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*Promoting choice and  
value for all customers*

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Dear colleagues,

### **Monitoring Company Performance Statistical Reporting – Q1 and Q2 2007**

Effective monitoring of licensees' performance in key areas such as debt, disconnection and debt management is an important part of our work in protecting vulnerable customers. We use this information to identify areas for future policy work as well as to highlight particular issues of concern with supplier performance. Where our analysis of the information raises concern we will seek to take action, either through discussion with individual suppliers or by instigating further policy work where we think the issue is of broader relevance. We intend to carry out further work in 2007 looking at debt, debt management and disconnection. We expect to publish the conclusions of this review at the end of 2007.

### **Supplier data for January – June 2007**

Attached to this letter are the reports for data collected in quarter one and quarter two of this year.

Our main analysis of supplier performance will be set out in our annual statistics report for 2007 which we intend to publish in April 2008. However some key points to draw out from the data published today are:

- **Payment methods:** In line with previous trends, Direct Debit continues to increase every quarter with a corresponding fall in the number of standard credit accounts. The number of customers who pay by Fuel Direct has also increased in both quarters in electricity.
- **Customers repaying a debt:** The overall number of customers repaying a debt has not increased significantly for either credit or prepayment customers. While the majority of customers continue to owe amounts under £100 we have seen the average amount of debt owed continue to rise, particularly in electricity.
- **Repayment rates:** There has been a general increase in the average amount that customers repaying a debt are required to pay towards that debt on a weekly basis. This picture varies between suppliers and across quarters, with some decreases being recorded as well. Average weekly repayment rates continue to be higher for prepayment customers than for credit customers and is something that Ofgem has previously flagged that it will explore further as part of its forthcoming debt and disconnection review.

- Disconnections: Whilst the total number of disconnections carried out by suppliers' remains very small, the number of disconnections continues to increase. Electricity disconnections rose from 457 in Q4 2006 to 613 in Q2 2007 and gas disconnections rose from 1159 in Q4 2006 to 1,565 in Q2 2007. Again this is an issue we will be exploring further in our review.
- Prepayment meters: In both Q1 and Q2 we have seen prepayment meter installations rise for both fuels. In electricity the number of PPMs installed to recover a debt was similar to those installed with no debt, whereas in gas the majority of installations are for customers with a debt.

It is likely that the rises in domestic energy prices that were seen throughout the industry and continued until Q1 2007 have played a major contributory factor in the increases in debt, PPM installations, and disconnections that have taken place over the last few quarters. Debt and the arrangements for repaying that debt can have a serious impact on vulnerable customers, including those who may be living on low incomes. We will continue to examine each supplier's performance in this area and intend to carry out further work in 2007 looking at debt, debt management and disconnection. We expect to publish the conclusions of this review at the end of the year.

Kind regards,

Angela Bourke  
**Head of Consumer Policy and Social Research**