

Social Action Plan

Newsletter

ofgem



From left to right: Allan Asher (energywatch), Mike O'Brien (DTI) and Alistair Buchanan (Ofgem)

Get Smarter

Trade and Industry Secretary Patricia Hewitt launched a new drive to help all customers, but especially vulnerable customers, cut their fuel bills.

The Energy Smart initiative, which is being jointly run by Ofgem and energywatch and welcomed by DTI, aims to get the message across to consumers that there are **three ways** to cut bills:

- Switch supplier
- Switch payment method
- Be more energy efficient.

The campaign is also encouraging customers to get the help that they are entitled to from their suppliers.

Customers who are of pensionable age or who have a disability or long term illness are entitled to a range of services under the Priority Services Register, including help with meter reading, bills in a format that suits, security passwords, free safety checks of gas appliances and installations, and special controls and adapters for gas and electricity appliances.

(Get Smarter continued on back page)

Message from the editor

This Winter has seen a high profile for the issue of vulnerable customers, with both the launch of the joint Ofgem/energywatch Energy Smart campaign and Ofgem's Chairman bringing the issue to the close attention of the heads of the major energy companies. You can read about both here.

Looking forward, there will be plenty of activity in the coming months. The second Energy Efficiency Commitment gets off the ground in April, with an even larger target for measures for the priority group. Around £400 million per year will be spent over the next three years, with half of the energy savings to be targeted at customers on certain income related benefits and tax credits. As before, Ofgem will be administering the EEC.

Ofgem will publish its fifth and final review of the first Social Action Plan in March as work begins on the new plan which will be launched in the summer. Meanwhile, the Government will

publish its next review of its Fuel Poverty strategy in early Spring.

Ofgem appeared before two Parliamentary Committees last year and both are expected to produce reports on the hearings in the coming months with recommendations for Ofgem. The Trade and Industry Select Committee will report on its findings on disconnections, while the Public Accounts Committee will report on the Social Action Plan and Energy Efficiency Commitment.

Graham
- Graham Knowles

Chairman issues challenge



Ofgem Chairman Sir John Mogg has issued a challenge to companies, Government and voluntary organisations to join together to target help at energy customers who are vulnerable.

Sir John made the call following the launch of the joint Ofgem/energywatch Energy Smart campaign and after new research revealed that many customers were unaware of the help that was available to them from energy suppliers.

The research, carried out for Ofgem by MORI, showed that around three quarters of eligible customers were unaware of the Priority Services Register (PSR) run by suppliers for customers who are of pensionable age, disabled or with a long term illness.

There was no change in the level of awareness of the PSR and the services available under it from a similar survey carried out 12 months previously as part of Ofgem's wider research into the experiences of vulnerable customers.

The survey also showed that while around half of customers knew that suppliers could provide help and

support with energy efficiency, less than 1 in 5 had ever taken up such help.

Sir John wrote to the Chief Executives and Chairmen of all the major suppliers to seek their support in tackling the problems faced by vulnerable energy customers. In particular he encouraged companies to improve the accuracy and clarity of bills for customers and challenged suppliers to develop more innovative tariffs aimed at helping the most vulnerable.

Ofgem has received responses to Sir John's letter and is now considering the next step which will be discussed with energy companies, Government and key agencies in the Spring. Ofgem hopes that the ideas generated will make a significant contribution to Ofgem's next Social Action Plan, which is due to be published in the Summer.

energywatch make **free services a priority**

A new campaign encouraging older people and customers with disabilities and long term illness to claim free services which they are entitled to was launched by energywatch in January.

The campaign builds on research that Ofgem published in December (see above).

energywatch hopes to raise awareness of the services among eligible customers through liaising with partner organisations including the Pension Service, Age Concern, the Disability Living Foundation and EAGA.

These agencies will pass information about the PSR directly to their client bases when they have contact with them.

energywatch has an agreement with suppliers that it can register customers and sign them up for the services that they require when they contact energywatch, rather than refer the customers on to their suppliers. Instead,

energywatch will simply pass the details they have to the appropriate supplier to process.

Ofgem's Head of Social Action Plan, Dave Barnes, spoke at the event alongside energywatch Chief Executive Allan Asher and Graham Carter from the Pension Service, Gretel Jones from Age Concern and Sharon Harbutt from the Disability Living Foundation.

The campaign is being fronted by 100 year old pensioner Mrs Frances Hilton from Mansfield in Nottinghamshire (pictured) who joined the PSR in order to use its password service.

Details on the campaign, entitled 'Free Services' are available on the energywatch website www.energywatch.org.uk or by phoning 08459 06 07 08.



