

# **Consumer reactions to varying tariff comparability**

Quantitative Research conducted for  
Ofgem

18 October 2011

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# **Introduction and Methodology**

# Introduction and methodology

As part of its Retail Market Review, Ofgem has proposed measures to simplify domestic energy tariffs and improve tariff comparability to enhance effective engagement and switching by consumers and improve decision-making.

This quantitative research project follows qualitative research with the Ofgem Consumer First Panel and a separate dedicated qualitative project, which explored consumer attitudes to proposed new tariff structures and associated issues. Following the qualitative research, the key alternative methods of presenting tariff information to improve comparison among tariffs and suppliers were narrowed down to a small number of options so they could be presented to consumers in a simplified manner for quantitative research.

The overall aim was to test the relative performance of the tariff presentation options in helping consumers to identify the cheapest tariff for them. The study also looked at consumer preferences for different tariff types. The study only covered electricity tariffs and used simulated tariffs for four unnamed suppliers. Specifically the objectives were:

- To understand the relative effectiveness of different tariff models at helping consumers choose the **lowest tariff** between different offers
- To understand how different types of consumers react to the various models
- To understand consumer preferences for different tariff types
- To understand whether any special measures are necessary for vulnerable consumer groups

The study is divided into two parts: the first to explore the effectiveness and preference for various tariff models, the second to address issues surrounding the proposed restrictions in the number of different types of tariff, and restrictions on their features.

In order to be sure of including those vulnerable customers who would be difficult to represent accurately in an online survey, the study was conducted using a mixed methodology. The online population was surveyed by means of an online survey among the Ipsos MORI UK panel of 398,000 people in 238,000 households, with a combination of quotas and screening questions to ensure the resultant sample is broadly representative of energy bill payers, who have mains electricity and pay an energy supplier direct for it. We conducted 2,000 online interviews in the period 9-13 September 2011 with quotas set for social grade, age and country (England, Scotland or Wales). Quota information, and data used for weighting of the analysis, came from our January 2011 Omnibus survey on switching behaviour<sup>1</sup>, undertaken for Ofgem.

At the same time, we interviewed 202 additional vulnerable customers in hall test conditions in six locations across seven days in the period 10-22 September 2011. Vulnerable consumers were defined and recruited using multiple criteria, any of which allowed them to be eligible: those on low household incomes (up to £11,499 pa), those aged 65+ and state-supported (the “frail” elderly), those who conceded they had problems with literacy or numeracy (or who had no formal educational qualifications) and those who considered themselves to be disabled. All 202 respondents in the hall tests met these criteria (as did a proportion of the online survey). In total, across both surveys, using our composite definition, 928 vulnerable consumers were interviewed out of the total sample of 2,202. Locations for the hall tests were Bexleyheath, Yeovil (2 days), Chatham, Edinburgh, Aberdare and Ilford.

<sup>1</sup>[http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Documents1/IpsosMori\\_switching\\_omnibus\\_2011.pdf](http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Documents1/IpsosMori_switching_omnibus_2011.pdf)

The research method in the hall tests was intended to replicate as closely as possible the online method. It therefore used laptop computers and a CAPI or CASI approach (computer assisted personal interviewing or computer assisted self interviewing). Where possible, respondents were encouraged to complete the questionnaire on screen themselves, but many felt unable to do this, given their general unfamiliarity with computers. Overall 36% of hall test interviews were completed by respondents themselves, 64% aided by interviewers.

The final analysis combined interviews from both surveys and weighting was used to ensure the hall test respondents contributed to the total figures in approximately the correct proportions to be nationally representative. As well as weighting by social grade, age and country, the combined sample was weighted by the proportion of the 65+ who are social grade E, by the known proportion of people with no formal qualifications and by the proportion of disabled found in the online survey alone. Because of our broad definition ("consider themselves disabled") we identified a greater proportion of disabled than the usual proportion of "registered disabled" (7%, NRS 2011), which is often suspected to be only a subset of the real total who are affected by disability. In the online survey the penetration was 17% so the combined survey proportion was weighted to this figure (in fact, the face-to-face sample was 37% disabled using this definition, but this often accompanied other qualifying criteria).

The combined sample included 414 Economy 7 (E7)<sup>2</sup> consumers, a proportion that was not artificially boosted. This group was needed to test their views in relations to variations in the tariff models.

The interview was designed to test the efficacy of consumer decisions in choosing between four possible suppliers under different tariff models. The full set of stimulus materials are shown in the appendices. Prices were simplified to exclude discounts and time-limited offers. Each respondent was given an assumed annual consumption figure in kilowatt hours to overcome the need to know one's own consumption, which previous research suggests few would know offhand. Respondents were always made aware of this by an on-screen reminder. One of ten possible consumption figures was allocated randomly, with a different range of figures for (E7) and (non-E7) consumers.

The 'tariff presentation models' were compared on a combination of objective and subjective criteria. The objective measures were the proportion who correctly identified the cheapest supplier and the time taken to do so in seconds. The subjective criteria included the perceived difficulty of making comparisons with each model and consumer preferences between models. Relevant alternatives, with inclusion of appropriate single rates or day/night rates, covered both E7 and non-E7 consumers.

As explained above, this report contains weighted data so percentages may occasionally not add to exactly 100%.

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<sup>2</sup> Throughout this study we use Economy 7 (E7) to represent all consumers on day rate/night rate tariffs.

# Management Summary

# Management summary

This quantitative research project is intended to test the relative performance of different tariff presentation options in helping consumers to identify the cheapest of a selection of tariffs, and evaluates consumer preferences for different presentations. It also looks at consumer preferences for different tariff types. The scope of the research is limited to electricity tariffs, all figures used are simulated and suppliers are unnamed. The four main options tested among non-E7 consumers were as follows:

- Option A: a fixed standing charge<sup>3</sup> with a variable unit rate per supplier
- Option B: A fixed standing charge with a variable unit rate per supplier, plus a price comparison guide
- Option C: A variable standing charge and a variable unit rate per supplier
- Option D: A variable standing charge and a variable unit rate per supplier, plus a price comparison guide

Comparison of Options (Non-E7)									
<b>A</b>	Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Your monthly cost (£ per month) if you are a....		
	Supplier 1	£3.51	14.92p	Supplier 1	£3.51	13.87p	Low user	Medium user	High user
	Supplier 2	£3.51	17.58p	Supplier 2	£3.51	17.61p	£22.60	£41.70	£56.70
	Supplier 3	£3.51	17.61p	Supplier 3	£3.51	14.92p	£27.70	£51.90	£71.00
	Supplier 4	£3.51	13.87p	Supplier 4	£3.51	17.58p	£24.00	£44.50	£60.70
							£27.70	£51.90	£70.90
<b>C</b>	Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Your monthly cost (£ per month) if you are a....		
	Supplier 1	£7.77	13.71p	Supplier 1	£1.22	16.88p	Low user	Medium user	High user
	Supplier 2	£6.15	16.24p	Supplier 2	£10.72	15.97p	£24.40	£47.60	£65.90
	Supplier 3	£10.72	15.97p	Supplier 3	£6.15	16.24p	£32.70	£54.60	£71.90
	Supplier 4	£1.22	15.88p	Supplier 4	£7.77	13.71p	£28.50	£50.80	£68.40
						£26.60	£45.50	£60.30	

The sample of 2,202 interviews, conducted online and in hall tests, included 414 E7 consumers who were asked about a different set of four options, tailored to their typical use:

- Option F: A fixed standing charge with variable day and night rates and a “weighted charge”<sup>4</sup>

<sup>3</sup> The fixed standing charge of £3.51 was an example used for the purpose of this research project only.

<sup>4</sup> A weighted unit rate was calculated using the average consumption between day time (45%) and night time (55%) for E7 customers, though this definition was not explained to consumers so as to provide a true test of how consumers would respond if the proposal were to be introduced.

- Option G: As Option F, including the weighted charge, but with the addition of a price comparison guide
- Option H: A variable standing charge with variable day and night rates
- Option I: As Option H, but adding a price comparison guide

## Comparison of options (E7)

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Weighted charge (p/kWh)	Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Weighted charge (p/kWh)	Your monthly cost (£ per month) if you are a...		
										Low user	Medium user	High user
Supplier 1	£3.51	20.19p	8.46p	13.74p	Supplier 1	£3.51	18.29p	7.74p	12.49p	£37.90	£72.20	£106.50
Supplier 2	£3.51	21.96p	6.89p	13.67p	Supplier 2	£3.51	20.19p	8.46p	13.74p	£41.30	£79.10	£116.90
Supplier 3	£3.51	18.29p	7.74p	12.49p	Supplier 3	£3.51	19.69p	6.96p	12.69p	£38.40	£73.30	£108.20
Supplier 4	£3.51	19.69p	6.96p	12.69p	Supplier 4	£3.51	21.96p	6.89p	13.67p	£41.10	£78.70	£116.30

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Your monthly cost (£ per month) if you are a...		
								Low user	Medium user	High user
Supplier 1	£7.77	18.54p	7.71p	Supplier 1	£10.72	15.73p	5.99p	£39.20	£67.80	£96.30
Supplier 2	£6.15	19.31p	4.74p	Supplier 2	£1.22	18.38p	5.51p	£32.30	£63.40	£94.50
Supplier 3	£10.72	15.73p	5.99p	Supplier 3	£7.77	18.54p	7.71p	£42.40	£77.00	£111.60
Supplier 4	£1.22	18.38p	5.51p	Supplier 4	£6.15	19.31p	4.74p	£37.20	£68.30	£99.30

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- Each respondent was given an annual consumption figure, to overcome the issue of many consumers not knowing their own consumption, and this was used in the calculations to evaluate whether they had identified the cheapest tariff or not. Options were presented to consumers in rotated order, so approximately equal numbers started with each option.
- Quantitative evaluation of the four alternative tariff models for each consumer base (E7 and non-E7) identifies the most effective and popular presentation option features in both cases. Among the larger segment of non-E7 consumers, two features of the tariffs emerge as critical to performance and preference. Firstly, the presence of a fixed standing charge (Options A and B) simplifies the tariff selection process greatly; makes comparisons quick and easy, and these are the Options most preferred by consumers. With Options A and B more than eight in ten consumers are able to select the lowest tariff, compared to half with Option D and less than half with Option C.
- The second key feature is the inclusion of a price comparison guide that shows monthly projected expenditure based on three example consumption levels, termed low, medium and high. Adding this guide results in an uplift to the performance and preference outcomes. For example, pushing Option B ahead of Option A on most criteria, although it does increase the average time taken to make the comparison. Option B is therefore the most preferred model, and one that is most likely to encourage engagement and switching. The benefits of adding the price comparison guide can also be seen in the comparison of Options C and D. While both include variable standing charges and variable unit rates, only Option D has the price comparison guide, which results in a 6 percentage point uplift (compared to Option C) in the proportion who identify the lowest tariff (though this figure is still only 50%) It is

also quicker to use, rated as easier and attracts more than twice the level of preference.

