CENTRE FOR SUSTAINABLE ENERGY

CONSUMER PREFERENCES FOR IMPROVING ENERGY CONSUMPTION FEEDBACK

Report to Ofgem

Reference Contract no: **Con/Spec/2004–2007**

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EXECUTIVE SUMMARY

Improving on-bill feedback to consumers on their energy consumption has the potential to motivate consumers to reduce their energy use and thereby save money and reduce pollution. It may also enable consumers to make more informed choices about switching energy suppliers.

The question is how best to provide such feedback on energy bills so that this potential is realised. Following earlier research into the subject for Ofgem undertaken by the Centre for Sustainable Energy, it was clear that: (a) consumers must be consulted in developing options for presenting improved feedback options on their bills; and (b) energy suppliers have data management and billing systems which may constrain the range of possibilities.

This study undertook focus group research to assess consumer preferences for feedback and improved information. It also engaged with energy suppliers to understand and explore the range of constraints they perceive to introducing new feedback techniques.

A series of 7 focus groups in three different parts of England was held, dividing groups by bill payment method. These found very consistent perspectives on energy suppliers, energy saving and energy bills. There were also clear and consistent preferences expressed for how consumption feedback could be improved.

If the focus group participants are 'typical energy consumers' then the findings show that energy consumers:

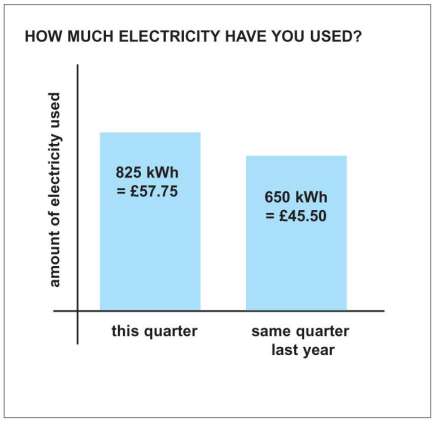
- check their bills to see what they owe (or if they're in credit) and if it's an estimate, but they ignore bill stuffers;
- exhibit a high level of cynicism about the motives of energy suppliers to promote energy saving and generally low levels of trust in their advice;
- reveal barely discernible levels of awareness of the Energy Efficiency Commitment (EEC) and the obligations it places on suppliers;
- show high awareness and knowledge of energy saving measures and techniques but don't know the cost (and assume they are expensive);
- demonstrated little motivation to act and high resistance to being 'sold to' (particularly on the door-step) or 'nagged' to act;
- had very clear preferences (and particular dislikes) on feedback options;
- would, given the right feedback, examine reasons for change in consumption and may be stimulated to take action.

While there were some minor differences between the focus groups by payment method these did not generally relate to feedback preferences.

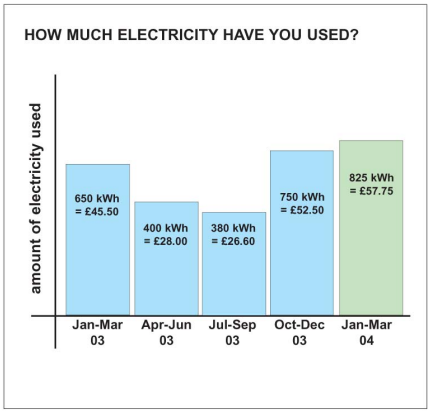
The focus group participants expressed strong dislike for any feedback concept which compared their energy use with average, other homes like theirs or other homes in their neighbourhood.

Their preferences were equally strong with support for simple bar charts on bills to compare energy use in the most recent quarter with either the same quarter last year (see below) or the whole of last year. They also showed interest in receiving such feedback as part of an Annual or Biannual Energy Report.

CONCEPT A



CONCEPT A4



Beyond consumption feedback improvements, focus group participants showed interest in improved messages on their bills about energy saving and about the energy saving obligations of the suppliers. They were also prepared to read their own meters (though preferably in return for some incentive) which would enable improved on-bill feedback without additional visits by meter readers.

Through a Stakeholder Workshop and subsequent discussions with the six main energy suppliers in the UK, a range of supplier concerns have been identified. These relate in particular to existing system constraints (particularly with 'legacy' systems) and the potential cost of undertaking new billing system developments to provide improved feedback. Suppliers are keen to ensure that this cost be compared with other potential non-billing ways of achieving the same consumer benefits.

There is a tendency amongst suppliers to view improved feedback as 'for the greener customer' or other niche markets rather than as meeting a basic information need of all consumers.

The failure to transfer historical consumption data with the records of consumers switching supplier is an obstacle to improved feedback. This should be considered in discussions on the new Customer Transfer Protocol to remove the obstacle in future.

These supplier reservations aside, there was strong interest from several of the suppliers in the concept of improving feedback and energy information to achieve greater energy saving (and potentially referrals to their EEC programmes). The potential for a consumer trial involving a number of suppliers in collaboration with Ofgem is reasonably good.

It is proposed that a year long consumer trial, involving some 5,000 householders on a carefully controlled basis, is used to test real consumer reaction to the preferred feedback concepts identified in the focus groups. The trial evaluation would examine the impact of each feedback/information concept on the householder's energy consumption (from billing records) and the energy efficiency improvements and behavioural changes which have resulted (from a questionnaire survey).

The next step suggested in this study is to hold an additional Stakeholder Workshop with suppliers to explore the proposed trial and examine the basis on which all or some could be involved.

If a trial proves successful it would provide substantive evidence of the value of introducing such measures as standard and of the potential benefits to consumers of establishing effective energy information.

1 BACKGROUND TO THE STUDY

Competitive markets require well-informed consumers in order to function effectively. At present, the information that energy consumers receive about their energy consumption is relatively limited and bills often include at least one estimated reading. Suppliers are obliged to read a customer's meter only once every two years.

Poor information limits the ability of consumers to sustain awareness of their energy consumption, assess the impact of energy saving measures (or other changes) on their consumption, or make accurate price comparisons between competing suppliers.

In order to address concerns about the currently poor level of information and feedback to consumers about their consumption, Ofgem's Environmental Action Plan (2001) included the following commitment:

> "*Accurate information about annual consumption on consumers bills would help to improve awareness of energy use, and facilitate price comparisons between suppliers. Ofgem will provide guidance to suppliers on this and will suggest in the first instance this could be on a voluntary basis with suppliers introducing this facility as part of any routine system upgrades*." (Ofgem 2001)

This commitment is underpinned by the research undertaken in Spring 2003 for Ofgem by the Centre for Sustainable Energy (CSE) and published in CSE's report to Ofgem "*Towards Effective Energy Information: improving consumer feedback on energy consumption*" (Roberts and Baker, 2003)

That desk-top research study concluded that there is a wide range of techniques and technologies available to improve consumer feedback on energy consumption – from shorter billing cycles and more informative on-bill presentation of consumption data to 'smart' meters displaying energy use and identifying load-reducing opportunities.

A review of studies of their introduction suggests a potential to deliver sustained energy savings of 5–10% for many customers through the use of even a limited number of simple feedback improvements.

CSE's analysis for Ofgem of the research and other available evidence and information in this field also indicated that:

- Consumer feedback is most effective when it is immediate, prominent, accessible and specific to the consumer.

- Consumers seem to be able to respond appropriately to historical comparison information on their bills and in-the-home meter displays.

- The manner of presentation of the feedback information to consumers is a core consideration which has been much overlooked in the literature.

- The available evidence suggests (not surprisingly) that engaging consumers in the design of feedback information leads to more effective designs and increases the likelihood of creating presentations which meet the full range of consumer preferences for how to receive and assimilate information and data.

- There is no evidence to suggest that advanced meters are necessary to improve feedback (though they could undoubtedly help if this aspect is a feature of their introduction). Well designed on-bill consumption feedback can be just as effective and should prove relatively cheap and quick to introduce.

- Prepayment meter customers (who would not benefit from improved billing feedback) would benefit from improved meter displays giving them options to review consumption against historical data.

- Enhanced feedback programmes have been most successful where supported by energy advice and other educational activities by suppliers, Government or other agencies.

Providing improved feedback on bills, particularly historical comparison information (usually this period vs. same period last year), is becoming increasingly common in other liberalised markets. However, there is a wide variation in the quality of presentation of such feedback and little apparent effort to assess impacts. Norway provides a helpful exception which points to how to avoid the pitfalls experienced (not yet necessarily knowingly) by utilities and regulators elsewhere [see Wilhite et al (1999)].

The research evidence to date and the analysis presented in CSE's first report to Ofgem pointed to opportunities for improving consumption feedback, particularly (for reasons of cost-effectiveness) via electricity and gas bills.

CSE's report proposed a next phase of research (prior to controlled field trials) involving focus groups to test and improve feedback presentation and to test consumer understanding and the motivational impact of different options. It also highlighted a number of issues for energy suppliers associated with consumption data quality, accuracy and availability for both historical comparisons and normative comparison groups.

Following that report, Ofgem decided to undertake that next phase of research, commissioning a new study designed to address these issues and thus lay the groundwork for consumer trials of improved consumption feedback.

1.1 Ofgem's objective for this study

The stated objective of this study was to identify and describe a shortlist of the most appropriate and effective methods for presenting consumption feedback to consumers (while taking into account the practicality of implementation in both short and longer-term).

Ofgem engaged CSE (with support from Robin Sadler of New Perspectives) to undertake the study, which took place between mid February and mid May 2004.

2 METHODOLOGY

The Research Team undertook two parallel but linked strands of work to meet the study objective:

- Investigating consumer preferences for, understanding of, and responses to, different consumption feedback presentation options through focus groups.

- Exploring with the six main energy suppliers the feasibility and deliverability of different feedback options and their interest in this issue.