Ofgem and energywatch made the visits together with consultants Sohn Associates. This followed responses from suppliers to questionnaires about their progress in this area. The meetings covered:

- follow up to the questionnaire responses
- discussion around the best practice guidelines
- presentations from suppliers on past, present and future achievements and proposals, and
- discussions with customer agents and listening in on phone calls with customers.

Overall, the meetings were very positive. Suppliers have clearly put time and effort into this area and see the benefits of preventing and managing debt. There were different approaches to tackling the issues and a variety of best practice ideas were identified during the visits.

A key topic at the meetings was the identification and treatment of vulnerable customers. All suppliers have undertaken to prevent the disconnection of vulnerable customers and are working to implement the Energy Retail Association guidelines.

Next steps

Ofgem and energywatch intend to publish a report in March 2005.

The report will:

- review how suppliers have integrated the 'preventing debt

and disconnection' guidelines into their company practices

- compare suppliers' performance against one another to highlight best practice
- review the effectiveness of the key indicators in the guidelines and make recommendations for future monitoring and improvement of debt prevention and management, and
- include findings from customer surveys and focus groups.

Ofgem and energywatch are carrying out focus groups and telephone interviews with customers with debt-related issues.

Suppliers are being very co-operative with this process. The customer experience element of the report will reflect customer opinion of how debt issues are handled and explore what impact the guidelines have had on customers' experiences.

Through the visits suppliers have demonstrated that they are committed to preventing and effectively managing debt by:

- reviewing their billing and meter reading arrangements to ensure greater accuracy
- improving training given to staff
- strengthening links with outside agencies, and
- considering how best to target advice and help to those who may need it most.

Shorn of the debt

Over the past few weeks, Ofgem and energywatch visited suppliers to review progress on their debt prevention and management strategies.



(Get Smarter continued)

Suppliers can also provide free energy efficiency advice and may be able to offer reduced price or free energy efficiency goods as part of their Energy Efficiency Commitment. They also offer debt management programmes, special tariffs and, in some cases, benefit entitlement checks.

At the launch of the campaign, Ofgem Chief Executive, Alistair Buchanan, said, "At a time of rising energy prices it is important that all energy customers, and especially the vulnerable, are fully aware of the choices available to them to help reduce their fuel costs. Underpinning these choices is the need for consumers to have confidence in the energy companies they are dealing with. Ofgem has a key role to play

here to ensure that companies play by the rules, and, where they don't, we take action."

Ofgem and energywatch hope the campaign will raise awareness among customers not just of the money that they can save, but of the help available to them from suppliers. Ofgem's Head of Social Action Plan Dave Barnes, commented: "Customer's may be surprised by how much help is available from their supplier. Under Energy Smart we are encouraging them to contact their supplier to seek help when they are in difficulty."

More information on the Energy Smart campaign is available from the energywatch website www.energywatch.org.uk.

Prepayment consultation published

Ofgem has published a consultation on new powers to make regulations that derive from the Energy Act 2004.

Under the Act, Ofgem, after consultation with Government, industry, energywatch and other parties, can make regulations that alter an existing block on collecting debts other than for a specific fuel relating to a specific address through a prepayment meter.

Ofgem has set out three options that it is seeking views on. These are:

- to allow debt from the same supplier at a previous address to be collected
- to allow debts relating to a different fuel to be collected, and
- to allow debts for energy services (such as energy efficiency goods) to be collected.

In addition to consulting on changes under the Energy Act, the paper also provides an update on discussion between Ofgem and suppliers on barriers to innovation in the prepayment market and provides an overview of how the Distribution Price Control will affect prepayment meter customers.

The consultation closes on 1 April 2005. The document, entitled "Prepayment meters" is available on the Ofgem website.

Social Issues



Team contact details

If you would like to receive a regular copy of the newsletter or have a general Social Action Plan query, please email:

sap@ofgem.gov.uk

To request Ofgem's consultation documents, please email:

distribution@ofgem.gov.uk

For further information you can also visit our website on:

www.ofgem.gov.uk

Maxine Frerk

Director, Enforcement and Consumer and Fuel Poverty Policy

maxine.frerk@ofgem.gov.uk

020 7901 7291

Dave Barnes

Head of Social Action Plan

david.barnes@ofgem.gov.uk

020 7901 7034

Graham Knowles

Social Issues Manager

graham.knowles@ofgem.gov.uk

020 7901 7103

Kiera Bower

Social Issues Manager

kiera.bower@ofgem.gov.uk

020 7901 7460

Marilyn Bennett

Social Issues Officer

marilyn.bennett@ofgem.gov.uk

020 7901 7230