- Separate analysis of vulnerable non-E7 consumers shows the same improvement in performance of, and preference for, a fixed standing charge and the use of a price comparison guide. However, the results indicate that most of the figures for vulnerable consumers are somewhat lower – fewer identify the lowest tariffs (five percentage points fewer at Option B and at Option D), comparison takes longer, fewer rate the options as easy to understand and use – but the relative performance of the four models is much the same: A and B both outperform C and D, B is preferred over A and D is preferred over C. Because the figures are, overall, lower, , Option D with the price comparison guide results in a figure of less than half of vulnerable consumers who are able to identify the lowest tariff (45%) while still showing a benefit over Option C.
- The study as a whole shows that our definition of vulnerable consumers includes a wide spectrum of relative “vulnerability”, with some sub-groups diverging in their views from the composite figures, either in the direction of “all consumers” or in the opposite direction. However the more tightly defined sub-groups are often too small to produce statistically significant findings on their own. An example is the “frail” elderly, defined as aged 65+ and social grade E (state supported), the only sub-group whose views on the generally preferred Option B were not in line with the wider sample. The frail elderly prefer Option A, though with a sample of only 27 we cannot be conclusive about this finding. On the other hand, those with no formal qualifications are the least likely sub-group to identify the lowest tariff with Option B, but for the other options the conclusion is the same as for all consumers – Option B performs best and it is preferred to Option A (though only marginally).
- A different set of tariff presentations were presented to E7 consumers to reflect their more complicated circumstances. The fixed standing charge of Options F and G does not give the same benefit as it does for non-E7 consumers. For E7 consumers it appears the key factor is the inclusion of a price comparison guide; this may be more important for E7 consumers because of the unavoidably greater complexity of E7 tariffs. Hence the two options to include a price comparison guide, G and I, are both more likely to help consumers to identify the lowest tariff, are rated easiest to use and are preferred.
- Options F and G also included a “weighted charge”<sup>5</sup>. It appears this inclusion may have had some negative effect, resulting in relatively poor outcomes for Option F. More importantly, the weighted charge was excluded from Option I, and so it may be the factor that causes Option I to emerge ahead of Option G on the proportion correctly identifying the lowest tariff and on overall preference.
- Our sample includes only 183 E7 vulnerable consumers so there is only a limited amount of sub-group analysis about which we can be conclusive. Overall, vulnerable E7 consumers show the same pattern of responses to all E7 consumers, with preference for Option I, though G is actually rated as marginally easier to calculate. Some more vulnerable sub-groups, notably the frail elderly and those with literacy or numeracy difficulties show relatively little preference for Option I over Option H, which comprises variable standing charge and unit rates only. While the latter two sub-groups have very small sample sizes, this does tentatively point towards the findings that for some vulnerable consumers the price comparison guide included in Option I

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<sup>5</sup> A weighted unit rate was calculated using the average consumption between day time (45%) and night time (55%) for E7 customers. This definition was not explained to consumers so as to provide a true test of how consumers would respond if the proposal were to be introduced.

does not necessarily improve matters over and above the basic presentation of raw tariff data (variable standing charge, daytime and night rates) of Option H. Unfortunately, for sub-groups of E7 consumers, the study is challenged by the limits of sample size.

- In conclusion, the evaluation of the four tariff models per type of consumer shows that, for the vast majority of consumers, the addition of a price comparison guide will help them to compare tariffs. For E7 consumers, the price comparison guide is the most important feature while for non-E7 consumers, a fixed standing charge would be the most important feature, reinforced by the price comparison guide. The use of a weighted charge for E7 consumers appears to cause confusion, though it is possible that information and explanation could improve its value to consumers.
- The issue of adding additional features to tariff models, with corresponding effects on the relative prices of supplier offerings was tested separately. Option Z presents a simple comparison chart for non-E7 consumers with additions for green energy, internet access and dual fuel features. By comparison with the preferred option selected by consumers in the first part of the survey (Option B), Option Z is notably less successful at helping consumers to identify the cheapest tariff available, it takes longer and is found to be less easy to understand and use, probably because of its greater apparent complexity and the need for more arithmetic. Over half (54%) feel they understand the method at least fairly well, but a sizeable minority (47%) do not. Just 40% feel encouraged by this to explore additional options to add to a standard tariff, despite high levels of interest in the additional features themselves. Furthermore, 22% are actually deterred from doing this by the appearance of the tariff comparison method itself.
- Vulnerable consumers show slightly lower figures for Option Z, and slightly poorer understanding of the method. Some sub-groups within vulnerable consumers perform very poorly: only 27% of the frail elderly and 34% of those with literacy or numeracy difficulties are able to identify the cheapest deal. Understanding of the method is also poor among these sub-groups. Again, however, the small sample sizes of these sub-groups mean that the conclusions should be treated with extreme caution.
- Despite the scale of the task being similar (given that E7 consumers are shown the same price comparison guide with the figures adjusted for E7 use: termed Option Y) the performance of E7 consumers is poorer across the board. Just 43% are able to identify the cheapest deal (compared to 50% of non-E7 consumers using Option Z). They also take longer than non-E7 consumers to make the comparison and rate the task less easy, though there is no difference in claimed understanding of it. Vulnerable E7 consumers are even less able to identify the lowest tariff using Option Y – just 39% get it right – though time taken, rating of difficulty and understanding are similar to all E7 consumers. Even poorer performance is again found among some sub-groups- just 29% of those with literacy or numeracy difficulties are able to identify the lowest tariff, but with a sample of only 23 this is not conclusive.
- Overall, the inclusion of additional features price comparison guide represents a step change in difficulty for all groups of consumers. While for the main body of non-E7 consumers the effect may simply be to make the choice somewhat trickier. For consumers on E7 tariffs, and especially for vulnerable consumers, the effect may be that the majority are unable to identify the lowest tariff.
- The second part of the study addressed the issue of limiting the range of tariff types, and for the purposes of the research three types were defined and tested: variable, tracker and fixed (price) tariffs. These were defined as follows:

Tariff name	Type	Description
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.
Tracker	Set contract for a fixed duration (e.g. one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the energy market.
Fixed	Set contract for a fixed duration (e.g. one year)	Prices do not change for the duration of the contract.

- Most consumers understand the basic concepts of the three types, though trackers are less well understood than variable and fixed tariffs. Around one in five respondents does not understand variable and fixed tariffs fully and one in three does not understand tracker tariffs. Vulnerable consumers have a slightly lower level of understanding, but some sub-groups are weaker still. For example, just 67% of the frail elderly apparently understand how fixed tariffs work, compared to 82% of all consumers.
- Additional features, such as internet access, dual fuel and green tariffs, are popular among consumers, and only slightly less so among the vulnerable group. A majority of all consumers would probably choose internet access and dual fuel tariffs and, though only 10% would choose them, a majority would like green tariffs to be available to all. Interest is lower among most sub-groups in the vulnerability spectrum, and the frail elderly tend to be much less interested in internet access tariffs, and a little less interested in green tariffs.
- With the explanation that the proposed variable tariffs will not permit the addition of features like internet access, dual fuel or green tariffs, consumers were again asked about their attitudes to all three types. There is a statistically significant variation in views; the proportion who would choose variable tariffs or want them to be generally available falls by three percentage points to 43%. At the same time tracker tariffs are up six points. Both are significant differences. Views of fixed tariffs are not significantly different. Vulnerable consumers also show more interest in tracker tariffs, but only a marginal improvement for fixed tariffs. Significantly fewer vulnerable customers want variable tariffs to be generally available to others, but at the same time significantly more would choose a variable tariff themselves (up three percentage points to 9%), suggesting some additional appeal for a very small number of people of an uncomplicated tariff with no additional features.
- When asked to choose directly between the three types of tariff, fixed tariffs are most popular (chosen by 53%), followed by tracker tariffs (11%), with variable tariffs selected by only 6% initially. After being informed about the proposed limitations of additional features on variable tariffs the popularity of fixed tariffs rose significantly (to 56%) and tracker tariffs rose three percentage points (also significant) to 14%. Over a quarter cannot or will not choose one of the three options at each stage. Vulnerable consumers show broadly the same pattern, though with somewhat smaller changes before and after the explanation of limitations so change is statistically significant only for fixed tariffs (up three points to 58%).
- Despite the apparent low interest in variable tariffs, almost two-thirds of consumers (64%) would prefer them to include the same range of extra features as fixed and tracker tariffs. The same applies to 58% of vulnerable consumers, and even for sub-

groups such as the frail elderly (52%) there is majority support for equality of features between tariff types.

- There are some divergent findings regarding additional features like internet access, dual fuel and green tariffs: while overall interest in these features is high, even among vulnerable consumers, and while almost two-thirds want to see additional features included as an option in variable tariffs, when shown the potential complexity this might cause to price comparison guides (Options Z and Y) only a minority say this would encourage them to explore such additional features (40% of non-E7 and 42% of E7 consumers) and about one in five in each case are actively deterred.
- In conclusion, regarding the limitation of the range of tariffs, fixed tariffs are most popular. Trackers are not as well understood, but are more popular than variable tariffs, which consumers appear to largely reject. Despite the fact that most consumers are probably on a variable tariff currently, the term “variable” appears to have negative connotations. Notwithstanding this, consumers see no reason why variable tariffs should not have additional features. These features, particularly internet access and dual fuel, may be associated with lower prices by consumers so it is likely that the prospect of removing them may look like a route to higher prices.

# Evaluation of alternative tariff models

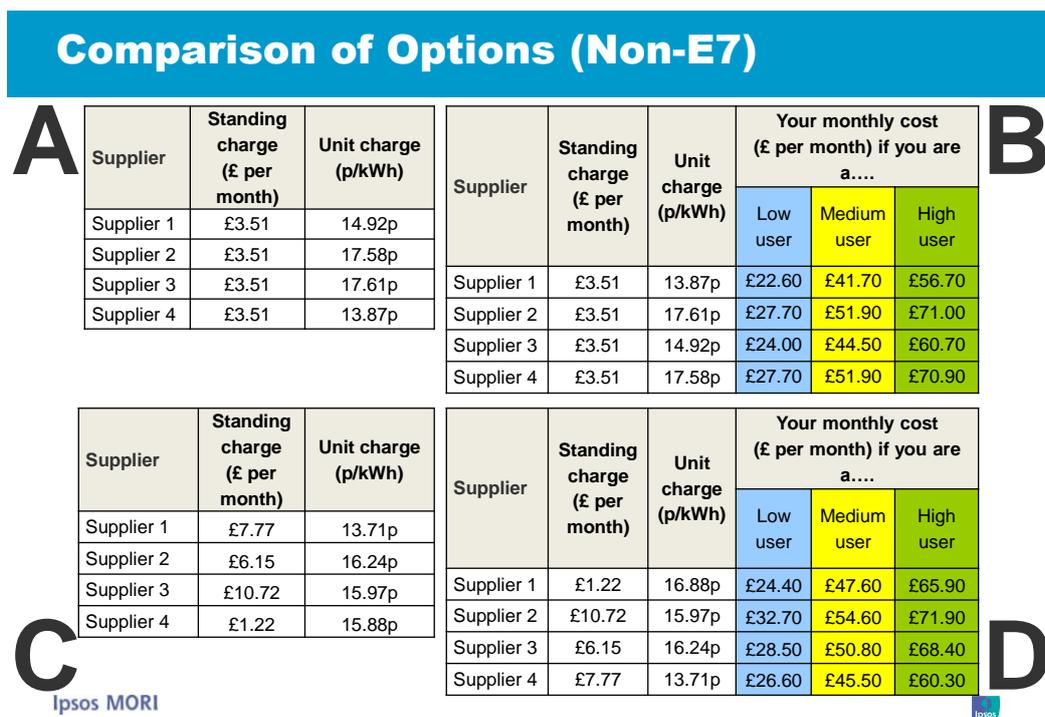
## Non-E7 tariffs

The majority of the sample (1,788 people) was shown four alternative non-E7 tariffs, one at a time. In summary the four options were:

- Option A: a fixed standing charge<sup>6</sup> with a variable unit rate per supplier
- Option B: A fixed standing charge with a variable unit rate per supplier, plus a price comparison guide
- Option C: A variable standing charge and a variable unit rate per supplier
- Option D: A variable standing charge and a variable unit rate per supplier, plus a price comparison guide

. The four options can be summarised as in Figure 1:

Figure 1



The explanation of the consumption guide used at options B and D is shown in Figure 2 below:

<sup>6</sup> The fixed standing charge of £3.51 was an example used for the purpose of this research project only.