These are both outlined in more detail below.

In addition, to reinforce the links between the two strands of work from the outset of the project, a **Presentation Options Stakeholders' Workshop** was held at the start of the project, involving Ofgem, representatives of the six main energy suppliers, members of the Project Team and energywatch (see Appendix C for list of participants).

While the research priority was to understand what feedback options would work for consumers, it was clearly important to ensure both that: (a) the focus groups were not presented with completely impractical options; and (b) the options presented were not so constrained by current systems that presentation options were too limited to achieve the desired understanding and motivation to act.

The Presentation Options Stakeholders' Workshop enabled full exploration of suppliers views of the issues associated with providing improved consumption feedback. In particular, it enabled the feasibility of various presentation options to be reviewed in advance of the focus groups and for candidate feedback presentation options to be refined before focus group testing.

It should be noted that, in line with the conclusion of CSE's original research for Ofgem, the principal focus of this study was on feedback techniques on bills and/or other paper-based communications from energy suppliers to *domestic* consumers.

2.1 Focus Group design and recruitment

Focus groups were run separately for direct debit and quarterly credit customers to ensure that any differences presumed in their engagement with consumption information were addressed fully.

Focus groups were held in 3 different locations (Bristol, Ipswich and Leeds) to ensure that findings are not shaped by any particular billing approaches of dominant energy suppliers or by regional variations related to educational or cultural preferences. The chosen locations ensured at least that each has a different dominant electricity supplier (SWEB/EDF, TXU/Powergen, Yorkshire/npower).

One focus group was also held (in Bristol) to examine consumption feedback for prepayment meter energy consumers in order to ensure that any additional issues for householders using this payment method could be considered in the study.

Recruitment of focus group participants, undertaken by The Independent Fieldwork Company, was designed to filter the respondents contacted and sort them into the categories required at each focus group.

In order to try to gain a 'general' view of 'normal' energy consumers, the recruitment process focused on householders between 25 – 50 (though some older householders were accepted) in social class C1,C2[1] themselves responsible for paying the bill. The average age of the recruited participants was towards the upper end of this range. For the pre-payment focus group, the target was C2,D (since these householders are more likely to be using prepayment meters).

The recruitment questionnaire (see Appendix B) also screened out consumers with particularly strong knowledge of energy issues since it was considered that they may unduly influence the focus group and thereby distort the findings.

Focus groups were 90 minutes long and held early evening (18.30 and 20.00 hrs) in a local hotel (Ipswich and Bristol) and the recruiter's home (Leeds). Focus group participants were offered a £25 inducement to attend the focus groups as is typical for this type of research. Proceedings were recorded and transcribed for analysis.

Table 1: Focus Group participation

	Quarterly payers	**Direct Debit payers**	**Pre-payment payers**
Ipswich	3 male 4 female	4 male 4 female	
Leeds	3 male 3 female	3 male 2 female	
Bristol	4 male 4 female	4 male 4 female	4 male 4 female
TOTAL	**10 male 11 female**	**11 male 10 female**	**4 male 4 female**

60% of the participants had switched suppliers at least once for either gas or electricity (or both).

The design of the focus group hinged around its primary purpose – to identify the most appropriate and effective methods for presenting consumption feedback to consumers.

In the process it also examined:

- Current engagement with, and views on, their bills and consumption levels
- Perpectives of energy suppliers and their involvement in energy saving
- Understanding of energy saving techniques and levels of action and motivation to act
- Reactions to proposed information/feedback options

The focus groups were all moderated by Helen Humphries of CSE with support from Verity Hyldon. Robin Sadler of New Perspectives attended the groups in Ipswich as an observer and Simon Roberts of CSE attended the groups in Leeds in a similar capacity.

1 C1 = 'Lower Middle Class' – Supervisory or clerical and junior managerial (27% of population)
C2 = 'Skilled Working Class' – Skilled manual workers (22.6% of UK population)
D = 'Working Class' – Semi and unskilled manual workers (16.9% of population)

2.2 Developing the Information/Feedback Options for testing

The Project Team developed an initial range of options to test with the focus groups. Presentation techniques which have been tested and put into use in other countries were used as a starting point, together with the insights gained by CSE during its initial research for Ofgem and by the Research Team generally through its extensive knowledge of energy consumers.

This initial range of options was explored at the proposed Presentation Options Stakeholders' Workshop in order to understand:

a. any system or data constraints for suppliers which may exist to restrict an option

b. energy supplier, Ofgem and energywatch perspectives (based on their own knowledge of consumers) of what might work

c. other options energy suppliers, ofgem and energywatch would be interested in testing

This process resulted in 16 options for testing with the focus groups. These reflected a mix of 'on-bill' feedback presentation options (both bar chart and pictorial, historical and comparative); non-bill feedback presentation options (eg Annual Energy Report); on-bill statements to encourage energy saving behaviour or direct contact with the energy supplier for energy advice; and suggestions of ways in which energy saving could be encouraged (eg self-reading of meter, energy advice from the meter reader).

All of the presentation options tested with focus groups are shown in Appendix A. Focus group participants were asked to consider and comment on each option and at the end of the session to select those options worth 'keeping' to test further and those to 'discard'.

2.3 Engaging energy suppliers and assessing feasibility

The Research Team engaged with the six main energy suppliers (British Gas, EDF Energy, npower, Powergen, Scottish & Southern, Scottish Power) to identify possible data and system constraints to providing effective feedback options.

The principal mechanism for engagement was the Presentation Options Stakeholders' Workshop outlined above. As described in Section 4, this provided an excellent opportunity to explore initial views of the suppliers in relation to improving consumption feedback and related issues such as promoting energy saving.

As the Workshop attendees included a mix of marketing, customer service, compliance and billing system experts, the Workshop also provided extensive insights from suppliers surrounding the practical and organisational constraints of introducing the various improvements.

The Workshop was designed to ensure that, early in the project, suppliers were engaged with the practical realities of consumption feedback.

Following the Workshop the supplier representatives each sought further views from within their own companies as to how they might engage with possible future consumer

trials. Further discussions were held with each supplier individually following analysis of the focus groups. This enabled suppliers to consider more specific ideas for how consumer trials might be developed and to seek more precise views internally on their policy for engaging with such a process.

At the time of writing[2], this process is continuing with a view to culminating in a further Stakeholder Workshop with energy suppliers in late June/early July to review the study findings and examine the basis for a collaborative approach to future consumer trials of improved consumption feedback.

The Research Team had been expecting to explore in more detail the options for establishing datasets to enable comparative feedback (eg 'your home' vs. 'average home' or 'other homes in your neighbourhood'). However, the strongly negative reaction to such feedback from all of the focus groups (indeed, virtually all of the participants in all of the focus groups) rendered this analysis superfluous so it was not undertaken.

2 End May 2004

3 THE FOCUS GROUP FINDINGS: Clear preferences & consistent perspectives

Perhaps the most striking finding from the focus groups was the consistency of participant perspectives and the clarity of the preferences expressed for the feedback and improved information options.

In summary, the common findings are that the participants:

- check their bills to see what they owe (or if they're in credit) and if it's an estimate, but they ignore bill stuffers;
- exhibit a high level of cynicism about the motives of energy suppliers to promote energy saving and generally low levels of trust in their advice;
- reveal barely discernible levels of awareness of EEC and obligations it places on suppliers;
- show high awareness and knowledge of energy saving measures and techniques but don't know the cost (and assume they are expensive);
- demonstrated little motivation to act and high resistance to being 'sold to' (particularly on the door-step) or 'nagged' to act;
- had very clear preferences (and particular dislikes) on feedback options;
- would, given the right feedback, examine reasons for change in consumption and may be stimulated to take action

While there were some minor differences between groups by payment method these did not generally relate to feedback preferences. These are explored in Section 3.3 below.

3.1 Consumer Feedback Preferences

The 16 options[3] presented to the focus groups produced a very consistent set of responses. This was assisted by the process at the end of the focus group to 'keep' or 'discard' options depending on whether the group felt the concept had any merit which justified testing it further.

3 Options K, L and M were not presented in Ipswich

Table 2: Preferences for different feedback and information concepts (see Appendix A for examples).
Red = strong preference; Amber = some interest

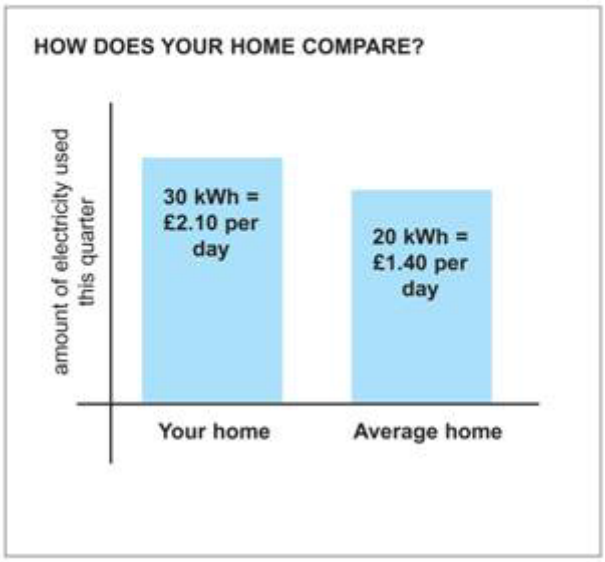
Concept	Summary Details	Quarterly			Direct debit			PPMeter	Total
		Ipswich	Leeds	Bristol	Ipswich 2	Leeds 2	Bristol	Bristol	
A1	This 1/4 vs same 1/4 last year - BAR								7
A2	This 1/4 vs same 1/4 last year - HOUSES								0
A3	This 1/4 vs same 1/4 last year - COINS								2
A4	Comparison last 5 quarters								6
B	Your home vs average home								0
C	Your home vs other homes in your neighbourhood (less than average)								0
D	Your home vs your home if fully energy efficient	Not per day							2
E	Your annual energy consumption report								7
F	Energy Saving Newsletter				Different each time 1/2 a year		Maybe for new customers?		1
G	Reading your own meter					With discounts			5
H	Advice provided by meter reader once a year								0
I	Energy saving statement on bill with freephone number			Different statement					4
J	Average daily use vs average daily use by household size - PICTORIAL								0
K	Your home vs home if well insulated vs your home if poorly insulated	N/a			N/a				0
L	Fuel company questionnaire about your house to give specific advice and offers	N/a			N/a		Prefer independent sources		4
M	Fuel co. targets to save energy, find out how you can benefit with freephone number	N/a	Not using words 'offers' or 'targets'		N/a		"		3
	TOTAL	**6**	**7**	**6**	**6**	**6**	**6**	**4**	

3.1.1 DISLIKES: comparisons, averages, pictures, meter readers & more bill stuffers

Research in Norway and the US referenced in CSE's earlier research for Ofgem[4] had indicated that people might be responsive to receiving comparative (or 'normative') feedback in which their consumption is compared with similar homes, averages or others in their neighbourhood. This is very clearly NOT the case with the focus group participants in the UK with all such options rejected.

