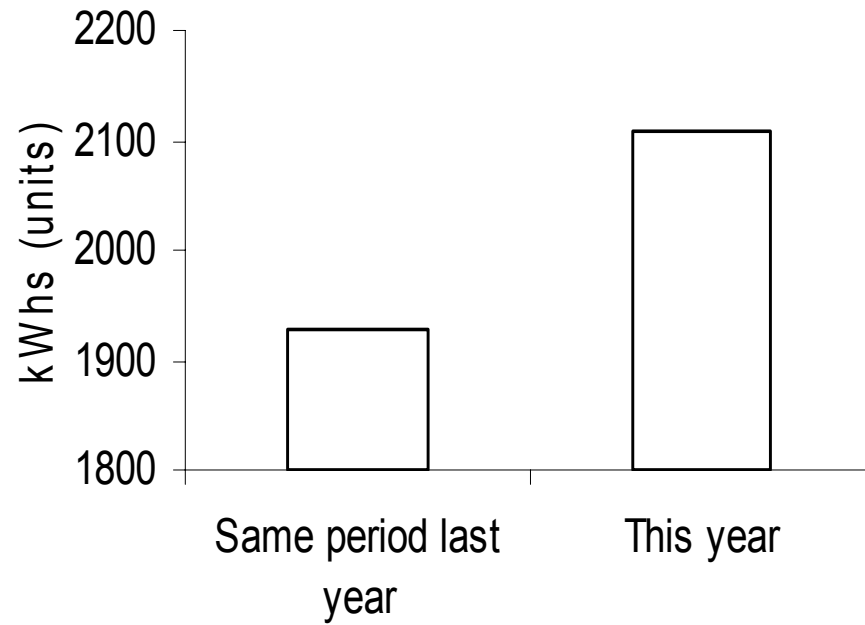
# Possible approaches

- **Historic or (better) normative comparative data on bills (designed with consumers)**

