

## **Notes from Ofgem seminar:**

### **Consumer Information on Energy Consumption**

24 February 2004

This note summarises the main points raised in discussion at this seminar. The slides of presentations given by speakers are also available on the Ofgem website.

#### **Additional comments raised on Norway research**

##### **What was the spread of energy savings and were these maintained?**

Average savings from receiving feedback were around 9%. The data was segmented in a number of ways and there was very little variation between the segments.

It was also found that providing energy saving tips did not motivate further energy efficiency (in fact, this group achieved lower energy savings than the group that only received the improved feedback information).

There was also a question about how long the behavioural change lasted as the initial study only lasted for 2-years. However, some follow-up work five years later suggested that there was still an effect. Once the system is set-up, customers receive feedback on a very regular basis.

It was also noted that on-bill information was more effective than a separate statement.

##### **Why make the system mandatory?**

Some companies had started to provide feedback information before the introduction of legislation and had seen this as a competitive advantage. It was asked why the Norwegian government had acted to make the provision mandatory if it was emerging anyway. It was thought that the savings were so significant that the system should be fully implemented as quickly as possible

##### **Cost of changing billing system:**

The issue of the cost of adapting bill systems to provide this information was raised. Hal Wilhite commented that there is a one-off cost of upgrading information systems but that on-going costs were low. Customers also provide the meter readings so the costs of collecting the necessary information are low.

##### **Comparative data:**

The on-bill information compares current consumption with weather-corrected consumption data from the previous year. One company also provides an on-line system where consumers can enter a profile of their household and compare their consumption with similar households.

## **Take up of Energy Efficiency measures**

A question was raised about whether there was any evidence about which particular energy efficiency measures consumers were motivated to implement as a result of receiving feedback information. Sarah Darby responded that there was evidence from the US that there was a large increase in the number of energy audits requested from the supplier. It was more difficult to track uptake of specific energy efficiency measures (eg, insulation, more efficient boilers) as customers often had to source this from a different company. Hal Wilhite also commented that there was a large increase in the number of people calling an energy efficiency helpline.

## **Link with the Energy Efficiency Commitment**

A number of participants were interested in how this may link with the energy efficiency commitment and whether suppliers would receive credit for any energy savings. Some participants argued that suppliers should only receive credit for measures installed and that the increased awareness and motivation may increase uptake of suppliers' energy efficiency offerings. However, other participants argued that suppliers should receive credit for any energy savings, regardless of how this is obtained.

## **Link with 28-day rule trial suspension**

A comment was made about the natural link between this area and the provision of energy services under the trial suspension. Ofgem responded that suppliers could include this as part of their offering, but it would not be a minimum requirement.

## **Switching of customers**

Some participants commented that when a customer switches supplier, the historical information will be lost, unless a mechanism is put in place to ensure that the information is transferred. It was also highlighted that for some comparators, different suppliers may segment customers in different ways and this could affect the impact that the feedback has. (In Norway this problem was avoided as consumers receive bills from the transmission and supply companies and the consumption data is managed by the transmission company. It was also noted that the two bill system was very unpopular.)

## **Energy labels for buildings**

One participant raised the requirements under the EU Energy Performance of Buildings Directive for all buildings with public access to prominently display an energy label. There is also a requirement for all buildings at point of sale or lease to have an energy report. These requirements could be met through requiring energy suppliers to provide an annual statement of energy consumption to each supply point. Ofgem commented that at this stage the expectation would be for commercial customers to negotiate the provision of this information with their energy supplier and that there were no plans to place a statutory requirement on suppliers at this stage.

## **Keypad meters in Northern Ireland**

A representative from Northern Ireland (NI) mentioned that approximately 20% of customers (around 125,000 ) in NI now have a keypad meter. Initially the supplier did a lot of work with a pilot group of customers to show them the benefits of the meter and

explain their features. This group achieved 11% savings on previous consumption. The savings that have been made following the wider introduction of the meters (without the support) has been approximately 4%. The motivational factors for consumers included: no debt, no standing charge and a 'smart' disconnection facility. This facility will not disconnect at night or the weekend when you can not buy any more credit. An Economy 7 version of the meter is now also available.