



*Promoting choice and
value for all customers*

Direct Dial: 020 7901 7306
Email: angela.bourke@ofgem.gov.uk

25 January 2008

Dear Colleagues,

Monitoring Company Performance Statistical Reporting – Q3 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.

Alongside this report, we have also published our best practice review in the area of debt and disconnection which looks at some of these issues in more detail. This document can be found on the Ofgem website at:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=103&refer=Sustainability/SocAction/Publications>

Supplier data for July – September 2007

Attached to this letter is the report for data collected in quarter three 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 next spring. Some key points to draw out from this data include:

- **Payment methods:** In line with previous trends, Direct Debit continues to increase with a corresponding fall in the number of standard credit accounts.
- **Customers repaying a debt:** The overall number of customers repaying a debt has decreased slightly compared to Q2. The number of customers joining a credit repayment arrangement this quarter also decreased for both fuels. However, the number of customers repaying a debt by prepayment meter has increased marginally for both fuels. While the majority of customers continue to owe amounts under £100 for both fuels, we have seen the average amount of debt owed continue to rise in electricity.
- **Repayment rates:** For both fuels, the average amount that customers are required to pay towards their debt on a weekly basis has decreased since Q2. This is with the exception of electricity prepayment customers where average repayment amounts went up slightly. However, this increase was not across all suppliers as

there were some decreases as well. Average weekly repayment rates continue to be higher for prepayment customers than for credit customers.

- Disconnections: The total number of disconnections carried out by suppliers' remains very small but the number of disconnections continues to increase in electricity. Gas disconnections decreased 4% from last quarter.
- Prepayment meters: Prepayment meter installations fell for both fuels. However, in electricity the number of prepayment meters installed to recover a debt has increased slightly.

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 have looked at this issue in more detail as part of our review on debt and disconnection mentioned above. In addition, the review examines how suppliers have progressed in communicating with their customers, particularly low income and vulnerable customers, on the issue of debt and disconnection.

Kind regards,

Angela Bourke
Head of Consumer Policy and Social Research