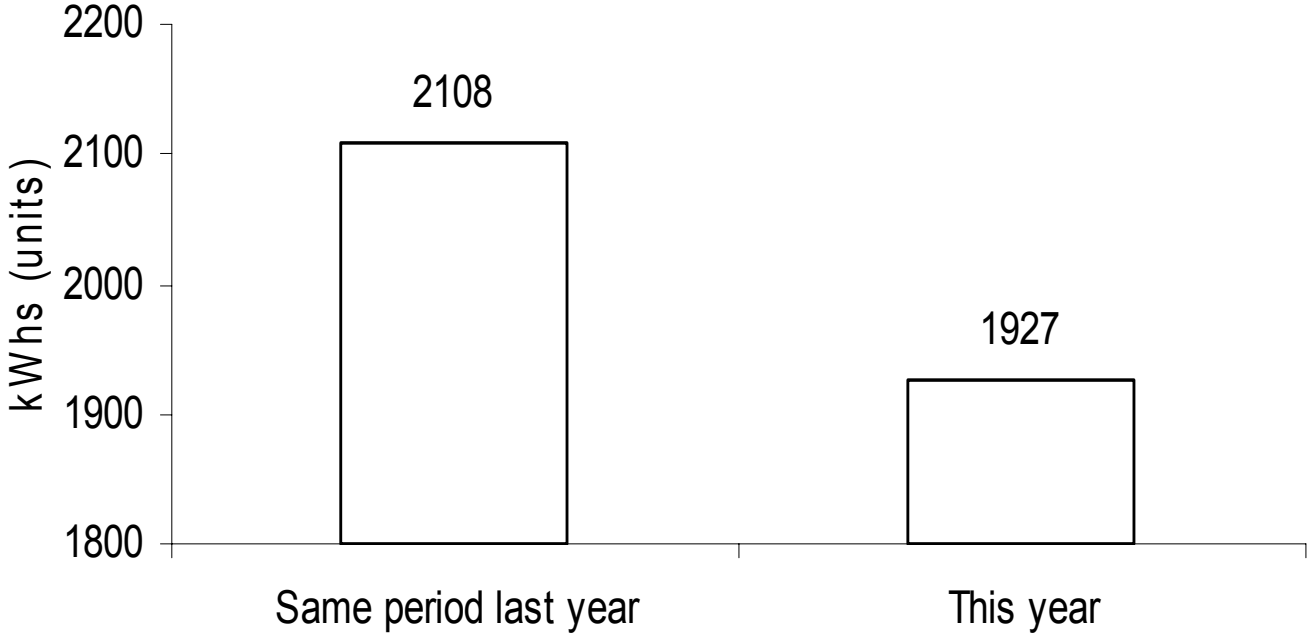
## Your gas use



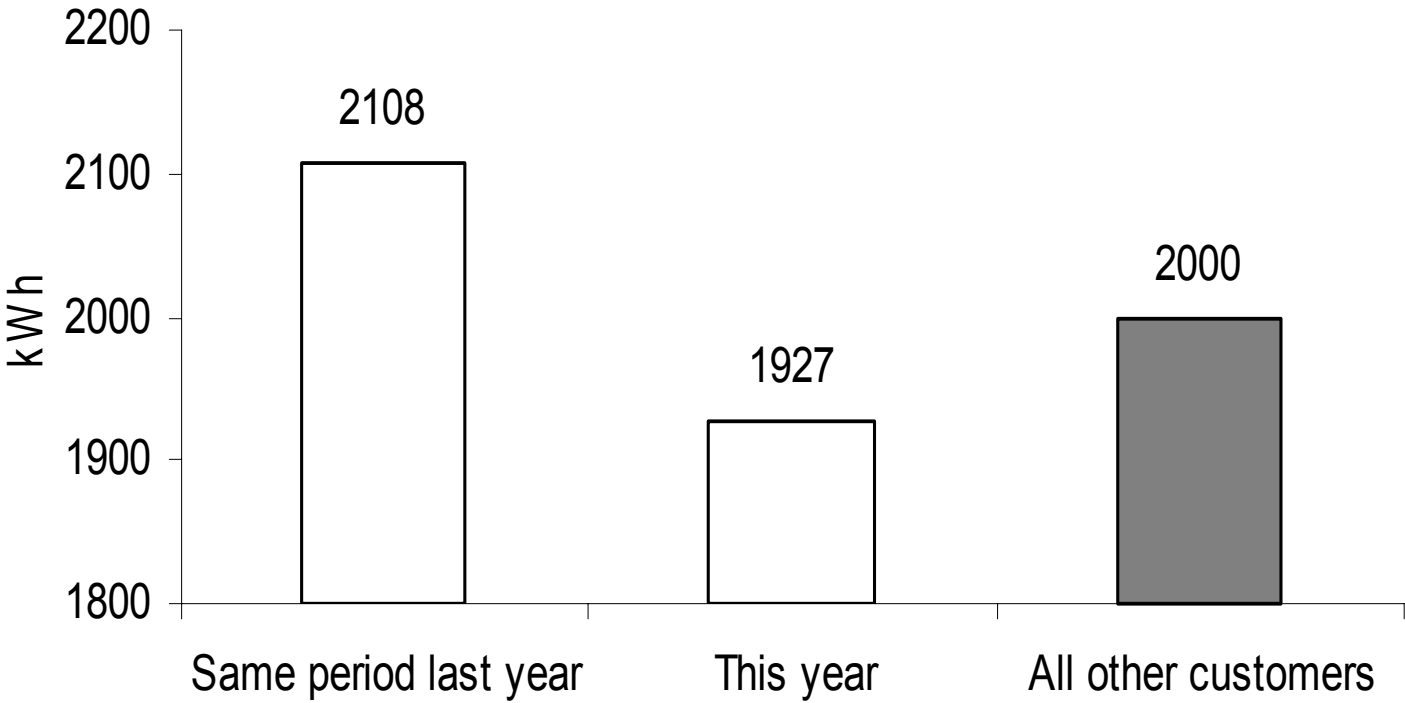
## Your gas use



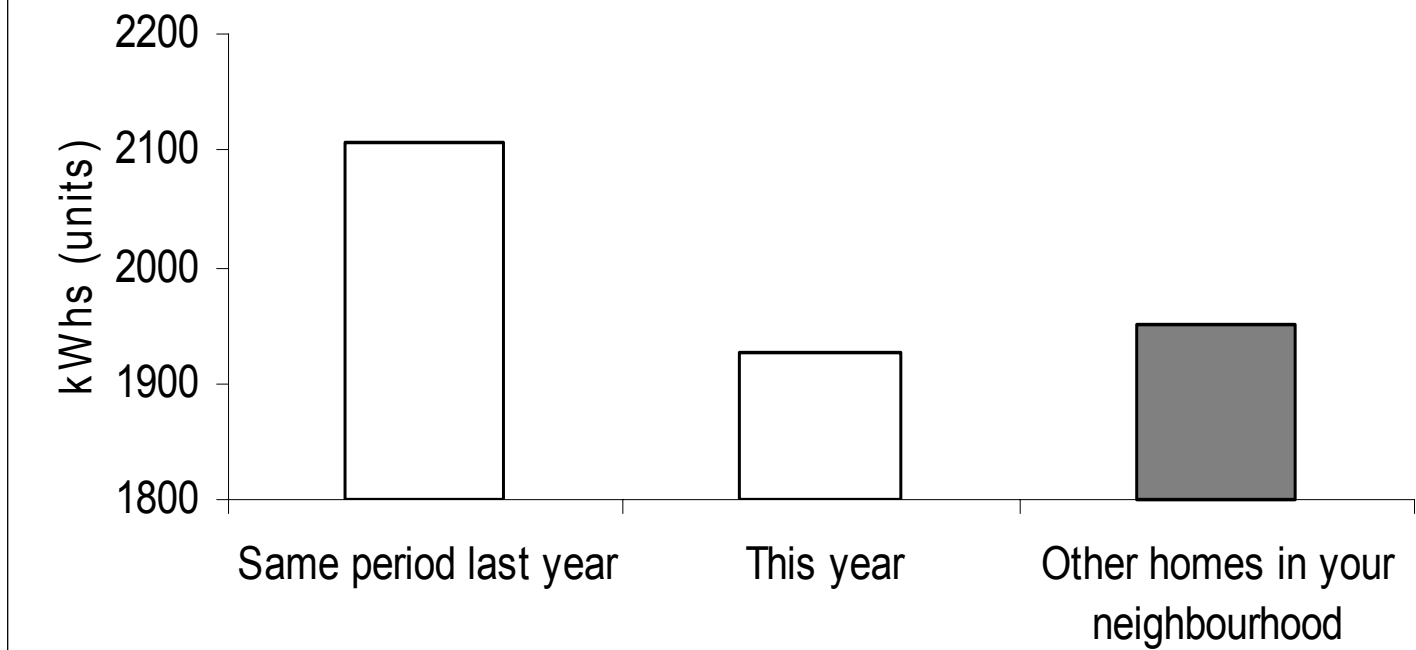
# Your gas use



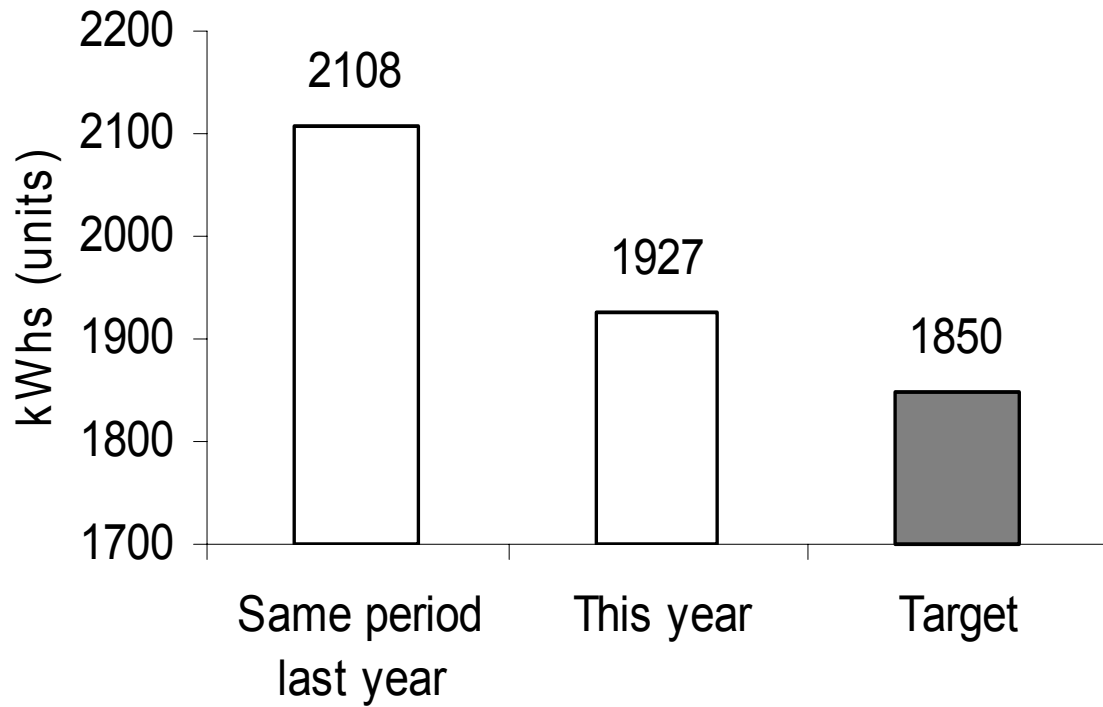
# Your gas use



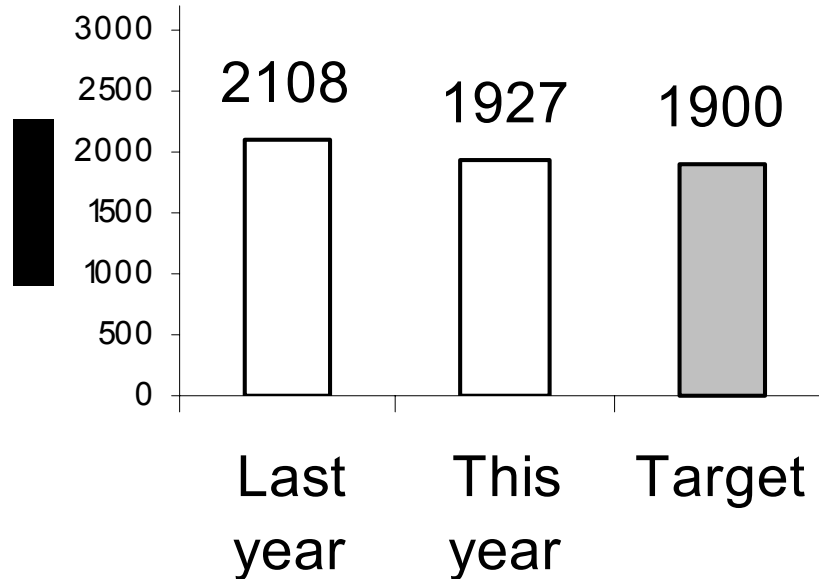
## Your gas use



## Your gas use



# Your gas use



**How are you doing against the UK target to reduce by X%?  
To find out how to cut your gas use, call free on 0800 0001111**

015 1009 02

346

MR S ROBERTS  
72 SEFTON PARK ROAD  
BRISTOL  
BS7 9AJ

3645

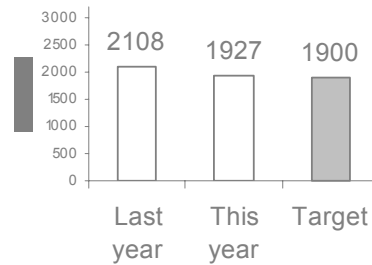
Date of Account: 17 December 2002

THIS IS NOT A TAX INVOICE



Description	GAS	£ p	Amount £ p
Amount Due On The Last Account		55.73	
Payment 23 September 2002		27.00CR	
Payment 21 October 2002		25.00CR	
Payment 21 November 2002		25.00CR	
Balance Brought Forward			21.27CR