For example, Concept B elicited a range of responses dismissing the notion that comparing themselves with an average would be taken seriously:

CONCEPT B



"I've never had anything that actually matches the average.**"**
Male DD payer, Leeds

"That's ridiculous" Female DD payer, Bristol

"That would annoy me" Female prepayment payer, Bristol

"I would be very sceptical" Male DD payer, Ipswich

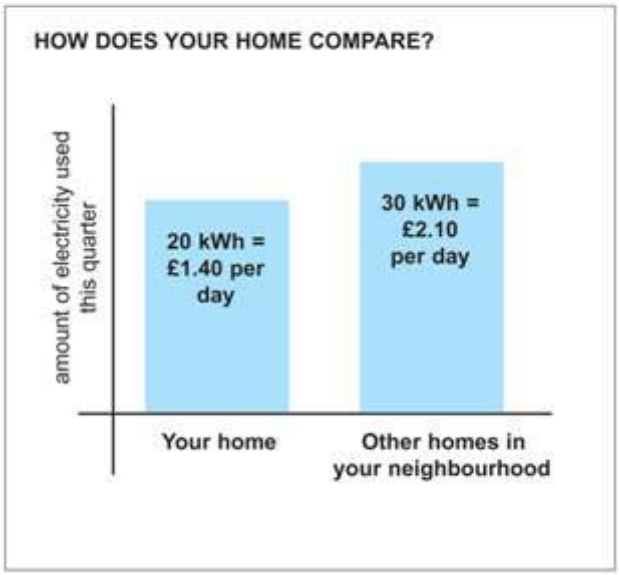
Some of the comments indicate a more technical basis on which such an approach is being rejected.

> "I'm assuming that the average is by the size, cubic feet of how big your house is. How are they doing the average? You can't do that. Smaller, bigger houses. How can they do that?"
> Female DD payer, Bristol

Concept C, comparing their own consumption with those of other homes in their neighbourhood, fared no better:

[4] Roberts and Baker (2003)

CONCEPT C



"Not interested. All I want to know is what I've used and what I can do to make it different. I don't want to know about next door**"**
Female quarterly payer, Leeds

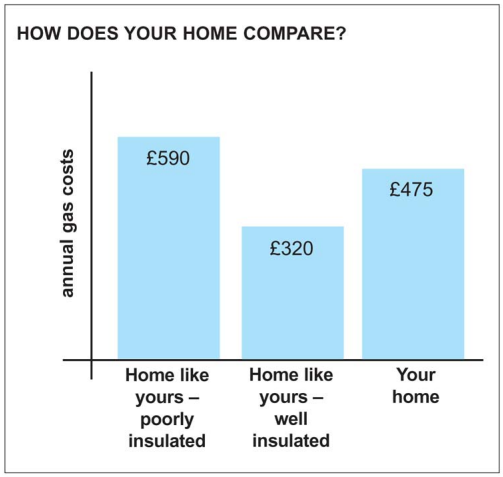
"It doesn't do an awful lot for me" Female quarterly payer, Leeds

Some responded quickly and positively to the fact that the graph showed that they were using less than their neighbours, but they rejected the concept as generating false comparisons:

"Each individual house is a different one" Female DD payer, Bristol

A similar sentiment was evident in relation to Concept K, which compared their home with more or less energy efficient ones on a 'target' style basis:

CONCEPT K



"How could they do that for everyone in the country?**"**
Female quarterly payer, Bristol

"Information overkill" Male quarterly payer, Bristol

This scepticism over the ability of suppliers to provide such comparisons was consistent within the groups. This points to a high risk (demonstrated by the groups) of any such feedback approach being dismissed as invalid by consumers, however technically robust the data.

Pictorial representations – with stacks of coins or different sized houses representing consumption in different quarters or in different homes (Options A2 and A3) – were rejected as "gimmicky" and "distracting", though one person in one group (Ipswich quarterly payers) thought some people might prefer the coins to a straightforward graph since it would make them think of money; the group therefore considered it worth 'keeping'.

Energy saving newsletters (Concept F) were also rejected – reflecting self-awareness amongst the participants that they throw bill-stuffers such as this in the bin. That is not to say that there was not interested in the subject matter ("The tips are quite useful" Female DD payer, Ipswich) but simply that they did not view the approach as being likely to get their attention. Concerns were also expressed about wasting paper but some thought such an approach might be good for new customers to 'welcome' them whilst promoting energy saving.

CONCEPT F

"When you look at it quickly, that's the sort of thing that would go straight in the bin**"**
Female quarterly payer, Leeds

An idea emerging from energy suppliers at the Presentation Options Stakeholders' Workshop – that **meter readers provide energy advice** (Concept H) – received short shrift. Some rejected on the basis of not wanting the meter reader in the home while others were dismissive of the practicalities:

> "I wouldn't want to have them around" Female DD payer, Leeds

> "Ah. You're going to have to meet up with your meter reader once a year – more like once a decade!" Male DD payer, Leeds

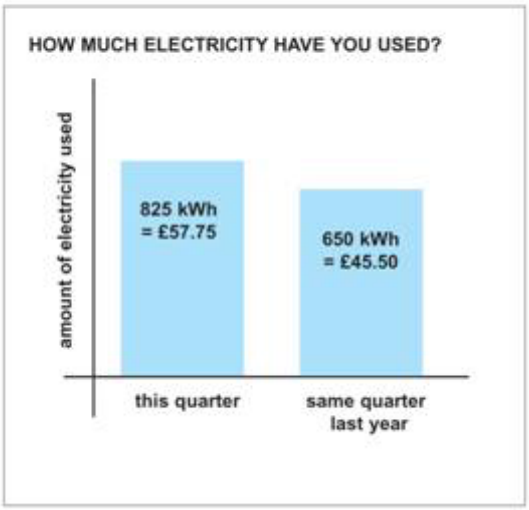
> "If he spends 15-20 minutes with every household discussing it he wouldn't get down the street" Male quarterly payer, Ipswich

3.1.2 LIKES: simple bar charts with historical data, direct, and personal

The preferences expressed by the focus group participants were generally as clear as the dislikes.

For on-bill feedback, there was an overwhelming preference for simple comparison of historical data. This could either be comparing the last quarter with the same quarter the previous year (Concept A1), or by comparing the last 5 quarters (Concept A4)

CONCEPT A



"The chart is the best one."
Male DD payer, Ipswich

"Imagine my husband looking at that and saying 'Oh my God'"
Female quarterly payer, Bristol

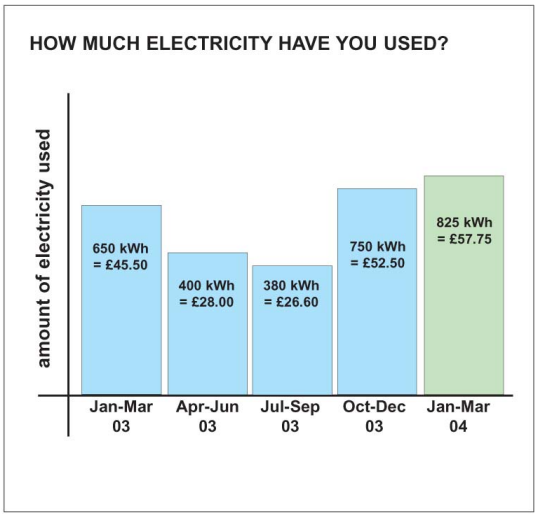
"It's nice and simple" Female DD payer, Leeds

"It is easy seeing it" Male prepayment payer, Bristol

"It is simple. It is quite graphical. Anyone can understand it."
Male DD payer, Bristol

All groups chose to 'keep' this one and it was a clear favourite (though, as explained in Section 3.1.3 below, there were some doubts expressed about whether they would react to it). Some queries were made about the labels ("What's kWh?") and which quarter should come first (this year or last year) but otherwise it was considered simple to understand.

CONCEPT A4



"I'd be interested in that."
Female quarterly payer, Leeds

"It's what I phoned the company up about this year…They don't ever show you that. That is a good way of showing it."
Female DD payer, Bristol

"It's all there, all together. You have your whole year"
Female quarterly payer, Bristol

Some participants showed awareness of the need to correct the historical data for temperature and potentially also for price changes.

