



**Brighton & Hove
City Council**

King's House
Grand Avenue
Hove BN3 2LS

Mr Neil Barnes
"Addressing Unfair Price Differentials"
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Date: 11 March 2009

our Ref: AB/JH

Dear Mr Barnes,

Pre-Payment Meters - Price Differentials

Please find enclosed a notice of motion passed at the meeting of Brighton & Hove City Council on 29th January 2009 on the subject of pre-payment meter energy prices.

I understand that OFGEM have been looking at this issue in some detail and I would, therefore, be very grateful if you could take into account the sentiments expressed in the motion when making any future decisions.

Yours sincerely,

Alex Bailey
Acting Chief Executive

NOTICE OF MOTION**CONDEMN UNFAIR PREPAYMENT METER ENERGY PRICES**

"Since being appointed to the Department of Energy and Climate Change, Ed Miliband has made tackling unfair fuel pricing one of his main priorities.

For 11 years, previous Labour Ministers have spectacularly failed to deal with fuel poverty. The Government's own figures estimate that the number of 'fuel poor' households in England is now higher than at any time recorded since Labour came to power. Even the Government now accepts that it will fail to meet its legal duty to reduce fuel poverty in the time frame that it created.

Ed Miliband MP (Secretary of State for Energy and Climate Change) warned,

"The recent Ofgem report found that millions of vulnerable customers were losing out who were on pre-payment meters, off the gas grid, or served by companies that used to be the local monopoly.

There can be no excuse for these practices, and unless all energy companies accept their responsibility for ending them, we will use our powers to do so."

Energy regulator Ofgem and the National Housing Federation have recently highlighted the unjustified overcharging for energy of those not on gas mains and those with prepayment meters.

This Council welcomes Ofgem's belated recognition that energy firms are not doing enough to reduce people's fuel bills, but believes they should do more.

Ofgem began a six-week consultation on changes to the suppliers' licences this month. This Council notes with concern that people in Brighton & Hove are struggling to heat their homes and pay their bills now, but the Government's regulator is not likely take any decisions until the end of February.

The National Housing Federation report stated that customers using these meters typically paid £150 more a year than those paying by direct debit, and around £60 more than those who paid quarterly by cash or cheque. EDF, British Gas and Scottish and Southern Energy still charge gas pre-payment customers higher rates than their other customers.

This Council believes that the Government needs to do more to support the introduction of 'smart meters' in people's homes. Smart meters cover both electricity and gas use (and can also cover water use), and offer accurate real-time information on households usage, allowing for accurate billing. Studies suggest smart meters offer a potential to deliver sustained energy savings of 5% to 10% for customers, and make people more conscious of their energy usage.

This motion asks that all members of the council;

- Call on Ed Miliband to take real, effective action to make energy companies act more responsibly, which the Government has so far failed to do.
- Support tougher action, in the form of legislation if energy companies fail to fairly regulate their energy prices, and refuse to stop targeting the most vulnerable members of our community.
- Support the positive action taken by companies like Scottish Power who have already moved their prepayment tariffs in line with all other price plans.
- Recognise that despite the increase in Winter Fuel Allowance in 2008, which ensured that all people over 60 received up to £250 and up to £400 for people over 80, older people still make up a significant proportion of the people suffering fuel poverty.
- Welcome action by energy companies that have set up energy trusts or charities, such as British Gas energy trust and EDF energy trust which offer financial assistance and advice to low income families and individuals that are struggling to pay their bills.
- Support the government-funded Warm Front scheme which aims to make homes warmer and more energy-efficient, by providing packages of insulation and heating improvements up to the value of £2,700 (or £4,000 if oil central heating is recommended).

It therefore requests the Chief Executive to write:

1. Calling on the Government to take action to end this 'therm tax' levied by the energy companies on pre-payment customers, who are generally people on low incomes struggling to make ends meet.
2. Calling on the city's three MPs to urge the Government to take action to end this iniquitous 'therm tax'.
3. Responding to Ofgem's consultation, entitled 'Addressing unfair price differentials', on the council's behalf urging it to take stronger action against energy companies.
4. Calling on the Government to introduce 'smart meters' to help people suffering fuel poverty reduce their energy bills.
5. Calling on the Government to make every energy company to offer social tariffs to vulnerable households and provide information on energy bills that clearly shows customers whether they are on the cheapest tariff offered by their energy company."