Tariff GAS5TH MDD			
Standing Charge 21 August 2002 to 03 December 2002			
104 days at 0.000 pence per day		0.00	
Unit Charges	1927 @ 2.05000p	39.50	
Gas Charges This Period			39.50
VAT: 100% Of Gas Charges	39.50 @ 5.0%		1.97
<b>FOR INFORMATION ONLY</b>			<b>20.20</b>

**Your gas use**



How are you doing against the UK target to reduce by X%?  
To find out how to cut your gas use, call free on 0800 000111

# Possible approaches

- Historic or (better) normative comparative data on bills (designed with consumers)
- **Specific approaches to consumers with high growth**
- **Attention grabbing for direct debit payers**
- **Annual Energy Report as alternative?**
- **Prepayment meter display improvements**

## Issues for consideration

- **Availability and accuracy of historical data**
- **Data for comparison groups or benchmarks**
- **Impact on fuel poor households - less poor but colder?**
- **Consumer-feedback-friendly 'smart' meters**

## Testing the options: the next stage



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ENERGY**

### **Focus group design of on-bill feedback:**

- **Segregate by payment method**
- **Really understand their current engagement**
- **Explore level of detail and robustness expected**
- **Test understanding and impact of different approaches**
- **Find consensus/‘optimal’ approach which contains elements which ensures it works for all**
- **Engage with suppliers to understand constraints and opportunities**



# Stakeholder engagement

- **Suppliers, Ofgem and energywatch**
- **Explore issues, build understanding and review options**
- **10 March 2004 at Ofgem**
- **Volunteers?**

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