"Why have you used more this quarter?"
"Probably because it was a bitterly cold month"
"That wouldn't show"
Exchange between DD payers, Bristol

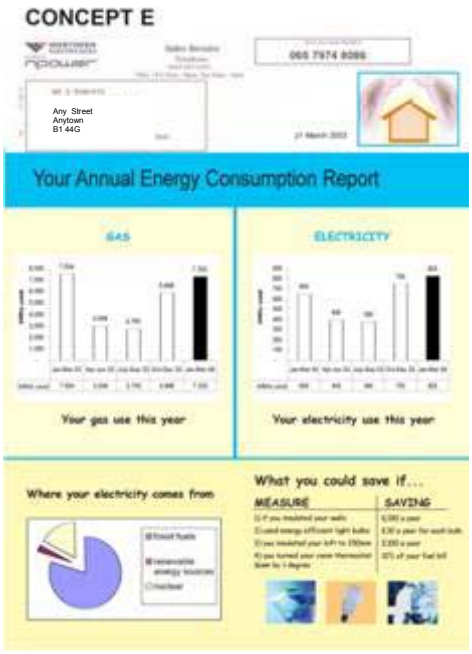
"I never go back and look at previous bills. It could have been a particularly mild winter and there are other factors. A like for like is a difficult thing to achieve" Male DD payer, Bristol

"With the prices that you were paying on last year to the prices you are paying this year. Just so you could save how much the increase of your units have gone up."
Female quarterly payer, Bristol

Some indicated a preference for such analysis to be provided annually but there was a strong sense that it should be 'on the bill' if it was going to gain their attention;

"It would have to be on the actual bill, rather than a separate piece. They would actually have to have it on the same piece of paper. Otherwise it just goes [in the bin] with everything else"
Female DD payer, Leeds

That said, the concept of receiving an **Annual Energy Report** (Concept E) containing this sort of feedback was also widely considered potentially helpful, particularly because of the potential to provide additional information (energy saving measures information and electricity source disclosure).



> "I don't check any of my bills or what I am using. Something like that would be good."
> Female DD payer, Ipswich

> "I would use something like that to scare my other half because he is useless."
> Female DD payer, Bristol

Perhaps inevitably, some would treat this as another piece of junk mail or bill stuffer but there was interest in receiving consumption feedback in this way, either with the bill or as a separate communication. A significant proportion of participants also expressed unprompted interest in the source disclosure data which had been 'mocked up' on the annual energy report.

Concepts involved in providing more information on energy saving and/or energy saving services available from the energy suppliers were generally well received. However, the overwhelming sense of cynicism about the energy suppliers' interests in energy saving and their credibility and trustworthiness to give impartial advice coloured some judgements.

For example, **energy saving tips and statements on bills** with a freephone number for advice (Concept I) was supported by 4 of the 7 groups.

> "Yes, if you want to use it, you can use it. And at least it's a number on your bill which you tend to keep" Female DD payer, Leeds

But the cynicism about energy suppliers and their services also shined through:

> "As long as I don't have to wait for hours to get an answer"
> Female prepayment payer, Bristol

> "If it's on the bill – I'd think they're trying to sell you something"
> Male quarterly payer, Bristol

Similarly, an approach to provide **energy advice based on a simple questionnaire** (Concept L) was considered acceptable by 4 of the 5 groups in which it was tested. However, participants generally preferred the idea that the advice came from someone independent of the suppliers.

> "Just to see what I could save" Female prepayment payer, Bristol

> "I would be happier with that coming from the council than I would be from a service provider with a vested interest" Male DD payer, Bristol

Following the evidence from the first focus groups in Ipswich that participants were unaware of the Energy Efficiency Commitment, a new concept was tested in Leeds and Bristol (Concept M). This was an 'on bill statement' designed to **highlight the energy saving obligations** of the energy supplier and stimulate interest in their EEC schemes.

CONCEPT M

We have targets to save you energy.

We've a wide range of offers to help you – are you getting your share?

Call us FREE on 0800 111 111

"I would ring them.**"**
Female quarterly payer, Leeds

"Put it on the front of the bill; I wouldn't look at anything else.**"**
Female DD payer, Bristol

This concept generated some discussion since, while it appeared to create a sense that you might be missing out on something, uses of the word 'target' and 'offers' gave it a commercial 'sales' feel which made some suspicious.

> "It implies you are missing out on something" Female quarterly payer, Leeds

> "I think it's not a bad idea if they are genuinely telling you offers where you have genuine benefit" Male quarterly payer, Leeds

> "I would see the word 'target'. It would be the target for them to sell you something" Male DD payer, Bristol

And once again the distrust of the energy suppliers was evident:

> "If it is from an independent supplier or an independent body then may be. If it is someone from a vested interest, then no"
> Male DD payer, Bristol

> "I would say 'sod it'. I'm not interested in their targets"
> Male prepayment payer, Bristol

Finally, participants generally seemed ready to **read their own meters** (Concept G). Contrary to the expectations of the Research Team, many participants read their meters each quarter themselves to check the accuracy of their bills. This is particularly the case for estimated bills and was similar for both quarterly and direct debit payers. Many participants would readily provide their own meter readings to their suppliers by post, phone or website. This may therefore be a simple way of meeting the need for accurate quarterly meter readings to underpin quarterly consumption feedback.

Focus group participants would welcome an incentive or reward for reading their own meter, principally because they perceive that by so doing they would save the supplier money (i.e. the cost of sending out the meter reader).

3.1.3 Evidence of motivation to act?

There are signs that improving consumption feedback in the preferred ways identified above would trigger investigation and action by householders. But there is also some scepticism as to whether they would actually respond:

> "I think it would make you think about it. It makes you aware of it doesn't it. Whether you do anything is a different matter. It will certainly make you more aware of it."
> Male DD payer, Bristol

> "You would be conscious. Where is that going to stop?"
> Male quarterly payer, Leeds

> "Then you would have to know why you were using more"
> Female DD payer, Ipswich

The positive sense of purpose generated by the preferred feedback options amongst many participants is clear:

> "If you are using less, it is good. I am saving money. Hopefully you'd try and think what have I been doing to make it less."
> Female DD payer, Ipswich

> "Why am I using so much more?"
> Female prepayment payer, Bristol

> "Check it out. Do we have to have the radiators on at time of night? Do you have to dry your towels on them?" Male quarterly payer, Ipswich

> "To see the difference to what you have used. You can see. If you have used a lot more you could see if it was something you have bought or may be the kids on the computer…"
> Female quarterly payer, Leeds

> "If you have taken steps and you were more conscious and you had done your loft and you were genuine… if you saw the results on that. When you saw one bill your bill only shows one reading. When you see the last reading you think I have used 1,021. Doesn't mean anything. That [Concept A4]. If you saw that, you'd think '****!'"
> Male quarterly payer, Leeds

However, there were also the doubters who, based principally on a reasonable degree of self-awareness rather than cynicism, considered a sustained response unlikely:

> "For a little while you would try and save a bit. A month down the line it would go back" Male prepayment payer, Bristol

> "Don't think any of those [historic data feedback] would make any drastic changes" Female quarterly payer, Bristol

> "It is of no use. You have to pay the bill anyway"
> Female quarterly payer, Bristol

> "I don't think it would force me into it. I think I am pretty mindful of what I do anyway" Male DD payer, Ipswich

Overall, there was a slim majority of the participants who seemed to think they might pay attention and respond to historical feedback showing increased consumption. In addition, there was a general sentiment that there was 'no harm in trying' since better feedback at least gave people information in a way which meant they had the option to act.

3.2 Consumer perspectives on energy suppliers, energy saving and bills

In addition to the feedback and information preferences identified (outlined above), the focus group discussions also revealed a number of other pertinent issues relating to consumer engagement with energy issues and energy suppliers.

If the participants in these focus groups are typical energy consumers then a typical energy consumer has:

- little faith in their energy supplier and no sense of why they might promote energy saving;

- a reasonably well-developed understanding of what is involved in saving energy – both in terms of behavioural changes and measures to install – but a firm belief that measures are expensive to install and subject to 'hard sell' tactics;

- no real reason or motivation to act now (even though they'd rather have lower bills and, in some cases, help cut pollution) because energy consumption just isn't 'that big a deal' for them and they think it is expensive to take action;

- little interest or engagement with their fuel bills (just check how much you owe) and no engagement with any of the other contents of the bill's envelope

These 'characteristics' are examined below in terms of how they were expressed within the focus groups.

3.2.1 Deep cynicism about energy suppliers' motives and tactics and distrust in their advice

The focus group participants do not trust the motives of the energy suppliers on promoting energy saving and have developed resistance to what they see as hard sell tactics:

> **"**If they try and save energy they are not going to sell you so much. They are cutting their own throats to a certain extent. They want you to spend X amount of units every time**"**
> Male DD payer, Ipswich

> **"**When they come out, at the end of the day, it's a fuel company, they're still on a sales rap, they're trying to sell you something.**"**
> Male DD payer, Leeds

> "They will make money"
> Female quarterly payer, Leeds

Almost every participant made a negative or cynical remark about energy suppliers, their 'hard sell' tactics and/or the self interest they demonstrated. Many participants reported knowledge of someone they knew who had responded to supplier offers and advice, only to find it more expensive than other contractors.

Aside from people's direct experiences and hearsay as the basis for these views, there was almost no awareness at all of the obligations placed on energy suppliers to save energy under the Energy Efficiency Commitment.

Nevertheless, even when this was explained within the focus groups, cynicism and scepticism still dominated comments and reactions. Some participants suggested that, if the suppliers wanted them to save energy, they should offer

them a discount on their bills or shopping vouchers to do so (rather than offer them energy saving offers).

