

Consumer First

Panel Summary - Sustainable Development

Ofgem's Consumer Panel – outcomes from the **latest** workshop

Ofgem's Consumer First programme is an initiative to help improve our understanding of what really matters to consumers and to increase direct consumer contributions to Ofgem's deliberations over policy matters impacting on customers. Part of this programme is Ofgem's Consumer Panel - the second year of the Panel was launched in October 2009 with new consumers appointed in order for us to continue to gain genuine consumer views about our policies.

The new Panel examined how consumers viewed the Sustainable Development debate. In particular, it discussed what Ofgem's future role in relation to Sustainable Development should be.



The Panel is made up of 100 everyday customers recruited from five locations across Great Britain. The five locations for the new Panel are: Bristol, Aberystwyth, Bradford, Aberdeen and London. The Panel is a unique resource that we can call on regularly to provide feedback on key energy topics and regulatory issues, and act as the genuine 'voice of the consumer'.

Panellists' attitudes and experiences of energy use and suppliers

We found that there is more awareness of energy use amongst this year's Panellists with the majority making changes to their domestic energy consumption behaviour.

Changes are still driven primarily by cost; however 'protecting the environment' is also higher on the

agenda in comparison to last years' Panel. This may be due to the increase in mainstream media on the topic and increasing focus in education. Although behaviour changes have been made these are often small, with barriers evident to making larger scale changes.



Lifestyle

Difficult for many households to cut down on their usage due to the large amount of appliances they have and high usage of these, e.g a TV in every child's bedroom.

Restrictions

Those in rented accommodation can be restricted to modifications they can make - but may do what they can, for example, using energy efficient light bulbs.

Lack of understanding

Lack of understanding of energy usage, such as how many kwh appliances in the household use.

Upfront costs

The upfront cost of making structural changes such as solar panels and energy efficient boilers are too high for most, coupled with the assumptions that the financial benefits of making large changes take many years to materialise.

As found in the first Panel, suppliers still appear to have a bad reputation; many blame them for 'ripping customers off' and taking 'massive margins and bonuses'. Another criticism of suppliers is that they do not provide consumers with the information they need to choose the best tariff or to reduce their energy usage and costs. Panellists would like to see suppliers provide more support and better understanding about how to reduce energy usage and cut bills¹.

Sustainable Development and its role in Ofgem

Sustainable Development is not particularly well known as a term amongst Panellists. When discussing it most Panel members defined it mainly in terms of the environment, and not surprisingly with an energy focus.

Most Panellists spontaneously described Sustainable Development as:

- **Looking to the future** – where society has a long term perspective and making a 'plan of action' to make sure current energy supplies do not run out and that energy sources are protected by preserving and investing in alternatives.
- **Finding greener / more sustainable sources** – ensuring all consumers reuse and recycle, as well as using renewable sources such as tidal, wind and solar.
- **Generally 'doing the right thing'** – being 'moral' and not being wasteful and working together to make change happen.

Panellists were asked to consider Sustainable Development in the context of energy and a number of ideas were generated within four agreed themes:

- **Lifestyle choices** - Consumers need advice about what they can do to be more energy efficient, and it was felt this could be driven by Ofgem. However, Government is also seen to have a role by providing incentives and penalties to businesses and consumers if they are not energy efficient.
- **Energy generation** - Finding new sources is perceived to be primarily the energy industry's responsibility though Government 'policing' is felt to be needed to ensure this takes place.
- **Fuel poverty** - Combating this is felt to be mainly the Government's responsibility by providing targeted support. However, suppliers are also seen to have a role to play by offering specific tariffs and simplifying these for customers to be able to understand them.
- **Making change happen** - This is felt to be everyone's responsibility, but all parties need to lead by example and creating a momentum is seen to be important.

If you would like to learn more about Consumer First, then please contact consumer.first@ofgem.gov.uk

¹Ofgem's Probe (which took account of the first Panel's views) has delivered a package of remedies to improve the energy market, one of which is an obligation on suppliers to provide clearer information on bills (from July 2010) designed to help customers when comparing tariffs.