Figure 2

## Consumption Guide Non-E7

Electricity Consumption Guide		
Low user 1,650 kWh per year	Medium user 3,300 kWh per year	High user 4,600 kWh per year

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The order of showing the four options was rotated so approximately a quarter of the sample saw each one first in both online and face-to-face interviews. A sequence of questions and calculations established which supplier the respondent believed was cheapest for them, whether this was objectively correct, how long it took to make the choice, how easy or difficult it was and which of the four models the respondent would choose. During the test, respondents were reminded of their annual consumption figure by means of an onscreen display. Regarding their preferred choice of option, respondents were then asked about its possible impact on their switching behaviour and the extent to which they felt it was an improvement over previous methods. These various indicators can be summarised in a single, simple table:

Figure 3

## Standard (non-E7) tariffs

### Summary of key questions

Alternative tariff structures	Correctly identify best deal (% of all)	Speed of making choice* (mean secs)	Ease of use* (rated easy)	Preference (% choosing)	% more likely to switch #	% improvement #
Option <b>A</b>	81	28	86	28	71	75
Option <b>B</b>	85	41	82	39	74	77
Option <b>C</b>	44	87	45	6	59	59
Option <b>D</b>	50	58	61	14	67	77

Base: all non-E7 (1,788)  
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\* Base: all making correct choice  
# Base: all choosing that option



Options A and B, with the fixed standing charge, show the highest proportions correctly identifying the lowest priced tariff and taking the least time to do so. Ratings of ease of use are very high for both. Option B is preferred over Option A. The difference between the results for Options A and B may indicate consumer preference for the inclusion of a price comparison table, this being the only difference between them. Three-quarters (74%) of those who choose Option B as their preferred option, state they are more likely to switch suppliers if this method of comparison were to be used, and 77% consider it to be an improvement over “the way they have seen prices compared before”.

It is clear that respondents have most difficulty with Option C, which shows only variable standing charges and variable unit rates. Less than half are able to calculate the lowest priced supplier. Adding the comparison chart at Option D makes a considerable difference, improving correct choices to 50% and reducing the mean time taken by 29 seconds. Option D also improves the proportion of those who made the correct choice who also rate the model as “easy” to use from 45% to 61%. Option D is twice as likely to be preferred as Option C, but still well behind those options with fixed standing charges. For example, with Option D 50% are able to choose the lowest tariff, compared to 85% with Option B and 81% with Option A. Similarly, 39% prefer Option B and 28% Option A, placing them well above Option D, which is preferred by 14%.

Outcomes can be shown separately for the sub-group of all 745 vulnerable non-E7 customers— see Figure 4 below. The results are remarkably similar to those from all non-E7 consumers, though with lower figures for correctly identifying the lowest tariffs, and for ease of use. Vulnerable consumers also take longer on average to make correct choices, the exception being on Option C. The pattern of outcomes is much the same as for all non-E7 consumers: Options A and B are preferred, they are most likely to involve correct choices, take least time and are rated easiest. Option B is a little ahead of Option A on correct choice and preference, though vulnerable respondents are slightly less likely to rate it as easy compared to Option A and evaluation times are longer on average. Options C and D show poorer performance than A or B. Option C is least preferred and least likely to produce the correct choice, while taking longest and less than half consider it to be “easy”. Option D is an improvement on Option C across the board, though still short of the figures for A and B. For these vulnerable consumers, however, the proportion who get the choice right, even with the comparison chart at Option D, remains below half (45%). The summary of outcomes for non-E7 vulnerable consumers is as follows:

Figure 4

## Standard (non-E7) tariffs – Vulnerable consumers

### Summary of key questions

Alternative tariff structures	Correctly identify best deal (% of all)	Speed of making choice* (mean secs)	Ease of use* (rated easy)	Preference (% choosing)
Option <b>A</b>	76	31	81	27
Option <b>B</b>	80	43	78	36
Option <b>C</b>	40	75	48	7
Option <b>D</b>	45	61	57	13

Base: all non-E7 Vulnerable consumers (745)

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\* Base: all making correct choice  
# Base: all choosing that option



More detailed breakdown of the figures shows that the vulnerable consumers grouping contains within it a spectrum of responses. In fact, there is largely no great variation by sub-groups in the outcomes for the leading option (B). Only the sub-group with no formal qualifications shows a significant difference from the vulnerable group as a whole. But even among this sub-group, 74% choose the cheapest tariff, and this remains the best performance on any of the four options (see Appendix A). Similar to the total sample, Option B is the preferred choice for those with no formal qualifications, as it is for all the sub-groups within the “vulnerable” definition, with the sole exception of the frail elderly. Only 19% of this sub-group select Option B, despite good performance in the identification of the lowest tariff, time taken and ease of use. The frail elderly preference is for Option A, with the fixed standing charge but no price comparison guide, though the sub-sample size is small (27) and it is difficult to be conclusive about this sub-group.

Among other vulnerable sub-groups shown in Appendix A, those with literacy and numeracy difficulties are notable in that, leaving aside Options A and B, they do not show the same slight superiority of Option D over Option C that most other sub-groups show. There is no significant difference in their ability to identify the lowest tariff between C and D and the two options attract the same level of preference. Outside the vulnerable sub-groups, PPM consumers show a similar pattern of outcomes, that is, no significant difference between Options C and D.

## Option B – Subgroup Analysis

		Correctly identify lowest tariff	Speed of making choice (mean secs) Base: All identifying lowest tariff	Ease of use (% easy) Base: All identifying lowest tariff	Preference (% selected)	
Base: All Non-E7 consumers	(Base)					
All	(1,788)	85	41	82	39	
Vulnerable consumers	Vulnerable (composite)	(745)	80	43	78	36
	Low income (up to £11,499 pa)	(439)	81	44	79	38
	“Frail” elderly*	(27)	81	43	84	19
	No formal qualifications	(260)	74	41	77	31
	Literacy/numeracy difficulties	(50)	81	40	74	31
	Disabled	(313)	79	43	77	32
Never switched	(483)	79	42	81	34	
PPM consumers	(156)	82	37	79	34	

\*defined as 65+ social grade E (state supported)

Source: Ipsos MORI

## Economy 7 Tariffs

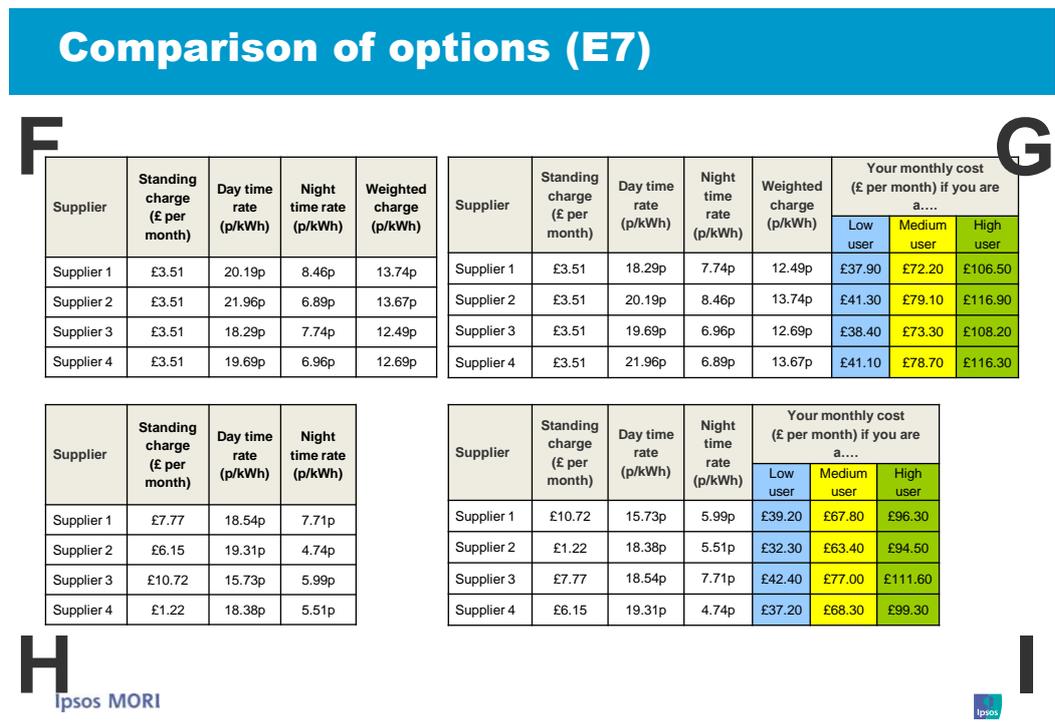
Those 414 respondents who have E7 meters were shown a tailored set of stimulus tables, to better reflect the added complexity of E7 tariffs. E7 respondents were allocated a consumption figure from a different (higher) range to reflect their circumstances. They were told to assume their usage was 45% daytime and 55% at night. The four options were as follows:

- Option F: A fixed standing charge with variable day and night rates and a “weighted charge”<sup>7</sup>
- Option G: As Option F, including the weighted charge, but with the addition of a price comparison guide
- Option H: A variable standing charge with variable day and night rates
- Option I: As Option H, but adding a price comparison guide

<sup>7</sup> A weighted unit rate was calculated using the average consumption between day time (45%) and night time (55%) for E7 customers, though this definition was not explained to consumers

Figure 5 below shows the four options tested among E7 consumers:

Figure 5



The explanation of the consumption guide used at Options G and I is shown at Figure 6 below:

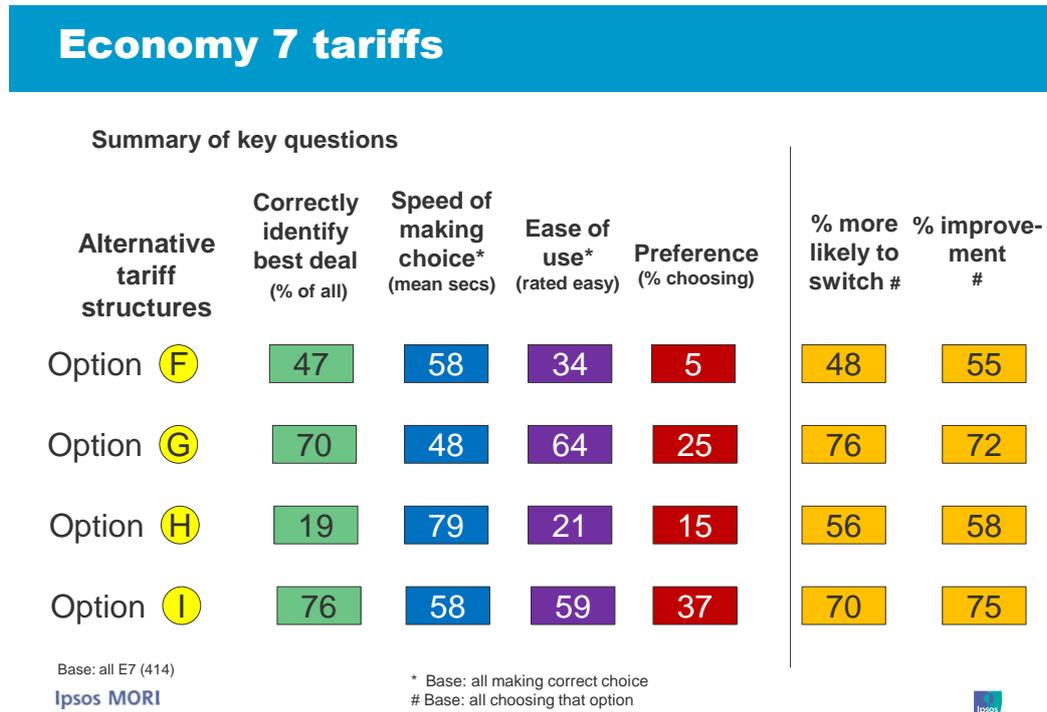
Figure 6

### Consumption Guide E7

Electricity Consumption Guide		
Low user <b>3,300 kWh</b> per year 45% Day use 55% Night use	Medium user <b>6,600 kWh</b> per year 45% Day use 55% Night use	High user <b>9,900 kWh</b> per year 45% Day use 55% Night use

Figure 7 below shows a summary of the principal outcomes from the comparison:

**Figure 7**



With the fixed standing charge and the weighted charge, Option F performs poorly – less than half of respondents are able to identify the lowest tariff and only one in three consider it easy to calculate the lowest tariff. The beneficial effects of adding a comparison table are clear: Options G and I are well ahead of the others. Option I is the preferred option by consumers and produces the highest proportion of correct choices. The fact that Option I performs best of all invites the suggestion that, not only is it the price comparison guide that distinguishes Option I from the otherwise identical Option H, but that the presence of the weighted charge in Option G might explain that option’s poorer outcomes compared to Option I. Despite this, Option I is clearly quite complicated, taking longer than G and being rated less easy than G to work out. However, it is rated as an improvement by three-quarters of those who choose it and 70% say they would be more likely to switch if this were the comparison method in use.

Option H illustrates the naturally more difficult task consumers on Economy 7 tariffs have in comparing supplier offerings. With a variable standing charge and two variable unit rates less than one in five consumers are able to make the correct choice between suppliers, a success rate that suggests random guesses. Nevertheless, for 15% of E7 consumers this is still their preferred option, possibly because this is the format in which they have always been used to seeing tariffs quoted.

For non-E7 consumers, we were able to show the beneficial effect of a fixed standing charge in terms of apparently reducing tariff complexity. For E7 consumers, the fixed standing charge (Options F and G) is either a less significant benefit to clarity or its advantages are offset by the presence of the “weighted charge”, which consumers possibly do not understand.

Outcomes can be shown separately for vulnerable consumers, though among E7 consumers they number only 183, so caution must be exercised in making any comparisons with all E7

consumers. While many of the outcomes are weaker, some are actually stronger than for all E7 consumers. See Figure 8 below for details.

**Figure 8**

## Economy 7 tariffs – Vulnerable consumers

### Summary of key questions

Alternative tariff structures	Correctly identify best deal (% of all)	Speed of making choice* (mean secs)	Ease of use* (rated easy)	Preference (% choosing)
Option <b>F</b>	47	46	41	6
Option <b>G</b>	65	49	65	20
Option <b>H</b>	17	113	37	18
Option <b>I</b>	68	72	63	33

Base: all E7 Vulnerable consumers (183)

Ipsos MORI

\* Base: all making correct choice  
# Base: all choosing that option



Options G and I again perform best on all criteria, although with Option I having a marginal (3-percentage point) lead in terms of respondents ability to identify the lowest tariff, albeit with a longer decision time,. The strongest lead is in preference – Option I is 13 percentage points ahead of Option G. Ratings of overall ease of use are about equal; Options F and H trail far behind.

Vulnerable consumers express a relatively strong third place preference for Option H, just two percentage points behind Option G, even though only 17% are able to identify the lowest tariff with this option, their mean calculation time is the highest of all and only a little over one in three rate it as easy.

**Option I (E7): Subgroup Analysis**

		<b>Correctly identify lowest tariff</b>	<b>Speed of making choice (mean secs)</b>	<b>Ease of use (% easy)</b>	<b>Preference (% selected)</b>
Base: All E7 consumers (414)	(Base)		Base: All identifying lowest tariff	Base: All identifying lowest tariff	
All		76	58	59	37
Vulnerable consumers	Vulnerable (composite)	(183) 68	72	63	33
	Low income (up to £11,499 pa)	(107) 69	74	70	34
	“Frail” elderly*	(13) 61	57	89	31
	No formal qualifications	(69) 62	56	62	34
	Literacy/numeracy difficulties	(23) 65	67	68	23
	Disabled	(82) 62	88	62	32
Never switched	(152) 70	61	55	29	
PPM consumers	(48) 68	44	64	41	

\*defined as 65+ social grade E (state supported)

Source: Ipsos MORI

There is no great variation in the outcomes for the preferred Option I among the sub-groups within vulnerable E7 consumers, though among E7 consumers the sizes of sub-samples become even more of a limitation on how confident we can be about the specific findings. For example, the frail elderly are the sub-group least likely to correctly identify the best deal, and they have almost equal preference for Options I and H (see Appendix B) but with only 13 we cannot be conclusive about the differences shown.

Those E7 respondents who have literacy or numeracy difficulties also show little difference in their preference for Options H and I, but again at 23 respondents, the sub-sample size is very small.

Overall it appears that, for some sub-groups, Option I is the preferred option, but vulnerable E7 consumers are more likely to show some preference for Option H (the basic variable rates without fixed standing charge, weighted charge or a price comparison guide). This explains the relatively strong third place preference of Option H among vulnerable consumers as a whole. However the sub-sample sizes among E7 consumers do not allow us to be conclusive about detailed variations.

# Adding additional features

## Non E7 tariffs

The inclusion of additional features such as green energy, internet access and dual fuel is likely to affect the relative comparability of different tariffs. An additional exercise tested the impact of including additional features in the comparison table. To make the task easier for respondents, standing charges and unit rates were removed from the comparison table. This was accompanied by some explanation of the additional features and an energy consumption guide, as shown in Figure 9:

Figure 9

<b>Option Z (Non-E7)</b>			
Supplier	Your monthly cost (£ per month) if you are a...		
	Low user	Medium user	High user
<b>Supplier 1</b>	<b>£32.70</b>	<b>£54.60</b>	<b>£71.90</b>
Green energy (£)	+£5.00	+£5.00	+£5.00
Internet access (£)	-£3.00	-£3.00	-£3.00
Dual fuel (£)	-£0.75	-£1.50	-£2.00
<b>Supplier 2</b>	<b>£26.60</b>	<b>£45.50</b>	<b>£60.30</b>
Green energy (£)	+£3.00	+£3.00	+£3.00
Internet access (£)	-£4.00	-£4.00	-£4.00
Dual fuel (£)	-£1.00	-£2.00	-£3.00
<b>Supplier 3</b>	<b>£24.40</b>	<b>£47.60</b>	<b>£65.90</b>
Green energy (£)	+£5.00	+£5.00	+£5.00
Internet access (£)	-£4.00	-£4.00	-£4.00
Dual fuel (£)	-£1.00	-£2.00	-£3.00
<b>Supplier 4</b>	<b>£28.50</b>	<b>£50.80</b>	<b>£68.40</b>
Green energy (£)	+£6.00	+£6.00	+£6.00
Internet access (£)	-£3.00	-£3.00	-£3.00
Dual fuel (£)	-£0.75	-£1.50	-£2.00

- **Green energy** – makes sure some of your money is spent on building more renewable energy like wind farms and wave energy.
- **Internet access tariff** - eg with paperless billing.
- **Dual fuel** – a discount for buying both electricity and gas from the same supplier.

**Electricity Consumption Guide**

Low user	Medium user	High user
1,650 kWh per year	3,300 kWh per year	4,600 kWh per year

**Option Z : Subgroup Analysis**

		Correctly identify lowest tariff %	Speed of making choice (mean secs)	Ease of use (% easy)	Understanding (% completely/very)	Likelihood of exploring add options (% much/little)	
Base: All non-E7 consumers	(Base)		Base: All identifying lowest tariff	Base: All identifying lowest tariff			
All	(1,788)	50	62	63	54	40	
Vulnerable consumers	Vulnerable (composite)	(745)	41	62	60	46	35
	Low income (up to 11,499 pa)	(439)	40	63	64	47	36
	"Frail" elderly*	(27)	27	49	71	23	21
	No formal education	(260)	36	56	68	42	31
	Literacy/numeracy difficulties	(50)	34	57	26	31	26
	Disabled	(313)	42	61	54	46	35
Never switched	(483)	41	67	61	45	31	
PPM consumers	(156)	37	56	67	48	33	

\*65+ social grade E (state supported)

Source: Ipsos MORI

For non-E7 consumers the additional features undoubtedly make the task of accurate comparison more difficult. Just 50% are able to correctly identify the lowest tariff, compared to 85% with the best performing option (B) and it takes on average 50% longer (62 seconds). Further, a majority (63%) rate Option Z as easy, which is some way below the 82% who rated Option B as easy. Vulnerable consumers find Option Z harder still to understand and use: just 41% are able to identify the lowest tariff. However the time taken is much the same and the proportion of vulnerable consumers rating the task easy is only a little lower.

A small majority of all non-E7 consumers (54%) believe they understand this method of comparison at least fairly well, though a sizeable minority (47%) say they do not understand very well or not at all well. For non-E7 consumers, 40%, say this method of comparison would make them more likely to explore the additional features but for 28% it would make no difference. Approximately 22% say it would actually deter them from exploring additional features.

Vulnerable customers are a little less likely to say they understand the method (46% understand completely/fairly well), which is outweighed by those who say not very well or not

at all well (47%). They are also less likely to explore additional features (35% much more or a little more likely).