3.2.2 Understanding energy saving (but not doing it, mainly because they think it is very expensive)

The focus group participants knew what to do to save energy but have little motivation to act, are fed up with being 'sold to', and share a perception that energy saving measures are expensive:

When presented with a blank flip chart and asked to give details of energy saving measures, all 7 focus groups quickly provided a comprehensive list of energy saving measures (eg cavity wall insulation) and behavioural changes (eg turning your thermostat down by 1°C). The participants understood how to save energy.

Many participants mentioned the difficulty of persuading their children to turn off lights and moderate their use of energy consuming appliances. There was also an acknowledgement of the potential power of education to turn their children into energy savers.

However, while some claimed to have 'done' energy saving measures in their homes, most were ready to reveal what they acknowledge to be their shortcomings in this regard, particularly on changing their behaviour rather than installing measures.

"It is like when you say you can save £200 a year. How much would it cost you to put your house right to save that £200 and how many years would it take to get your money back?**"**
Female DD payer, Bristol

"If I wanted it, I would ask for it. I don't want it rammed down my throat."
Female quarterly payer, Leeds

"We probably know where we can save energy, but we don't do it. You know what is best to do, but it is very rare that you do it.**"**
Male prepayment payer, Bristol

There was a widespread assumption that energy saving measures were expensive with limited savings;

> "I think most people would be interested. It's just the initial cost. It's expensive; it's not cheap stuff… You're not looking at it long term. I want a £1,000 now to do this. Well, it's going to save you like, say, £10. Well I'm not willing to spend £1,000 now. I'd rather pay my bills and have the £1,000 in my pocket" Male DD payer, Leeds

> "It depends how much it will cost you to have these energy saving measures installed. How many years are you going to live there to have the benefits anyway?" Female DD payer, Leeds

While it was not an issue directly addressed in these focus groups, a discussion at the end of one group revealed that participants assumed cavity wall insulation cost between £600 and £2,000 for a 3-bed semi. Pleasant surprise was expressed by the group when the true, much lower cost was disclosed, together with renewed interest in energy supplier offers!

The few participants which had completed an energy advice questionnaire (either from their energy supplier or, possibly, the local Energy Efficiency Advice Centre) reported feeling overwhelmed and disappointed in the response.

> "It was a wad of sheets telling me how much money I could get if I had these energy efficient things done. I didn't read all of it to be honest. I got fed up with it" Female prepayment payer, Bristol

> "There was a leaflet thing that came through, a good few months ago; you just ticked off and it went back with everything else. And one of these packages arrived through the door assessing my house and what you could do to save energy and things like go out and buy a new roof, install insulation like this, you know. After about £40,000, I'd be saving a tenner!... and nothing I hadn't already thought of."
> Female DD payer, Leeds

3.2.3 Reading the bills (usually) but not bill stuffers

Participants generally said they looked at their fuel bills to see what they owed (not how much energy they had consumed). They usually check estimated bills by reading their meter and were happy to call through fresh readings (though they only tend to do this if the correction is in their favour or large – to avoid later shocks).

In the case of quarterly payers, they then paid it. In the case of direct debit payers, their principal interest was whether they were in credit or debit. Two (4%) participants were tracking their consumption themselves on a quarterly basis.

No one admitted to reading anything which came with the bills, with some indicating that they opened the bill over the bin and simply removed the statement and binned the rest.

More of the direct debit payers said that they don't look at their bills (or more precisely that they 'bin them') but this was still a small proportion of the direct debit payers participating in the groups.

This engagement with only the bill was reflected in the strong sense in all groups that any additional information would need to be on the bill if it was to have any

impact and stand a chance of 'getting through'. The following quote captures a common sentiment;

> "You might do if it's actually on your bill. Because you have to look at your bill to see what your actual bill is, so you might look at it if it's on your bill. But I think if they put it on a leaflet that's in your bill, you just have absolutely no chance of anybody looking at it because you take your bill out and you put the rest in the bin. But if it's actually printed on your bill, you've got to look at that bill to see what it is. So if it's at the side of it or at the bottom or the top, wherever it is, your eyes will follow it down to see what's on there"
> Female DD payer, Leeds

3.3 Other findings: quarterly vs direct debit vs pre-payment payers

With the exception of the few direct debit payers who admitted to not bothering to look at their bills, there was strong commonality in perspectives and feedback preferences between the quarterly payer and direct debit focus groups. Although the samples were small, this would imply that there is no need to adopt different methods for improving feedback for these two groups of customers.

The pre-payment meter focus group confirmed the Research Team's expectations that this customer group has a different range of issues and concerns:

- Some of the prepayment meter customers received occasional consumption statements, others did not.

- Some were aware that their meters could provide information on their consumption levels but few were making use of this facility. Several mentioned that they had been given an instruction booklet on these facilities when their meter was installed but had found it too complicated or not bothered with it (and not kept it).

- Many considered prepayment to be the cheapest payment method (though irrespective of this error, they considered it to be the best payment method for their situation).

As Table 2 above indicates, the prepayment payer participants shared similar preferences for feedback with the other groups, if more limited in scope. However, within this small sample, participants were generally more reluctant to see the feedback concepts as useful and less likely to say that they would respond to improved feedback.

4 ENERGY SUPPLIER PERSPECTIVES

The six main energy suppliers have engaged willingly with this study. This was principally through the Presentation Options Stakeholders' Workshop but also in further exploration of the issues raised by the focus groups and discussion of the steps towards a possible collaborative consumer trial.

There are some differences between the suppliers in terms of:

- their enthusiasm for improving consumption feedback
- the level of constraints imposed by their billing systems
- the evidence which they feel would justify widescale adoption

However, some of these differences may result simply from the functions of the company representatives involved in the study to date.

To generalise, those companies with marketing or customer service representatives involved have shown stronger enthusiasm and less sense of billing system constraints (certainly for consumer trials). On the other hand, those companies represented by people working on billing systems or in regulatory compliance have tended to be more cautious, starting from an understanding of the obstacles to achieving improved feedback at scale.

The differences may therefore reduce as these representatives engage others in their companies to explore the issues and establish their position.

For each supplier, there is still discussion taking place within the company about the basis on which the company would be interested and willing to participate in trials. In most cases, this is expected to be an iterative process with Ofgem, with a reasonable level of caution at this stage from suppliers to committing to participation in what is currently a relatively nebulous proposition.

There are some general observations which can be made of the perspectives of energy suppliers:

- All the main suppliers show strong interest in the study and the concept of improving consumption feedback and stimulating energy saving. They also demonstrate some defensiveness based mainly on fears about the possible costs and the actual level of customer interest.

- There is a tendency amongst the suppliers to view improved feedback as 'for the greener customer' (i.e. those already interested in this issue and potentially with an express demand for additional information) or other niche markets rather than as meeting a basic information need of all consumers.

- Suppliers have a wide range of issues associated with 'legacy' billing systems inherited from several different companies, where billing system development activity is prioritising the creation of unified systems rather than adding new

features. Many suppliers are in the process of developing new Customer Relationship Management (CRM) systems, migrating from systems designed simply to draw up and dispatch bills to ones designed to enable more targeted customer marketing, information and service.

- Adapting systems to meet new feedback needs could be a major undertaking though some suppliers already have the capacity to provide graphic on-bill feedback (similar to Concept A) and others are now providing this for on-line billing customers.

- There are concerns about the costs to consumers of making such improvements compared with other activities (eg more energy saving promotion) to achieve the same customer benefits.

- There are also concerns (based partly on the experience of one supplier who tested consumption feedback some 10 years ago) that any changes to the bills can lead to significant (and costly) increases in telephone 'traffic' for customer services teams. This would need to be taken into account in planning trials or wider roll-out.

- Suppliers anticipate needing to justify any billing system changes to incorporate better feedback on commercial grounds, particularly in terms supporting recruitment to their EEC schemes.

- The work currently being undertaken on the new Customer Transfer Protocol (CTP) is taking priority but there is recognition that an objective of improving feedback would be best served by ensuring that historic consumption data is transferred with the customer under the new CTP.

- Developments on this aspect of consumer information and billing should be considered alongside current developments with energywatch's billing standard, proposals to disclose electricity sources, and the new CTP.

- More specific system constraints are anticipated (though not explored in detail as yet):

    - the finite capacity of billing systems means any additional calculations will inevitably slow the processing down;

    - existing bill printing machines may be unsuited to producing the types of feedback preferred by customers.

As a result of the range of obstacles and constraints to new billing system development specifically for improved feedback, suppliers expressed a strong interest in exploring non-bill feedback mechanisms and other more direct appeals to save energy. These were tested in the focus groups. The findings provide some encouragement for such approaches (eg Concepts E, G, J, L and M), though they were considered less appealing and less effective than on-bill feedback.

It is clear from discussions with suppliers that no single supplier appears to be in a position currently where it could undertake a fully controlled consumer trial on its own. This points to the need for a collaborative study in which different suppliers take responsibility for delivering different 'options' for testing and then share data and analysis. Most suppliers appear willing to explore this approach further, though some remain to be convinced that there is sufficient potential customer value in improved feedback to justify committing resources to a further study.

5 TOWARDS EFFECTIVE FEEDBACK: Issues for further consideration

To the extent that the focus group participants are typical energy consumers, this study indicates that most consumers are not closely monitoring their energy consumption. It also reveals a reasonable degree of interest in receiving better feedback from their energy suppliers, ideally on the bills (since that is the only communication from suppliers which they read).

There is evidence from the focus groups that such improvement in feedback is likely to stimulate appropriate energy saving responses from at least some householders. There is also evidence that consumers know what to do to save energy and that they do not trust energy suppliers as either a source of energy saving advice or services.

