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SWITCHING RATE HITS 5.1 MILLION IN 2007

- **Highest level of switching for five years**
- **Customers who have never switched and pay on receipt of their bill, or by using a pre-payment meter can save around £100**
- **Pilot scheme has been launched with Citizens Advice to encourage more switching in low-income groups**

Figures from energy regulator Ofgem show that the switching rate for gas and electricity suppliers hit more than five million in 2007, as energy customers went in search of cheaper deals. This is the highest level of switching for five years.

All the major energy suppliers have now increased their bills this year. However customers who have yet to switch can still save on average £92 if they pay by standard credit.* They could save even more if they also switched to cheaper payment methods such as direct debit.

Ofgem Chief Executive, Alistair Buchanan, said: "The number of customers switching supplier is increasing and five million account switches alone in 2007 shows that suppliers who don't offer competitive prices and good service will lose customers.*"

"However, some customers have voiced concerns about the market and we have responded by launching an investigation to examine whether it is working effectively for all customers."

Suppliers losing customers to rivals is further evidence of vigorous competition in the energy markets. Scottish and Southern Energy has overtaken E.ON to become the second biggest energy supplier in Britain after British Gas. Suppliers continue to compete with tariffs to suit customer needs, including fixed-price deals, online account deals and green electricity tariffs, which together amount to around nine million accounts to date.

Research conducted for Ofgem shows that certain customers including pensioners, the unemployed and those on low incomes are switching less than other groups. So Ofgem has launched a pilot campaign 'Energy Best Deal' with Citizens Advice to encourage more of these customers to switch to a better deal.

The scheme involves training advisers from Citizens Advice, housing associations and other organisations that deal directly with people on low incomes to help customers reduce bills by explaining how they can switch. They will also advise customers on what support is available to them from the Government and industry to help them to better manage their bills.

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Notes to editors

*This figure is the average saving for a customer switching gas and electricity suppliers for the first time if they pay on receipt of their bill by cheque, cash or plastic. It is based on bills for average yearly consumption: 3,300kWh for electricity and 20,500kWh for gas.

*The five million figure used here reflects the gross number of account switches in 2007. It will therefore include customers who may have switched more than once.

1. The total number of gross customer account switches between gas and electricity suppliers for 2004, 2005, 2006 and 2007 are below. Around 80 per cent of people switching choose a dual fuel deal therefore a more accurate picture of switching is obtained by taking the electricity switching figure only. The amount of account switches in 2007 therefore correspond to approximately **5.1 million** households.

	Jan-Dec 2007	Jan-Dec 2006	Jan-Dec 2005	Jan-Dec 2004
Electricity	5,157,028	4,820,756	4,316,401	4,229,023
Gas	3,982,207	3,915,480	3,510,976	3,588,634

The energy retail markets were opened up to full competition in 1999. It can be difficult to estimate exactly how many customers have switched their energy supplier since then, but in 2005, a survey carried out by research company Accent suggested that overall 46% of all gas customers and 47% of all electricity customers in Britain had switched. However, a report recently published by business intelligence company Datamonitor estimated that of the 21 million customers taking both gas and electricity, 80 per cent had switched either their gas or electricity supplier since the markets were opened up to competition.

2. Payment method

Customers can save money just by switching payment method. For example, they could save around £60 by paying for their gas and electricity by direct debit. Further cuts can be made by taking steps to reduce your energy consumption by using more efficient light bulbs and appliances and ensuring that your home is properly insulated

3. Changing supplier

There is no need to contact a salesman to change energy supplier. Just add up how much a year you use for gas and electricity and then phone consumer watchdog energywatch on 08459 060708 for free price comparison factsheets or visit their website at visit www.energywatch.org.uk for approved online price comparison services.

4. Home Heat Helpline

The Energy Retail Association, which represents energy suppliers has set up the Home Heat Helpline (0800 33 66 99). It is a free national helpline for vulnerable people having difficulties paying their fuel bills. The Home Heat Helpline offers callers advice on cheaper payment schemes, grants for insulating your home, how to get on to the Priority Services Register for extra services and information on extra government benefits that you may be entitled to. For more information visit www.homeheathelpline.org

5. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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