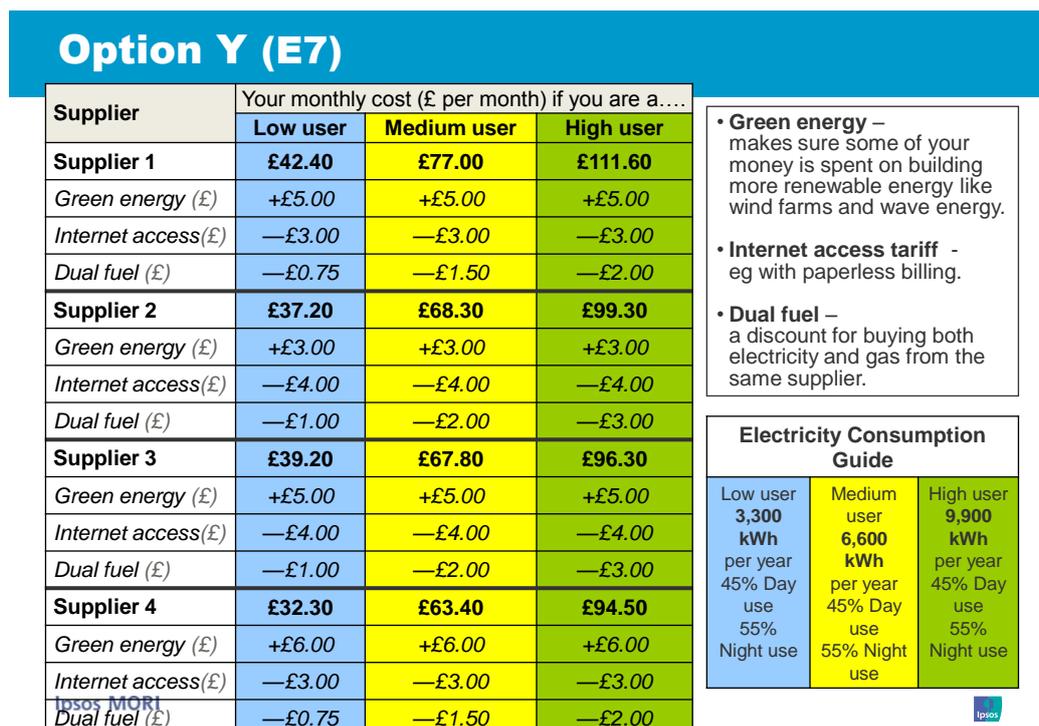
Among the frail elderly, only 27% are able to identify the lowest tariff, and those with literacy or numeracy difficulties perform only a little better at 34%. Again, both are very small sub-samples and it is difficult to be conclusive. Both sub-groups also show very little understanding of the method – 23% of frail elderly and 31% of those with literacy or numeracy difficulties feel they understand it completely or fairly well.

On the other hand, there are no great variations by other vulnerable sub-groups: for example the disabled, those on low income and those with no formal education all have similar ability to identify the lowest tariff and relatively good levels of understanding. Although, this is still below that of the wider consumer sample.

### Economy 7 Tariffs

For E7 consumers the scale of the comparison task with additional features included is much the same as for non-E7 consumers. Given the difference in consumption patterns for E7 consumers, the consumption guide indicates different usage points for low, medium and high consumption and a split between day and night consumption as shown in Figure 10:

Figure 10



## Option Y : Subgroup Analysis

		Correctly identify lowest tariff %	Speed of making choice (mean secs)	Ease of use (% easy)	Understanding (% completely/very)	Likelihood of exploring add options (% much/little)
Base: All non-E7 consumers (1,788)	(Base)		Base: All identifying lowest tariff	Base: All identifying lowest tariff		
All		43	69	50	50	42
Vulnerable consumers	Vulnerable (composite)	(183) 39	70	51	49	41
	Low income (up to £11,499 pa)	(107) 35	66	53	48	37
	"Frail" elderly*	(13) 38	69	59	39	28
	No formal education	(69) 37	81	51	44	32
	Literacy/numeracy difficulties	(23) 29	61	58	47	37
	Disabled	(82) 44	60	46	50	43
Never switched	(152) 40	68	38	39	36	
PPM consumers	(48) 33	51	63	55	38	

\*65+ social grade E (state supported)

Source: Ipsos MORI

Compared with non-E7 consumers, the E7 group find it more difficult to correctly identify the lowest tariff with Option Z. Just 43% choose the cheapest tariff and they also take longer than non-E7 consumers. They also rate the task less easy than do the non-E7 consumers.

These results compare less well with Option I (the most preferred option in the first half of the survey amongst E7 customers): the 43% identifying the lowest tariff is significantly short of the 76% achieved with Option I, the average time taken is 69 seconds, compared to 58 seconds with Option I and 50% rate the task as easy, compared to 59% with Option I.

Despite this, E7 consumers do not have any more difficulties understanding the method of comparison: 50% understand it completely or fairly well, compared to 54% of non-E7 consumers. The proportion of E7 consumers that would explore additional features (42%) is similar to non-E7 consumers. However, 19% stated that the approach would make them less likely to explore the additional features.

Vulnerable E7 consumers are less able than all E7 consumers to identify the lowest tariff; just 39% get it right, though time taken and rating of difficulty is much the same. Claimed understanding of the method is also much the same.

Some sub-groups of vulnerable E7 consumers show indications of even poorer performance: those with literacy or numeracy problems are least likely to identify the lowest tariff (29%), though with only 23 of them this is not a conclusive finding.

Among the sub-groups not specifically defined as “vulnerable”, prepayment meter E7 consumers also show a poor ability to identify the lowest tariff – just 33% get it right. Those who have never switched are relatively good at identifying the lowest tariff (40%) and take approximately the same time to do so, but rate it notably less easy than any other sub-group – just 38% consider the calculation task to be easy.

# Limitations to range of tariff types

## Understanding of limited tariff types

For the second part of the study non-E7 and E7 consumers were combined and asked the same questions. It was explained to respondents that Ofgem wanted to make tariffs easier to understand and that it was proposed to limit the types of tariffs available. For the purposes of the study these were given as three types: variable, tracker and fixed. The explanation of this was contained in the following stimulus presented to respondents:

**Figure 11**

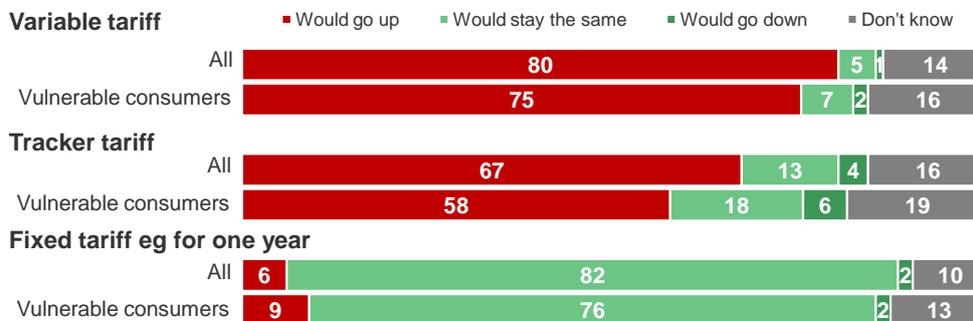
Tariff name	Type	Description
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.
Tracker	Set contract for a fixed duration (e.g. one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the energy market.
Fixed	Set contract for a fixed duration (e.g. one year)	Prices do not change for the duration of the contract.

Respondent understanding of these descriptions was tested by asking respondents to prediction of how prices would respond under each tariff if the wholesale price were to go up after six months. Figure 12 below shows the pattern of responses by all respondents and by all vulnerable consumers:

**Figure 12**

### Limitation of tariff type - Understanding

Q. Based on your understanding of these three tariffs, how would you expect prices to change with each of them in 6 months if the wholesale price of electricity goes up?



Base: All (2,202), all vulnerable (928)

Source: Ipsos MORI

Ipsos MORI



In general, variable tariffs and fixed tariffs are best understood: eight in ten respondents in each case give the correct answer, whereas for tracker tariffs the equivalent figure is under seven in ten. However that still leaves 18-20% who do not understand even the variable and fixed tariffs, a proportion which increases among vulnerable consumers to around a quarter. Vulnerable consumers are a little less likely throughout to give the correct answer, suggesting a somewhat lower level of understanding, but not drastically lower. Some sub-groups of vulnerable consumers have lower levels of understanding, for example, just 67% of the frail elderly answer correctly for fixed tariffs compared to 76% of all vulnerable consumers and 82% of all respondents. The proportion of frail elderly answering correctly is also lower for both variable and tracker tariffs.

### Views of limited tariff types available

Respondents were asked to give their views on the three tariff types, based on the information they had been given so far (which did not mention additional features). It is clear that fixed tariffs are very much more popular than tracker or variable tariffs. Indeed just 6% say they would probably choose a variable tariff, and less than half of all consumers feel that variable tariffs should even be available for consumers to choose. A greater proportion believes tracker tariffs should be available (55%), though still only 9% would probably choose them. Fixed tariffs would probably be chosen by almost half of respondents (47%) and a further 36% would like them to be available.

Vulnerable consumers have similar views, though fewer would like to see each type of tariff available to all.

### Views of limited tariff types available

**Q. For each of the tariff choices, please tell us whether you think it should be available to you to choose?**

Base: All (2,202), all vulnerable (928)	Variable		Tracker		Fixed	
	All	Vulnerable	All	Vulnerable	All	Vulnerable
I would probably choose this tariff	6	6	9	8	47	47
I would like this to be available whether or not I would actually choose it	40	34	55	49	36	33
Don't care if available or not	30	32	25	29	13	15
Prefer this was not offered	25	28	11	14	4	5

Source: Ipsos MORI

## Views of additional features

Following the introduction of the concept of a limited number of tariff types, the interview moved on to explore views of the additional features that could be included with some tariffs. The stimulus used for this is shown at figure 13 below.

**Figure 13**

Q39 Additional features	
Additional feature	Description
Internet access tariff	e.g. with paperless billing
Dual Fuel	A discount for buying both electricity and gas from the same supplier
“Green” tariff option	Makes sure some of your money is spent on building more renewable energy like wind farms and wave energy. This may cost a little more.

Participants were asked to indicate their level of interest in these additional features, whether they would choose them, would like them to be available, don't care if they are available or would prefer them not to be available. Internet access and dual fuel are the most popular options participants would choose; both were selected by a majority of all consumers. While a majority of vulnerable consumers (59%) would select dual fuel for themselves, the proportion that would select internet access falls below half (47%). Just 10% of consumers, vulnerable or not, would select green tariffs for themselves, though a further 47% of all consumers and 44% of vulnerable consumers would like to see them made generally available. Overall, a majority of all respondents and a majority of vulnerable consumers would either choose each feature or would like it to be made available to consumers generally.