A number of issues require further consideration:

- the transfer of historical consumption data
- the accuracy of consumption data
- the implications of the distrust in energy suppliers
- issues relating to households in fuel poverty and customers with special needs

Understanding the full implications of the various issues raised by energy suppliers will require further refining of the options to be tested in any consumer trials and should be the basis for ongoing dialogue between Ofgem and the energy suppliers.

5.1 Historical data and the new Customer Transfer Protocol

A significant constraint to introducing improved customer feedback based on historical consumption data is the fact that such data is not transferred when customers switch suppliers.

Only 12 months' worth of data is required to enable such feedback. However, this clearly makes it impossible to provide historical feedback for customers who have switched suppliers in the last year. Unless resolved, this problem would create an undesirable loss of service quality for customers switching supplier.

This issue was raised by a number of suppliers during the study since it is relevant to current discussions regarding a revised Customer Transfer Protocol. There are other reasons for wanting to transfer historical data with customer records, such as improving the ability of the new supplier to issue accurately estimated bills.

Bearing in mind the preference of focus group participants for on-bill historical consumption feedback, it makes sense to remove this obstacle by ensuring that

the transfer of historical consumption data is a central element in a new Customer Transfer Protocol.

5.2 The accuracy of consumption data

Aside from the issue of the availability of historical data for customers which have switched suppliers within the last 12 months, there is also the problem of having accurate consumption data. Suppliers are only obliged to obtain meter readings once every two years.

While many suppliers seek and achieve more frequent meter readings, most consumers receive estimated bills at least once or twice a year (and typically 'every other bill'). Focus group participants indicated strong awareness of estimated bills and generally took their own meter readings if they received one to check the estimate's accuracy.

The readiness of focus group participants to read their own meters may provide a mechanism to increase the accuracy of historical consumption data for feedback purposes. One of the suppliers reported very positive customer response to a 'self-read' tariff which provided a small financial incentive to customers providing their own meter readings.

However, the act of reading the meter does not seem to be treated by consumers as providing them with 'consumption feedback'. Furthermore, no attempt is being made to encourage them to keep their own records to enable them to make historical comparisons (eg by providing them with cards to track readings over time).

As identified in Section 6 below, this may provide a relatively simple way both to improve the accuracy of data which suppliers can use to provide feedback and to engage consumers in tracking their own consumption over time.

5.3 Implications of the distrust of energy suppliers

The extensive cynicism about energy suppliers and their role in energy saving may be an important factor in how ready consumers are to seek energy saving advice and assistance from their energy suppliers in response to improved feedback.

This may or may not be news to the energy suppliers. However, it may be a factor which affects the extent to which improving feedback meets one of the key aspirations of suppliers: to increase take up of measures under their EEC schemes.

It is therefore an important consideration for how the 'success' of any consumer trials is measured. If one of the measures of success is the number of direct referrals from a supplier's customers receiving feedback to that supplier's EEC schemes, it may overlook a broader beneficial impact.

In spite of the cynicism and distrust about energy suppliers' involvement in energy saving, it is the case that a high proportion of the domestic energy saving activity in the UK is now taking place within the auspices of suppliers' EEC schemes. It is therefore likely that any energy saving measure installed in response to improved feedback will have been provided under one supplier's EEC scheme or another.

The correct measure of this aspect of feedback success is therefore the take up of any supplier's EEC schemes, not simply direct referrals to a particular supplier's schemes.

On a different point, the lack of awareness of EEC found in this study does point to potential value in improving and strengthening communications with customers about the nature, scale and purpose of the energy saving obligations represented by EEC. Understanding that suppliers have such obligations may help diffuse some of the cynicism regarding suppliers' interest in energy saving.

5.4 Considerations relating to households in fuel poverty and customers with special needs

This study was not designed to examine the implications of improved consumption feedback on households in fuel poverty or those customers with special needs. However, it is important to bear such households in mind in developing and testing improved feedback techniques.

While any increase in bills resulting from the cost of introducing improved feedback will be a specific issue for fuel poor households, this is unlikely to have a significant impact.

A more important issue is the possible reaction of fuel poor households to improved consumption feedback. Since fuel poor households are by definition either poor, cold, or poor and cold, it may well be that they will respond to the feedback by seeking to reduce their fuel use, becoming a little less poor but possibly colder as well.

Evidence from a study into the provision of feedback via key-pad meters in Northern Ireland points to reductions in energy consumption but no assessment was done of the measures taken to achieve the reductions or on levels of warmth sustained in the households.[5]

How fuel poor households respond to improved feedback would therefore be an interesting line of investigation in any consumer trials. However, this may prove problematic since accurate identification of households suffering fuel poverty is a notoriously intrusive and time-consuming process (since income levels and home energy performance must be known for accurate assessment).

It may be that the response to improved feedback of low income households in receipt of certain benefits would have to be used as a proxy for fuel poverty (albeit a poor one). Responses could be evaluated through a self-completed

5 Reported in Roberts and Baker (2003)

questionnaire which included their own assessment of levels of comfort being achieved in their home.

The special needs of particular customers (eg visually impaired and the elderly infirm) will also need to be considered if the provision of enhanced on-bill consumption feedback is to be developed further. A number of options would prove difficult for certain groups. For example, improving feedback through encouragement to 'self-read' meters may be difficult for elderly people or the visually impaired.

The issue here is not so much that this should be an obstacle to improving feedback for consumers in general. It is more that effort should be made to examine specific improvements to existing billing and information services which could be made to provide the same benefits to customers with special needs. The Research Team suggests that this occurs in parallel with any consumer trials rather than be treated as a separate aspect of those trials.

6 NEXT STEPS: A FRAMEWORK FOR CONSUMER TRIALS

The focus groups undertaken for this study point to clear consumer preferences for improving the feedback they receive about their consumption. Earlier research for Ofgem[6] detailed evidence from other countries which shows that such improvements can lead to energy savings of between 5 – 10% by participating consumers.

These findings in combination provide a strong justification for a carefully controlled consumer trial to examine the impact of improved feedback on actual consumer behaviour in the UK.

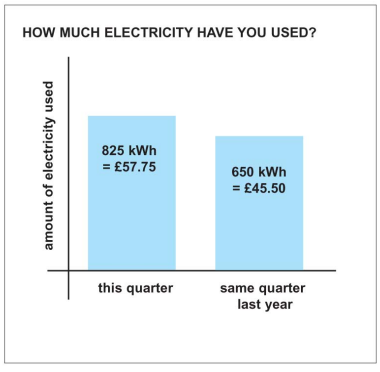
As Roberts and Baker (2003) concluded in the previous study for Ofgem, if a trial proves successful it would provide substantive evidence of the value of introducing such measures as standard and the potential benefits to consumers of establishing effective energy information.

6.1 The options to test

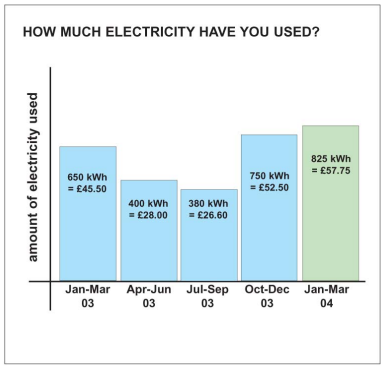
From the preferences expressed by the focus group participants (see Table 2), there are three improved feedback concepts worthy of consideration for testing in a consumer trial (Concepts A1, A4 and E).

Two of these (A1 and A4) involve 'on bill' feedback, with the only distinction being whether to include all the previous four quarters. For the purposes of simplicity, the Research Team would recommend that only one of these is used in a consumer trial. Based on its experience in the focus groups, the Team's preference is for A4 to be used.

CONCEPT A



CONCEPT A4



Concept E, the Annual Energy Report can 'stand alone' from the bill as a consumption feedback mechanism; some focus group participants would welcome this biannually.

6 Roberts and Baker (2003)

In addition, the Research Team would recommend testing:

- a programme encouraging customers to read their own meters (with web-site or card based analysis tools to enable customers to produce their own consumption feedback) with encouragement to ask why consumption changes and consider energy saving measures.

- new energy saving messages/tips on bills, possibly linked to clear communication about the supplier's energy saving obligations under EEC

6.2 Structuring a controlled consumer trial

One of the challenges for the evaluation of a consumer trial of this nature is to tease out the impact on energy saving behaviour achieved by the changes being tested from the 'noise' of activity already being undertaken by energy suppliers.

This makes it important to have a strongly controlled structure to the trial so that the study can evaluate the genuine differences achieved by the feedback or informational changes.

'Real Control'	A sample of 5,000 customers selected on the same basis as the trial groups but who are not informed about the study – to control for the impact of general energy saving marketing by suppliers and others.
'Placebo Control'	a customer group told they are participating in the research to test their energy saving responses to their bills but without any new feedback (this will identify any 'placebo' effect resulting simply from being involved in the research)
Group 1	On-bill historical feedback Concept A4
Group 2	Annual or bi-annual energy report containing historical consumption feedback
Group 3	Read own meter with encouragement (and tools) to track consumption and ask 'why?'
Group 4	New 'on bill' statements encouraging take up of energy efficiency (as in Concepts I or M)

To overcome the lack of historical data for customers who have switched in the last 12 months, it is proposed that these be left out of the trials. With this exception, each trial group and the Placebo Control should be made up of approximately 1,000 randomly selected households from the suppliers' domestic customer databases to achieve a reasonably representative sample of consumers in each trial group.

Trials need to be undertaken for at least one year, though the intention would be that past consumption data already on file would be used from the start so that historical comparisons can be made from the outset and the impact can be immediate.

