

Maxine Frerk  
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6 May 2008

Dear Maxine,

### **Setting the parameters for suppliers' social initiatives**

The newNCC welcomes the opportunity to provide comments on this matter.

We suggest that it is important that any monitoring and reporting of suppliers' social initiatives focuses on:

1. Whether the social tariff offers the consumer the supplier's lowest available rate, regardless of payment method. This is important as the tariff must offer:
  - additional value to those fuel poor consumers already paying by direct debit; and
  - additional value, beyond price parity with online or direct debit rates, for those fuel poor consumers, who are paying higher tariff prices based on their payment type (e.g. prepayment meter, weekly payment, standard cash / credit).
2. The overall number of consumers that are directly benefiting from social tariffs and rebates both currently and going forward, and as a proportion of its overall customer base.
3. The overall value of the supplier's social tariff and rebate schemes to individual households e.g. single fuel versus dual fuel consumer, low users versus medium or high users. It would also be useful to understand whether the households benefiting from the social tariffs or rebates are centred in particular geographic areas, such as the ex-PES regions of a particular supplier. Ofgem should ensure that additional data (postcode information) is captured to enable further analysis, such as mapping the recipients of these tariffs and rebates against known areas of social deprivation.
4. The total spend by suppliers on their social tariff and rebate schemes as well as a breakdown of how the additional £150 million has been allocated, based on suppliers' overall market share.

5. The criteria used by suppliers in determining eligibility for the social tariffs and rebates, in particular to understand whether there are any groups of fuel poor consumers that are not eligible for the majority of supplier offerings.

6. What forms of best practice exist in terms of targeting support, working with stakeholders, etc and whether the methods used by a particular supplier could be adopted by other industry players.

We believe there is merit to understanding how much a supplier spends on additional initiatives such as trust funds or specialist funding for CABx workers, etc. However, this spend should be viewed and assessed separately from a supplier's spending on social tariffs and rebates, which directly affect the actual energy prices paid by fuel poor households.

Similarly, we would advise Ofgem to be careful of placing too much emphasis or weighting on a supplier's overall pricing strategy, given that pricing strategies can be very fluid in nature.

We believe it is helpful to separate out social goals from environmental targets. But Ofgem may want to consider whether it is helpful to understand the carbon impact of social initiatives.

With regard to the assumptions in the letter our comments are as follows:

- 1.1 Agree
- 1.2 See concerns above
- 1.3 See concerns above
- 1.4 Agree
- 1.5 Agree that Staywarm should be treated separately given its rigid application criteria
- 1.6 Agree
- 1.7 Agree
- 1.8 See concerns above

Yours sincerely,

Ed Mayo  
Chief Executive  
NewNCC