### Views of additional features

**Q. An option to make tariffs easier to compare is changing the range of additional features some tariffs have available. For each of the additional features listed, please tell us whether you think it should be available for you to choose?**

Base: All (2,202), all vulnerable (928)	Internet access tariff		Dual Fuel		Green Tariff	
	All %	Vulnerable consumers %	All %	Vulnerable consumers %	All %	Vulnerable consumers %
I would probably choose this tariff	58	47	63	59	10	10
I would like this to be available whether or not I would actually choose it	24	26	18	18	47	44
Don't care if available or not	12	18	14	16	29	29
Prefer this was not offered	6	9	5	7	14	17

Source: Ipsos MORI

Most sub-groups of vulnerable consumers show somewhat lower levels of interest compared to all consumers in dual fuel, green tariffs and especially internet access options. The most extreme case is the frail elderly; only 41% of which are interested in choosing internet access tariffs or having them available to choose, and though this rises to 45% for green tariffs and 56% for dual fuel they remain the least interested sub-group in additional options.

	(Base)	Would probably choose/ would like to be available %	Don't care if available/ prefer not offered %	
<b>Internet Access</b>				
	(2,202)	82	18	
Vulnerable consumers	Vulnerable consumers	(928)	73	27
	Low income	(546)	72	28
	"Frail" elderly*	(40)	41	59
	No formal qualifications	(329)	67	33
	Literacy/numeracy difficulties	(73)	69	31
	Disabled	(395)	72	28
	Never switched	(635)	71	29
PPM consumers	(204)	63	37	
<b>Dual Fuel</b>				
	(2,202)	81	19	
Vulnerable consumers	Vulnerable consumers	(928)	77	23
	Low income	(546)	76	24
	"Frail" elderly*	(40)	56	44
	No formal qualifications	(329)	77	23
	Literacy/numeracy difficulties	(73)	65	35
	Disabled	(395)	76	24
	Never switched	(635)	65	35
PPM consumers	(204)	68	32	
<b>Green Tariffs</b>				
	(2,202)	57	43	
Vulnerable consumers	Vulnerable consumers	(928)	54	46
	Low income	(546)	57	43
	"Frail" elderly*	(40)	45	55
	No formal qualifications	(329)	50	50
	Literacy/numeracy difficulties	(73)	52	48
	Disabled	(395)	51	49
	Never switched	(635)	50	50
PPM consumers	(204)	59	41	

Source: Ipsos MORI

PPM consumers also have particularly low interest in internet access and dual fuel, but their interest in green tariffs is not significantly different to that of all consumers. Those who have never switched also show lower levels of interest in all three features.

## Views of limited tariff types with feature limitations explained

After the initial discussion of additional features, respondents were told that another way to make tariffs easier to compare might be to reduce the range of features available on some, even to the extent that some tariff types would have no additional features. The stimulus shown is at figure 14:

**Figure 14**

Tariff name	Type	Description	Features
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.	No additional versions available
Tracker	Set contract for a fixed duration (eg one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the market.	Many different versions available, e.g. green, paperless billing (online), dual fuel.
Fixed	Set contract for a fixed duration	Prices do not change for the duration of the contract.	Many different versions available, e.g. green, paperless billing (online), dual fuel.

Respondents were then asked the same questions on their preferences. A comparison is made between responses before the discussion of additional features and after it, when they know variable tariffs are to have no additional versions with features such as green tariffs, internet access or dual fuel.

### Views of limited tariff types with feature limitations explained – All consumers

**Q. Another option is to restrict the range of additional features available on some tariffs. It may then look like the list below. Some tariffs may have no additional features.**

Base: All (2,202)	Variable		Tracker		Fixed	
	Pre*	Post	Pre*	Post	Pre*	Post
I would probably choose this tariff	6	6	9	11	47	48
I would like this to be available whether or not I would actually choose it	40	37	55	59	36	36
Don't care if available or not	30	33	25	21	13	12
Prefer this was not offered	25	24	11	8	4	3

\* Pre and Post relates to figures previous to, and post discussion of limitation of additional features to just fixed and tracker tariffs

Source: Ipsos MORI

The limitation on additional features on variable tariffs makes some statistically significant difference to views of the tariff types. Variable tariffs become even less attractive (just 43% would choose them or want them to be available) and tracker tariffs become **more** attractive, (up six percentage points to 70% who would choose them or want them to be available). The effect on views of fixed tariffs is not significant.

### Views of limited tariff types with feature limitations explained – Vulnerable consumers

**Q. Another option is to restrict the range of additional features available on some tariffs. It may then look like the list below. Some tariffs may have no additional features.**

Base: All vulnerable consumers (928)	Variable		Tracker		Fixed	
	Pre*	Now	Pre*	Now	Pre*	Now
I would probably choose this tariff	6	9	8	9	47	50
I would like this to be available whether or not I would actually choose it	34	31	49	53	33	32
Don't care if available or not	32	34	29	26	15	15
Prefer this was not offered	28	26	14	11	5	4

\* Pre and Post relates to figures previous to, and post discussion of limitation of additional features to just fixed and tracker tariffs

Source: Ipsos MORI

Vulnerable consumers show the same significant upward trend in the attractiveness of tracker tariffs after being given the information on the proposed limitations on variable tariffs. The effect on views of fixed tariffs is only marginal. However the effect on variable tariffs is more complicated. While significantly fewer would like them to be available to others, the proportion saying they would choose a variable tariff for themselves is up by a statistically significant three percentage points to 9%.

### Choice of limited tariff types

In addition to the above questions which addressed respondent views on all three tariff types separately, they were also asked, before and after being informed about the proposed limitations of additional features, which **one** of the tariff types they would choose, if they could only choose one. This was designed to give a better understanding of how consumers would behave if they were required to make a tariff selection (as they would in the real world).

When asked to choose directly between the three types of tariff, fixed tariffs are most popular (chosen by 53%), followed by tracker tariffs (11%), with variable tariffs selected by only 6% initially. After being informed about the proposed limitations of additional features on variable tariffs the popularity of fixed tariffs rose significantly (to 56%) and tracker tariffs rose three percentage points (also significant) to 14%. Over a quarter cannot or will not choose one of the three options at each stage. Vulnerable consumers show broadly the same pattern,

though with somewhat smaller changes before and after the explanation of limitations so change is statistically significant only for fixed tariffs (up three percentage points to 58%).

**Q. If these three types of tariff were all that were available from any supplier, which type do you think you would probably choose?**

Base: All (2,202), all vulnerable (928)	All consumers		Vulnerable consumers	
	Pre*	Post	Pre*	Post
Fixed tariff	53	56	55	58
Tracker tariff	11	14	9	10
Variable tariff	6	5	5	5
Not enough info to make a choice	18	14	15	11
Prefer not to choose any	3	3	5	5
Don't know	8	8	10	11

\* Pre and Post relates to figures previous to, and post discussion of limitation of additional features to just fixed and tracker tariffs

Source: Ipsos MORI

Fixed tariffs are, by a wide margin, most popular, the majority of all consumers and of vulnerable consumers choosing this type. This choice was strengthened significantly by the knowledge about the potential limitations to variable tariffs. Tracker tariffs also became significantly more likely to be selected at the “post” stage, while variable tariffs showed no significant change – they are the least popular option at both stages.

Even at the “post” stage, when respondents have more information, there is a sizeable minority who cannot or will not choose one of the three options. This represents 25% of all respondents and 27% of vulnerable consumers. The largest component of these overall is the group who believe they do not have enough information to make a decision, though for vulnerable consumers this group is equalled by the “don't know” category.

Most sub-groups of vulnerable consumers show a very similar pattern to that for all vulnerable consumers. The exception is the frail elderly, who still prefer fixed tariffs at the post stage (54%) but who place variable tariffs at 13%, one percentage point ahead of tracker tariffs (12%), a difference which is not significant on this sub-sample size (40).

## Limitations to variable tariffs

Despite the generally low level of interest in variable tariffs, the majority of respondents would prefer that variable tariffs have the same range of extra features available as fixed and

tracker tariffs. This proportion is 64% overall, falling to 58% of vulnerable consumers, who are more likely to give a don't know response (17%, compared to 12% overall). Some of the sub-groups of vulnerable consumers are less keen on variable tariffs having the same features. However, even in these cases a majority would like these features to be available on variable tariffs.

### Limitation to Variable Tariffs

**Q. Do you think that variable tariffs should also have the same range of extra features available as fixed and tracker tariffs?**

	All	Vulnerable consumers (928) %	No formal qualifications (329) %	Frail elderly (40) %	Never switched (635) %	Switched 2+ times (876) %
Base: All (2,202)						
Yes	64	58	53	52	56	70
No	5	6	7	13	5	5
No preference	19	19	20	23	22	15
Don't know	12	17	20	13	18	10

Source: Ipsos MORI

It is notable that support for the equalisation of features on variable tariffs is related to experience of switching. Those who have never switched express relatively low support (56%) for variable tariffs having the same range of features, while those who have switched more than once are most in favour of the proposition (70%).

## Conclusions

- This quantitative research project has identified the elements of the tariff simplification and comparability proposals that would deliver the greatest benefit to consumers.
- For non-E7 consumers the findings suggest consumers may benefit most from an approach similar to Option B. Option B was also the option chosen as the preferred approach by most respondents. Option B includes both a price comparison guide and a fixed standing charge.
- For E7 consumers the same two features are important, although with more emphasis on the price comparison guide. The findings suggest consumers may benefit most from an approach similar to Option I. Option I features a price comparison guide, but no fixed standing charge and no “weighted charge”. It seems that either the fixed standing charge has less value for E7 consumers, (which seems likely given that there are two variable unit rates) or its benefits were counteracted by the presence of the “weighted charge”, which may have been confusing to some consumers.
- Including additional features for standard tariffs (such as online access, dual fuel and a green option) has an adverse impact on consumers’ ability to select the cheapest tariff. When these features are included, fewer non-E7 consumers could identify the cheapest tariff, with the time taken to make a correct decision greater compared to Option B. Fewer respondents also rate an option with additional features as easy. E7 consumers perform even less well than non-E7 consumers when asked to find the cheapest tariff with additional features.
- In most cases, across the different models, vulnerable consumers perform less well than non-vulnerable. However, the overall pattern of performance and order of preference is the same for both groups. The only exceptions are that some very small sub-groups of vulnerable consumers seem to have different views. However, given the size of these sub-groups, it is not possible to be confident these findings are robust.
- The importance of the vulnerable consumer group is most evident in the comparison of the options with the additional features (Options Z and Y). For the main body of non-E7 consumers, the effect of adding these features into the price comparison guide may simply be to make the choice somewhat trickier than with the preferred Option B. For vulnerable consumers, however, the effect of the additional complexity of Option Z may be to ensure that the majority of them are unable to identify the cheapest tariff. This result is also true for vulnerable E7 consumers and, to a lesser extent, for non-vulnerable E7 consumers.
- The second part of the study showed that additional features such as internet access, dual fuel and green tariffs are popular among consumers. When asked about their preferences for additional features, a majority would choose internet access and dual fuel features themselves, and a majority would like to see green tariffs available to all. Interest is lower among vulnerable groups, but still significant. This is an interesting finding given the added complexity of making tariff comparisons when tariffs have additional features.
- There was a good understanding among consumers of the three example types of tariff – variable, tracker and fixed. Fixed and tracker tariffs are the most popular among consumers, while variable tariffs attract little interest. In fact, many consumers

would apparently be happy for variable tariffs not to be available, while a significant proportion showed little interest whether they were available or not.