While one year's study would enable reasonable conclusions to be drawn about the impact of feedback improvements, there would be value in sustaining the trial for a further year to assess the extent to which: (a) any energy saving impacts are sustained (in households which have reacted), and; (b) there continues to be growth in the number of households which show energy saving reactions (which might indicate whether it is the introduction of the feedback as much as its ongoing provision which stimulates reaction).

It is proposed that, rather than re-write the operating code of supplier billing systems for the trials, volunteer suppliers participating in the trials simply retain the trial customer original bills and replace with a 'mock up' of the new format with the customer's relevant information.

Following initial base-line questionnaire surveys to all but the 'Real Control', quarterly monitoring of the trial groups' consumption (using billing data) would be undertaken together with a 'one year on' questionnaire and/or telephone survey to assess:

- Impact on energy consumption (taken from supplier billing records)
- Energy efficiency measures installed and their source (eg EEC) (from questionnaire survey)
- Behavioural changes (from questionnaire survey with particular study of impact on fuel poor 'essential' fuel use)
- Attitudinal changes to energy consumption, energy suppliers and switching supplier (from questionnaire survey)
- Other indicators such as use of energy advice services by trial groups (from questionnaire survey)

Undertaking a questionnaire more frequently might distort the findings since the questionnaire itself is likely to act as a spur to action.

The 'Real Control' group should ensure that there is no need to undertake temperature correction on the billing records in the analysis since, if the samples are of adequate sizes, the temperature changes will be 'common enough' to all groups and therefore irrelevant to any differences exhibited.

6.3 A possible basis for collaboration amongst energy suppliers

As indicated above, no single supplier is likely to be able (or willing) to undertake the full range of options required for a controlled consumer trial. However, what may be possible is for a group of suppliers (either all six main suppliers or a subset) to collaborate on the trial. Each supplier could provide one of the options for testing. It may also make sense for each supplier involved to monitor a control group of its own to 'control out' of the trial any differences between the suppliers' approaches to their own customers. The research team's assessment of the reactions to the project to date is that there is interest amongst the energy suppliers in collaborating on this basis.

6.4 Next steps

The structure and approach to the consumer trials needs to be explored further with energy suppliers. It is proposed that this is done at another Stakeholders' Workshop in late June / early July. Aside from discussing these proposals in more depth, there are a number of questions to answer:

- Can this range of feedback options be delivered with 'work-arounds' and mock-ups?

- Are there other feedback options which suppliers could more readily offer and which are 'close enough' to the focus group preferences to justify substitution in the trial design?

- Is there information about the experiences of suppliers in delivering the options which can be gathered systematically during the trial (eg increase in telephone traffic resulting from trial groups etc)?

The timescales and resourcing of the consumer trials should also be explored. There is clearly time needed to 'create' the feedback options and undertake sample selection. In addition, resources will be needed both to deliver the trials and monitor and evaluate the results.

7 REFERENCES

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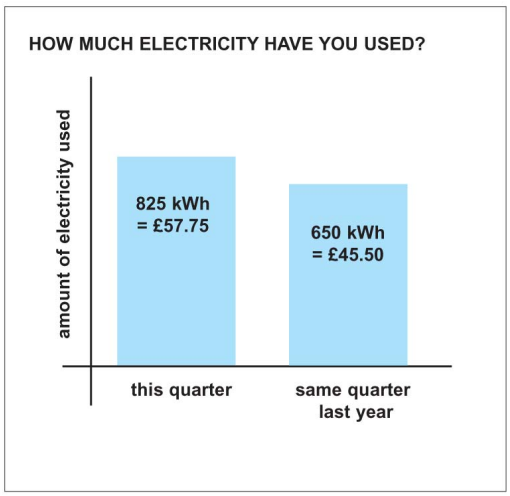
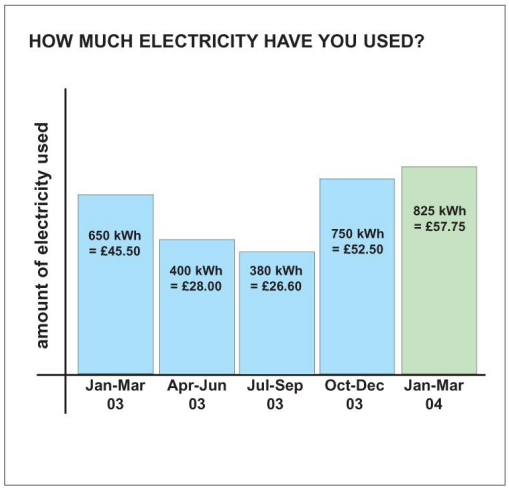
APPENDIX A: Concepts tested with consumers in Focus Groups

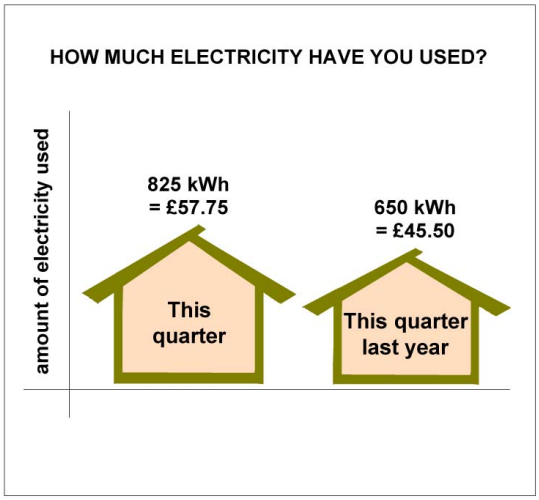
CONCEPT A



CONCEPT A4



CONCEPT A2



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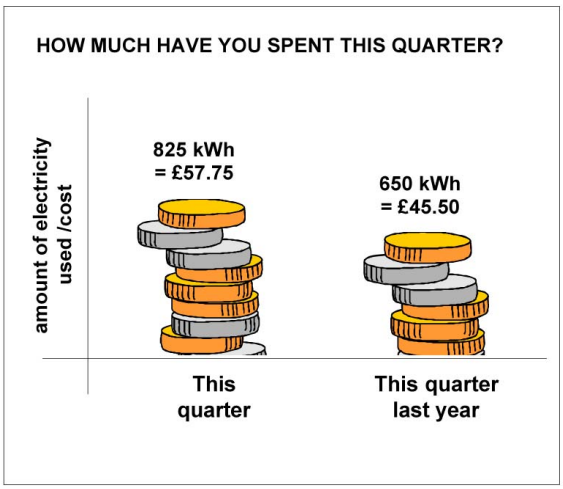
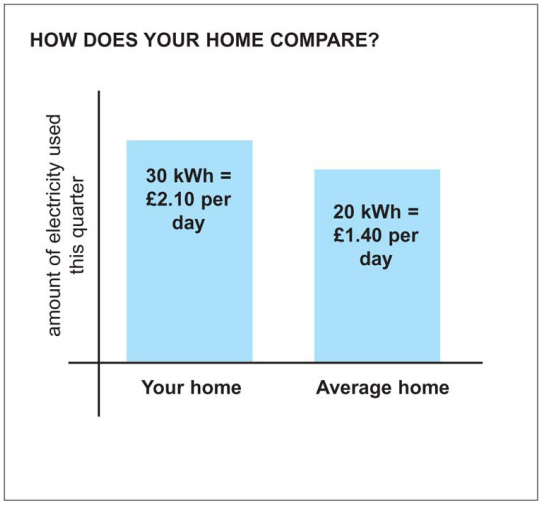
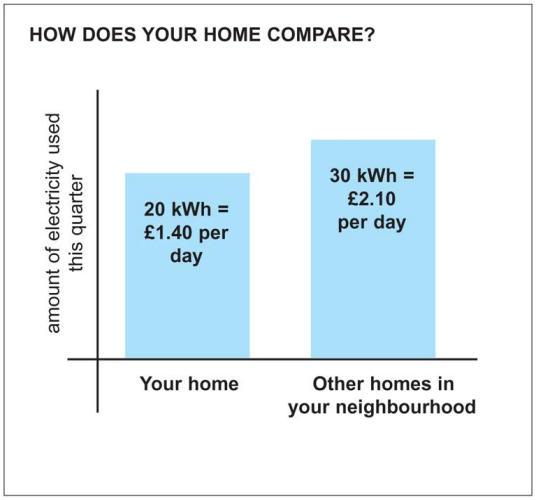


