



*Promoting choice and  
value for all customers*

Direct Dial: 020 7901 7085  
Email: [sarah.piggott@ofgem.gov.uk](mailto:sarah.piggott@ofgem.gov.uk)

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Dear Colleagues,

### **Monitoring Company Performance Statistical Reporting – Q1 2008**

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.

### **Supplier data for January – March 2008**

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

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

- **Disconnections:** In a reversal of trends seen during 2007, the number of disconnections has decreased both for electricity and gas customers. Gas disconnections fell by 17.3% from 1,338 in Q4 2007 to 1,107 in Q1 2008. Electricity disconnections fell by 15.1% from 859 in Q4 2007 to 729 in Q1 2008. The downturn follows publication of our Debt and Disconnection Review<sup>1</sup> in January 2008 which identified best practice across the industry and set benchmarks for suppliers' performance in this area. It included strong messages for businesses, in particular npower, to step up to the mark to ensure their customers, particularly their vulnerable customers, have adequate assistance to help them manage their energy bills. The disconnection figures for the first quarter of 2008 show a marked improvement for npower (down 43%) as a result of the actions they have taken in response to our review. EDF Energy and ScottishPower were the only major energy suppliers to disconnect more customers this quarter than in the last quarter of 2007. When compared to Q1 2007, Q1 2008 also shows a decrease of 8% in the overall number of disconnections (down to 1,836 from 1,979). There were more electricity disconnections in Q1 2008 (729) when compared to Q1 2007 (570) however there was a large decrease (22%) in gas disconnections (1,107 in Q1 2008 when compared to 1,409 in Q1 2007). In light of rising energy prices we will continue to closely monitor suppliers' performance in this area.

<sup>1</sup>

<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Debt%20and%20disconnection%20best%20practice%20review.pdf>

- **Payment methods:** The number of customers paying by prepayment meter (PPM) and quarterly cash/cheque remains relatively stable with slight increases in the number paying by Direct Debt (1.5%) and Fuel Direct (2.3%) when compared with Q4 2007.
- **Customers repaying a debt:** The number of gas customers repaying a debt has increased by 16% from 785,143 in Q4 2007 to 935,298 in Q1 2008, and shows a slight increase (2%) on Q1 2007 figures (916,782). This is likely to reflect higher energy prices and also the seasonal variation which has been seen in previous years; we will continue to monitor this area closely in the coming quarters. The number of electricity customers repaying a debt has decreased slightly for both credit and prepayment customers. The total number of gas prepayment customers repaying a debt has also decreased.
- **Debt levels and repayment rates:** We have seen the average amount of debt owed for gas and electricity customers decrease slightly from Q4 2007 and the majority of customers continue to owe amounts under £100. We have also seen some slight decreases in the average weekly repayment rates for both electricity and gas customers in Q1 2008 when compared to Q4 2007. Average weekly repayment rates continue to be around £3 higher for prepayment customers than for credit customers.
- **Prepayment meters:** Prepayment meter installations have fallen for electricity and gas both for customers repaying a debt and those without a debt. Most notably, PPMs installed for customers with no debt is shown as having decreased significantly compared with the previous quarter as a result of improved data from E.ON. The number of electricity PPMs installed to collect a debt has decreased by 14%, whilst the number of gas PPMs installed for debt remained stable.

The reported decrease in the number of disconnections carried out is welcome. It is also encouraging to see that the average repayment rates both for credit and PPM customers have remained stable or decreased slightly. In our Debt and Disconnection Best Practice Review we had highlighted these as areas for further improvement. We will continue to closely monitor suppliers' performance across all these areas and urge all suppliers to maintain a strong focus in this area and do all they can to assist their customers, particularly those who are vulnerable, to better manage their energy bills.

Kind regards

Sarah Piggott  
**Social and Consumer Affairs Manager**