- When consumers were to consider their preferences for the three tariff types, if variable tariffs were not permitted to have additional features such as internet access, dual fuel or green tariffs, preferences changed only a little. The proportion who want variable tariffs to be available to all consumers falls (by a statistically significant amount), while the proportion who want trackers to be available increases, (also by a statistically significant amount). Views on fixed tariffs are unchanged. Vulnerable consumers show a similar uplift in interest in tracker tariffs, but their views are split on variable tariffs- the proportion that would choose a variable tariff for themselves increases slightly, but by a statistically significantly amount. At the same time, significantly fewer vulnerable consumers want to see variable tariffs available to all.
- Despite the low interest in variable tariffs, almost two-thirds of consumers would prefer variable tariffs to include additional features such as internet access, dual fuel or green tariffs.
- When asked to choose directly between tariff types, fixed tariffs are more popular than tracker tariffs, with variable tariffs the least popular. With information on the likely limitation on additional features for variable tariffs views change – both fixed and tracker tariffs are more likely to be chosen (a statistically significant result).

# Appendices

## Appendix A: Non-E7 Subgroup analysis

		Correctly identify lowest tariff %				Speed of making choice (mean secs)				Ease of use (% easy)				Preference (% selected)				
Base: All Non-E7 consumers		(Base)				Base: All identifying lowest tariff				Base: All identifying lowest tariff								
		A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D	
All		(1,788)	81	85	44	50	28	41	87	58	86	82	45	61	28	39	6	14
Vulnerable consumers	Vulnerable (composite)	(745)	76	80	40	45	31	43	75	61	81	78	48	57	27	36	7	13
	Low income (up to £11,499 pa)	(439)	74	81	38	42	22	44	68	62	82	79	46	61	26	38	8	13
	“Frail” elderly*	(27)	79	81	36	45	34	43	60	55	87	84	51	85	33	19	24	0
	No formal education	(260)	69	74	36	41	31	41	63	45	80	77	50	60	29	31	8	12
	Literacy/ numeracy difficulties	(50)	72	81	50	49	45	40	79	60	83	74	50	48	29	31	14	14
	Disabled	(313)	79	79	40	47	30	43	80	63	79	77	51	50	28	32	6	14
Never switched		(483)	77	79	42	44	27	42	77	57	85	81	48	60	26	34	7	12
PPM consumers		(156)	75	82	42	40	17	37	56	68	84	79	52	64	31	34	9	10

\*defined as 65+ social grade E (state supported)

Source: Ipsos MORI

## Appendix B: E7 Subgroup analysis

		Correctly identify lowest tariff %				Speed of making choice (mean secs)				Ease of use (% easy)				Preference (% selected)				
Base: All E7 consumers		(Base)				Base: All identifying lowest tariff				Base: All identifying lowest tariff								
		F	G	H	I	F	G	H	I	F	G	H	I	F	G	H	I	
	All	(414)	47	70	19	76	58	48	79	58	34	64	21	59	5	25	15	37
Vulnerable consumers	Vulnerable (composite)	(183)	47	65	17	68	46	49	113	72	41	65	37	63	6	20	18	33
	Low income (up to £11,499 pa)	(107)	50	66	16	69	42	50	101	74	43	74	38	70	10	17	20	34
	“Frail” elderly*	(13)	39	61	8	61	56	55	94	57	38	63	0	89	8	7	32	31
	No formal education	(69)	42	61	14	62	46	52	132	56	40	67	32	62	8	13	18	34
	Literacy/numeracy difficulties	(23)	55	70	10	65	47	51	196	67	42	81	34	68	13	17	21	23
	Disabled	(82)	47	63	18	62	50	46	102	88	45	64	35	62	9	16	17	32
	Never switched	(152)	46	68	20	70	61	44	80	61	34	61	24	55	5	26	17	29
	PPM consumers	(48)	48	66	8	68	34	48	36	44	46	73	70	64	6	12	21	41

\*defined as 65+ social grade E (state supported)

Source: Ipsos MORI

## Appendix C Sample Details

	Unweighted	Weighted
<b>Sex</b>		
Male	1057	1055
Female	1145	1147
<b>Age</b>		
16-34	400	418
35-64	1223	1255
65+	579	529
<b>Social Grade</b>		
AB	591	639
C1	584	617
C2	459	462
D	380	308
E	188	176
<b>Payment Method</b>		
Direct Debit	1676	1685
Cash/cheque on receipt of bill	219	221
PPM	204	194
Other	103	102

## Appendix D: Questionnaire (online version)

### Tariff Comparability Models Online questionnaire (Final)

Welcome to the survey. Ipsos MORI is conducting this research on behalf of the national energy regulator, Ofgem, and we really appreciate your participation. As you answer the questions the progress bar will tell you how far it is to the end.

Please be assured that the survey is entirely confidential, and Ipsos MORI will not release any information which could be used to identify you in any way, and will not pass your details on to third parties.

#### QUOTA CONTROLS

**S1 Are you.... (SP)**

1. Male
2. Female

**S2 Please type in your age  
(record exact age, numeric, allow 16-99)**

**RECODE TO QUOTAS:**

- 1.16-24
- 2.25-34
- 3.35-44
- 4.45-54
- 5.55-64
- 6.65+

-

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#### SCREENING QUESTIONS TO DEFINE ELIGIBLE RESPONDENTS

QA

**Do you have mains electricity in your home? (SP)**

1. Yes
2. No **(CLOSE)**

QB

**Are you responsible or jointly responsible for the electricity bills in your household? (SP)**

1. Yes
2. No **(CLOSE)**

QC

**Do you pay an energy company direct for your electricity, or do you ONLY pay for it as part of your rent? (SP)**

1. Pay energy company direct
2. ONLY pay as part of rent **(CLOSE)**

-

---

## MAIN QUESTIONNAIRE

Q1. How do you pay for your electricity? Please tick one box **(SP)**

1. Monthly Direct Debit
2. Pay by cheque, cash or card on receipt of your bill
3. Prepayment Meter
4. Fuel Direct (where a set amount is deducted from your benefits before you receive them)
5. Weekly/Fortnightly payment scheme
6. Payment card/book that I use whenever I choose
7. Other method

Q2. How many times, if any, have you ever switched your electricity supplier, other than simply because you moved home? **(SP)**

1. Never
2. Once
3. Twice
4. Three times
5. Four times or more

Q3. Do you have Economy 7 electricity? **(SP)**

1. Yes **(GO TO Q20)**
2. No **(GO TO Q4)**

## **PART 1 (NON-E7)**

Q4-19 Electricity and gas prices from every energy company are slightly different. Each company may also have a number of different prices, depending on which TARIFF you are on. A tariff is made up of a number of actual prices, for example a price for the standing charge and a price per unit of electricity you use. Other prices, conditions, time limits or penalties may be included in some tariffs as well.

Each method of payment may have its own tariff or tariffs, so for the whole of this exercise please assume you will continue to pay for your electricity **the same way** as you do now.

We would like to show you some prices from different suppliers (four suppliers at a time) and for each screen we'd like you to choose the supplier you think is **cheapest** for you. In reality, other tariffs may be available but please focus on these 4 for now.

**(SYSTEM ALLOCATES A USAGE FIGURE TO EACH RESPONDENT AND DISPLAYS IT AT THE TOP OF THE PAGE FOR PART 1. EVEN SPREAD EXPECTED)**

Please assume just for this exercise that you know your annual consumption of electricity is **XXXX** kilowatt hours.

(hidden coding)

1. 1000
2. 1500
3. 2000
4. 2500
5. 3000
6. 3500
7. 4000
8. 4500
9. 5000
10. 5500

**ROTATE ORDER OF OPTIONS A-D. SHOW OPTION SLIDES ON SCREEN WITH EACH QUESTION AT THE BOTTOM OF THE PAGE AND CONSUMPTION FIGURE IN TOP RIGHT (SHOULD SAY "Your annual electricity consumption: XXXX")**

**SHOW OPTION A**

Q4. Please look at this method of comparing prices. Which of the four suppliers is cheapest for you? Please give your best estimate. **(SP) RECORD TIME TAKEN TO ANSWER**

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q5. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you? **(SP)**

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

**SHOW OPTION B**

Q6. Please look at this method of comparing prices. Which of the four suppliers is cheapest for you? Please give your best estimate: **(SP) RECORD TIME TAKEN TO ANSWER**

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q7. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you? **(SP)**

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

### **SHOW OPTION C**

Q8. Please look at this method of comparing prices. Which of the four suppliers is cheapest for you? Please give your best estimate: **(SP) RECORD TIME TAKEN TO ANSWER**

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q9. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you? **(SP)**

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

### **SHOW OPTION D**

Q10. Please look at this method of comparing prices. Which of the four suppliers is cheapest for you? Please give your best estimate: **(SP) RECORD TIME TAKEN TO ANSWER**

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q11. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you? **(SP)**

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

**END ROTATION**

## SHOW COMPARISON OF OPTIONS (NON-E7)

Q12. You have now seen four different ways of comparing prices between suppliers. Which of these four methods do you prefer? **(SP)**

1. OPTION A
2. OPTION B
3. OPTION C
4. OPTION D
  
5. No preference at all **(GO TO Q16)**

Q13. Thinking about your preferred method, compared to the way you have seen prices compared before, would you consider your preferred method represents: (Please tick one answer only). **(SP)**

1. A big improvement
2. A small improvement
3. No real change
4. A small change for the worse
5. A big change for the worse
6. Don't know

Q14. In terms of comparing the cost of different suppliers, would you describe your preferred method as: (Please tick one answer only) **(SP)**

1. Very easy to compare suppliers
2. Fairly easy to compare suppliers
3. Fairly difficult to compare suppliers
4. Very difficult to compare suppliers
5. Don't know

Q15. What impact do you think it would have on you if this method was introduced for comparing all tariffs available? Please tick one answer only.

1. It would make me much more likely to consider switching to a new tariff or a new supplier
2. It would make me somewhat more likely to consider switching to a new tariff or a new supplier
3. It would make no difference to me
4. It would make me somewhat less likely to consider switching to a new tariff or a new supplier
5. It would make me much less likely to consider switching to a new tariff or a new supplier
6. Don't know

## SHOW OPTION Z

Q16. Please look at this method of comparing prices.

How well do you feel you understand this method of comparison, with the additional options for “green energy”, internet access and dual fuel?

1. Completely
2. Fairly well
3. Not very well
4. Not at all well
5. Don't know

Q17. Would this make you more likely or less likely to explore additional options like this to add to a standard tariff?

1. Much more likely
2. A little more likely
3. Would make no difference
4. A little less likely
5. Much less likely
6. Don't know

Q18. Please assume that you want to choose the green option that contributes towards building more renewable energy, which costs a little more, but also the internet access option, which gives you a small discount.

Which of the four suppliers is then cheapest for you with these two options added?

### RECORD TIME TAKEN TO ANSWER

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q19. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you?

