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CONSUMERS TELL OFGEM THEY BELIEVE THE FUTURE IS GREEN

Affordability remains the key barrier to preventing householders from making changes to their behaviour to save energy despite high expectations that the environment is to figure strongly in the future of energy.

This was a key finding from discussions with Ofgem's recently formed Consumer First Panel – a group of about 100 domestic energy users recruited from across Great Britain to help inform Ofgem's policy decisions.

Most of the panel members found it hard to imagine themselves making large changes such as taking on domestic-scale electricity generation without significant support from the Government, even though most expected that 'how we do things' in energy will change.

Ofgem has new duties to protect the interests of future consumers and to promote sustainability. With this in mind, the regulator asked its Consumer First Panel to consider some issues related to these duties. The discussions were based around Ofgem's Long Term Electricity Networks Scenarios which look at possibilities for the power industry out to 2050 ranging from proliferation of kitchen cupboard generators to a nuclear-dominated industry.

Ofgem's Managing Director for Corporate Affairs, Sarah Harrison, said: "The panel report gives a good insight into likely consumer engagement with the future energy market as seen through the eyes of consumers today. This insight is valuable as it helps to shape Ofgem's current work to make sure the energy market meets household consumers' needs going forward."

These insights from Ofgem's newly formed Consumer First Panel and from the range of initiatives under Ofgem's Consumer First programme help shape the regulator's policy priorities and decisions. Ofgem's policy programme is set out in the newly published Corporate Strategy for 2009-2014. This includes work to make the markets perform better for all consumers, to ensure energy networks are effectively regulated and make the gas and electricity sectors more sustainable.

Further insights from the Ofgem Consumer First Panel report:

- The majority of members struggled to imagine how the energy market could change over the next 20 years. However, many thought energy saving measures, such as energy efficient light bulbs, were likely to become the norm.
- They agreed that consumers need more information about energy efficiency and the support to empower them to make the "right choices." They felt today's young people were better educated on energy and environmental issues and more likely to have access to the relevant information to help them be more energy conscious: this ties in with a general feeling that it would be future generations who would make the significant changes.

- Many held a general view that industry and Government will need to work together – industry developing and innovating while increasing Government intervention will “incentivise” or “force” consumers to change their behaviour (for example, by placing restrictions on energy use in the home or lowering council tax for homes that have solar panels).

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Notes to editors

1. Ofgem’s **Consumer First** programme was introduced to help improve the regulator’s understanding of what really matters to existing and future consumers and to reinforce its commitment to helping vulnerable customers. In October 2008 the programme was expanded to include the Consumer First Panel, made up of 100 energy customers from five areas across Great Britain (London, Leicester, Beverley, Caernarfon and West Glasgow). The report published today presents findings from the panel’s second workshops that were held in February 2009.
2. The Consumer First Panel *Future Consumer* report can be found here:
<http://www.ofgem.gov.uk/Consumers/CF/Documents1/Future%20consumer%20research%20findings%207th%20April.pdf>
3. A separate *Consumer First* bulletin can be found here:
<http://www.ofgem.gov.uk/Consumers/CF/Documents1/lookingaheadtomorrowsconsumer.pdf>
4. Ofgem’s Corporate Strategy for 2009 – 2014 can be found here:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Corporate%20Strategy%20March%202009.pdf&refer=About%20us/CorpPlan>
5. Ofgem’s LENS project (Long Term Electricity Scenarios) aims to facilitate the development of a range of plausible electricity scenarios for Great Britain in 2050, around which industry participants, Government, Ofgem and other stakeholders can discuss longer term network issues. The final report, setting out five scenarios for future GB electricity networks, can be found here:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/lens/Documents1/20081107Final%20Report.pdf>
6. The Energy Act 2008 made two changes to Ofgem’s duties. The first was to highlight that our principal objective refers to future as well as existing customers. The second was to raise the duty to promote sustainable development up the hierarchy of our secondary duties.
7. 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 powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004, and the Energy Act 2008.

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