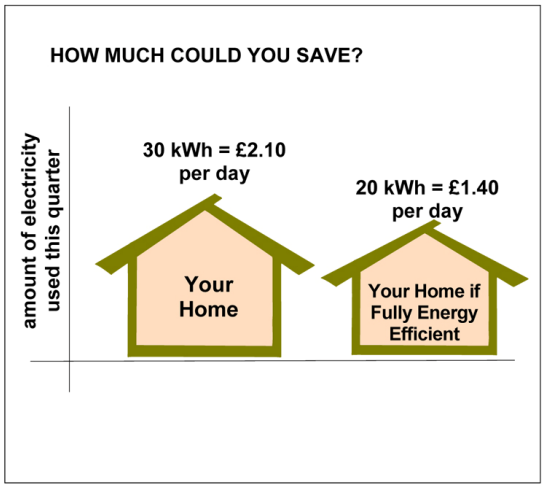
CONCEPT B



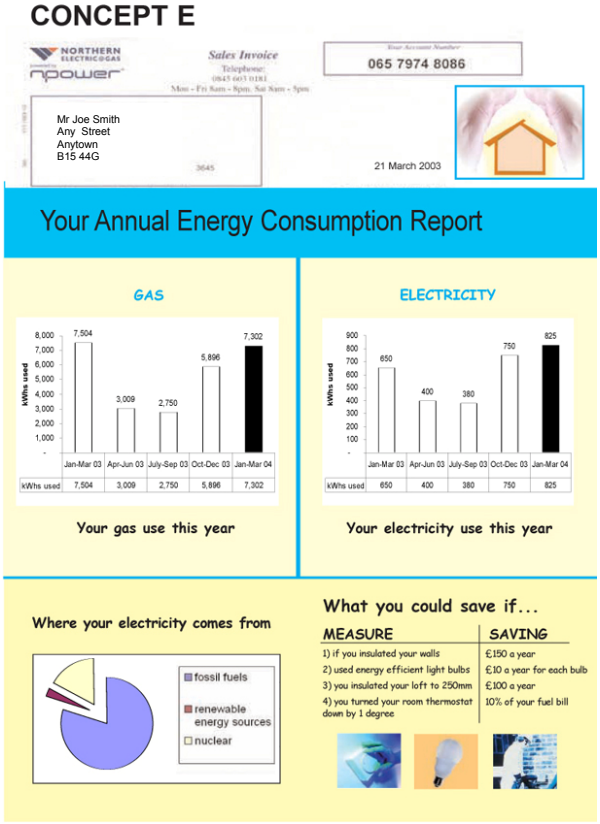
CONCEPT C



CONCEPT D

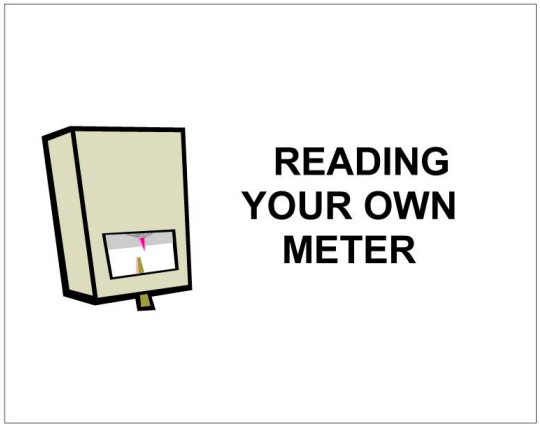


CONCEPT E



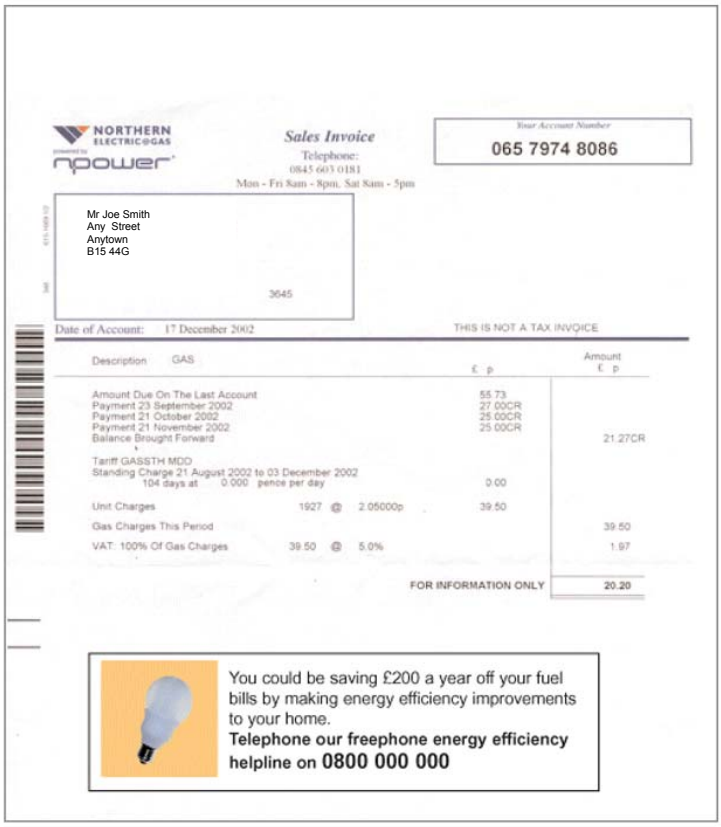
CONCEPT F

CONCEPT G



CONCEPT H

CONCEPT I



NORTHERN ELECTRIC & GAS
npower

Sales Invoice
Telephone:
0845 603 0181
Mon - Fri 8am - 8pm, Sat 8am - 5pm

Your Account Number
065 7974 8086

Mr Joe Smith
Any Street
Anytown
B15 44G

3645

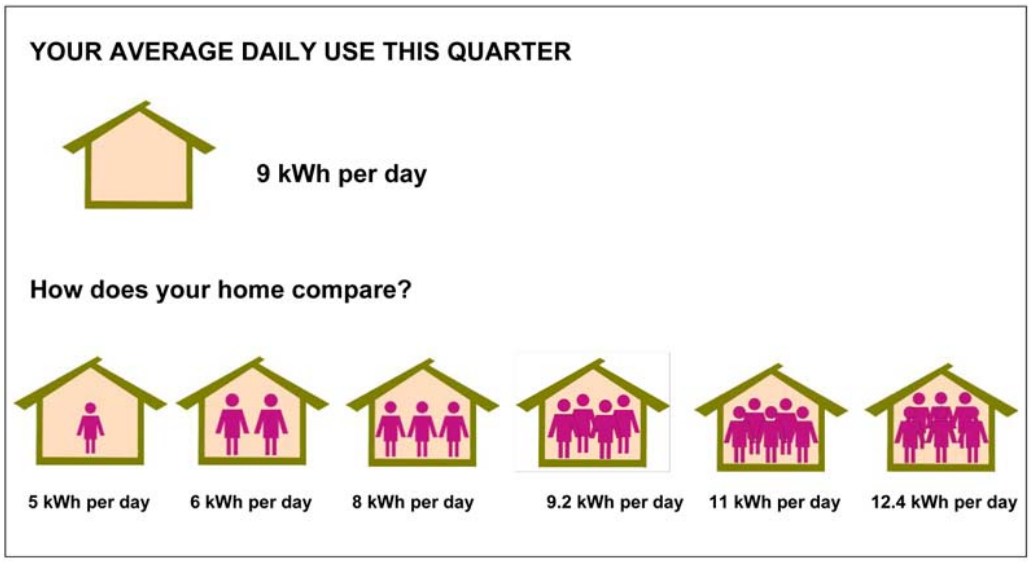
Date of Account: 17 December 2002

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 GASSTH 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
FOR INFORMATION ONLY		20.20

You could be saving £200 a year off your fuel bills by making energy efficiency improvements to your home.
Telephone our freephone energy efficiency helpline on 0800 000 000

CONCEPT J



CONCEPT L

CONCEPT M

APPENDIX B: Focus group recruitment questionnaire

Q1. What is your NAME?

Q2. What is your ADDRESS?

postcode	

Q3. What is your PHONE number?

home	
work	
mobile	

Q4. SEX? ❑ Male ❑ Female

EVEN MIX OF MALES & FEMALES

Q5. What is your AGE? | |

25-50 YEARS
(MAY ACCEPT 1 OR 2 BETWEEN 50-60 YEARS)

Q6. What is your OCCUPATION?

GROUPS 1, 2, 3, 46 & 7: C1C2
GROUP 5: C2D

Q7. Which, if any, of these industries do you or any of your family or close friends work in?

- ❑ Advertising
- ❑ TV
- ❑ Marketing
- ❑ Market Research
- ❑ Energy employment
- ❑ Government
- ❑ Journalism
- ❑ PR
- ❑ Fuel companies
- ❑ None of these

Q8. Have you ever attended a market research discussion?

❑ Yes ❑ No

Q9. Have you attended a market research discussion in the last 6 months?

❑ Yes ❑ No

NONE TO HAVE BEEN TO GROUPS IN THE LAST SIX MONTHS OR WORK/KNOW SOMEONE IN INDUSTRIES AT Q7
RESPONDENTS MUST NOT HAVE ANY CONNECTION WITH ANY FUEL OR ENERGY COMPANIES

Q10. Do you personally receive and pay any of the following bills?

- ❑ Gas
- ❑ Electricity
- ❑ Water
- ❑ None of these **CLOSE**

ALL MUST RECEIVE GAS AND/OR ELECTRICITY BILLS

Q11. Are you personally responsible for paying the above bills?

❑ Yes ❑ No

ALL MUST BE RESPONSIBLE FOR PAYING THE BILLS

Q12a. How do you pay your gas bills?

- ❑ Quarterly credit
- ❑ Direct Debit
- ❑ Prepayment metre
- ❑ Other (specify)

Q12b. How do you pay your electricity bills?

- ❑ Quarterly credit
- ❑ Direct Debit
- ❑ Prepayment metre
- ❑ Other (specify)

GROUPS 1, 3 & 6: ALL MUST PAY AT LEAST ONE OF GAS OR ELECTRICITY VIA QUARTERLY CREDIT

GROUPS 2, 4 & 7: ALL MUST PAY AT LEAST ONE OF GAS OR ELECTRICITY VIA DIRECT DEBIT

GROUP 5: ALL MUST PAY AT LEAST ONE OF GAS OR ELECTRICITY VIA PREPAYMENT METRE

APPENDIX C: Presentation Options Stakeholders' Workshop Participants

Robin Sadler	New Perspectives (facilitator)
Simon Roberts	Centre for Sustainable Energy (Project Leader)
Helen Humphries	Centre for Sustainable Energy (Focus Group leader)

Phil Arend	Centrica
Mark Elliot	EDF Energy
Claire Taylor	energywatch
Steve Hodges	Innogy
John Costyn	Ofgem
Sarah Samuel	Ofgem
Mark Lovatt	Powergen
Jo Boyer	Powergen
Ken Hunter	Scottish Power
Mark Knight	Scottish & Southern