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

## GO TO Q36

## **PART 1 (E7 – code 1 at Q3)**

Q20-35 Electricity and gas prices from every energy company are slightly different. Each company may also have a number of different prices, depending on which TARIFF you are on. A tariff is made up of a number of actual prices, for example a price for the standing charge and a price per unit of electricity you use. Other prices, conditions, time limits or penalties may be included in some tariffs as well.

Each method of payment may have its own tariff or tariffs, so for the whole of this exercise please assume you will continue to pay for your electricity **the same way** as you do now.

We would like to show you some prices from different suppliers (four suppliers at a time) and for each screen we'd like you to choose the supplier you think is **cheapest** for you. In reality, other tariffs may be available but please focus on these 4 for now.

**(SYSTEM ALLOCATES A USAGE FIGURE TO EACH RESPONDENT AND DISPLAYS IT AT THE TOP OF THE PAGE FOR PART 1. EVEN SPREAD EXPECTED)**

Please assume just for this exercise that you know your annual consumption of electricity is **XXXX** kilowatt hours and that you use 45% of that electricity during the day and 55% at night.

(hidden coding)

1. 2000
2. 3000
3. 4000
4. 5000
5. 6000
6. 7000
7. 8000
8. 9000
9. 10000
10. 11000

**ROTATE ORDER OF OPTIONS A-D. SHOW OPTION SLIDES ON SCREEN WITH EACH QUESTION AT THE BOTTOM OF THE PAGE AND CONSUMPTION FIGURE IN TOP RIGHT (SHOULD SAY “Your annual electricity consumption: XXXX, 45% daytime, 55% at night”)**

**SHOW OPTION F**

Q20. Please look at this method of comparing prices. Which of the four suppliers is cheapest for you? Please give your best estimate. **(SP) RECORD TIME TAKEN TO ANSWER**

1. Supplier 1
2. Supplier 2
3. Supplier 3

4. Supplier 4
5. No idea, cannot work it out

Q21. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you? **(SP)**

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

### **SHOW OPTION G**

Q22. Please look at this method of comparing prices. Which of the four suppliers is cheapest for you? Please give your best estimate: **(SP) RECORD TIME TAKEN TO ANSWER**

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q23. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you? **(SP)**

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

### **SHOW OPTION H**

Q24. Please look at this method of comparing prices. Which of the four suppliers is cheapest for you? Please give your best estimate: **(SP) RECORD TIME TAKEN TO ANSWER**

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q25. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you? **(SP)**

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

## SHOW OPTION I

Q26. Please look at this method of comparing prices. Which of the four suppliers is cheapest for you? Please give your best estimate: **(SP) RECORD TIME TAKEN TO ANSWER**

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q27. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you? **(SP)**

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

## END ROTATION

## SHOW COMPARISON OF OPTIONS (E7)

Q28. You have now seen four different ways of comparing prices between suppliers. Which of these four methods do you prefer? **(SP)**

1. OPTION F
2. OPTION G
3. OPTION H
4. OPTION I
5. No preference at all **(GO TO Q32)**

Q29. Thinking about your preferred method, compared to the way you have seen prices compared before, would you consider your preferred method represents: (Please tick one answer only). **(SP)**

1. A big improvement
2. A small improvement
3. No real change
4. A small change for the worse
5. A big change for the worse

6. Don't know

Q30. In terms of comparing the cost of different suppliers, would you describe your preferred method as: (Please tick one answer only) **(SP)**

1. Very easy to compare suppliers
2. Fairly easy to compare suppliers
3. Fairly difficult to compare suppliers
4. Very difficult to compare suppliers
5. Don't know

Q31. What impact do you think it would have on you if this method was introduced for comparing all tariffs available? Please tick one answer only.

1. It would make me much more likely to consider switching to a new tariff or a new supplier
2. It would make me somewhat more likely to consider switching to a new tariff or a new supplier
3. It would make no difference to me
4. It would make me somewhat less likely to consider switching to a new tariff or a new supplier
5. It would make me much less likely to consider switching to a new tariff or a new supplier
6. Don't know

## SHOW OPTION Y

Q32. Please look at this method of comparing prices.

How well do you feel you understand this method of comparison, with the additional options for “green energy”, internet access and dual fuel?

1. Completely
2. Fairly well
3. Not very well
4. Not at all well
5. Don't know

Q33. Would this make you more likely or less likely to explore additional options like this to add to a standard tariff?

1. Much more likely
2. A little more likely
3. Would make no difference
4. A little less likely
5. Much less likely
6. Don't know

Q34. Please assume that you want to choose the green option that contributes towards building more renewable energy, which costs a little more, but also the internet access option, which gives you a small discount.

Which of the four suppliers is then cheapest for you with these two options added?

## RECORD TIME TAKEN TO ANSWER

1. Supplier 1
2. Supplier 2
3. Supplier 3
4. Supplier 4
5. No idea, cannot work it out

Q35. Thinking about the way the price comparisons are shown here, how easy or difficult do you think it is to choose the cheapest for you?

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

## STOP SHOWING CONSUMPTION FIGURE AND SLIDES

## ASK ALL PART 2

Q36. Ofgem, the energy industry regulator, wants to make tariffs easier to understand. One idea is to limit the range of tariffs suppliers can offer, which might look like this:

### SCRIPTING: INSERT AS TABLE

Tariff name	Type	Description
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.
Tracker	Set contract for a fixed duration (eg one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the energy market.
Fixed	Set contract for a fixed duration (eg one year)	Prices do not change for the duration of the contract.

Based on your understanding of these three tariffs, how would you expect prices to change with each of them in 6 months, if the overall wholesale price of electricity **goes up**?

#### Variable tariff (SP)

1. Would go up
2. Would stay the same
3. Would go down
4. Don't know

#### Tracker tariff (SP)

1. Would go up
2. Would stay the same
3. Would go down
4. Don't know

#### Fixed tariff eg for one year (SP)

1. Would go up
2. Would stay the same
3. Would go down
4. Don't know

Q37. For each of the tariff choices below, please tick one box to tell us whether you think it **should** be available for you to choose? **(EACH SP)**

**Layout as grid. Column headings to the right. Three tariff options down page (with full table of explanations)**

### Column headings

I would probably choose this tariff

I would like this to be available, whether or not I would actually choose it

Don't care if available or not

Prefer this was not offered

### Rows

Tariff name	Type	Description
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.
Tracker	Set contract for a fixed duration (eg one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the energy market.
Fixed	Set contract for a fixed duration (eg one year)	Prices do not change for the duration of the contract.

Q38. If these three types of tariff were all that were available from any supplier, and the price was right for you, which type do you think you would most probably choose?

1. Variable tariff
2. Tracker tariff
3. Fixed tariff
4. Prefer not to choose any of them
5. Not enough information to make a choice
6. Don't know

Q39. An option to make tariffs easier to compare is changing the range of additional features some tariffs have available.

For each of the additional features listed below please select one box to tell us whether you think it should be available for you to choose **(EACH SP)**

**Layout as grid. Column headings to the right. Three tariff options down page (with full table of explanations)**

**Column headings**

- I would probably choose this
- I would like this to be available, whether or not I would actually choose it
- Don't care if available or not
- Prefer this was not offered

**Rows**

1. Internet access tariff (eg with paperless billing)
2. Dual fuel (a discount for buying both electricity and gas from the same supplier)
3. "Green" tariff option (which makes sure some of your money is spent on building more renewable energy like wind farms and wave energy. This may cost a little more

Q40. Another option is to restrict the range of additional features available on some tariffs. It may then look like the list below. Some tariffs may have no additional features.

For each of the tariff choices, please tick one box to tell us whether you think it **should** be available for you to choose?

**Layout as grid. Column headings to the right. Three tariff options down page (with full table of explanations)**

**Column headings**

- I would probably choose this tariff
- I would like this to be available, whether or not I would actually choose it
- Don't care if available or not
- Prefer this was not offered

**Rows**

Tariff name	Type	Description	Features
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.	No additional versions available
Tracker	Set contract for a fixed duration (eg one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the market.	Many different versions available, e.g. green, paperless billing (online), dual fuel.

Fixed	Set contract for a fixed duration (eg one year)	Prices do not change for the duration of the contract.	Many different versions available, e.g. green, paperless billing (online), dual fuel.
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### KEEP TABLE FROM Q40 ON SCREEN – MINUS ANSWER CODES

Q41. Do you think that variable tariffs should also have the same range of extra features available as fixed and tracker tariffs?

1. Yes
2. No
3. No preference/don't care
4. Don't know/don't understand

### KEEP TABLE FROM Q40 ON SCREEN – MINUS ANSWER CODES

Q42. If these three types of tariff were all that were available from any supplier, which type do you think you would most probably choose?

1. Variable tariff
2. Tracker tariff
3. Fixed tariff
4. Prefer not to choose any of them
5. Not enough information to make a choice
6. Don't know

Now a few questions about yourself:

Q43. Please select one answer option to state which, if any, is the highest educational or professional qualification you have obtained. **(SP)**

GCSE/O-level/CSE	1
Vocational qualifications (NVQ1+2)	2
A-Level or equivalent (NVQ3)	3
Bachelor degree or equivalent (NVQ4)	4
Masters/PhD or equivalent	5
Other	6
	7

No formal qualifications            8  
Still studying

Q44. Do you consider yourself to be disabled? **(SP)**

1. Yes
2. No

Q45. Do you have any particular difficulties with reading, writing or numbers, other than just with your eyesight? **(SP)**

1. Yes
2. No

Q46

Which of these ranges comes closest to the total weekly/annual income of the whole of your household, before anything is deducted for Tax, National Insurance, Pension schemes etc.? Please select one answer only. **(SP)**

WEEKLY INCOME	ANNUAL INCOME	
£	£	
Less than 86	Up to 4,499	1
87 - 124	4,500 - 6,499	2
125 - 144	6,500 - 7,499	3
145 - 182	7,500 - 9,499	4
183 - 221	9,500 - 11,499	5
222 - 259	11,500 - 13,499	6
260 - 298	13,500 - 15,499	7
299 - 336	15,500 - 17,499	8
337 - 480	17,500 - 24,999	9
481 - 576	25,000 - 29,999	10
577 - 769	30,000 - 39,999	11
770 - 961	40,000 - 49,999	12
962 - 1442	50,000 - 74,999	13
1443 - 1923	75,000 - 99,999	14
1924 or more	100,000 or more	15
	Prefer not to answer	16

**INSERT SOCIAL GRADE AND HOUSEHOLD SIZE FROM PANEL DATA**

Thank you for completing the survey.

## Appendix E: Stimulus materials used (shown on screen or paper)

## Option A

Supplier	Standing charge (£ per month)	Unit charge (p/kWh)
Supplier 1	£3.51	14.92p
Supplier 2	£3.51	17.58p
Supplier 3	£3.51	17.61p
Supplier 4	£3.51	13.87p

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## Option B

Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Your monthly cost (£ per month) if you are a....		
			Low user	Medium user	High user
Supplier 1	£3.51	13.87p	£22.60	£41.70	£56.70
Supplier 2	£3.51	17.61p	£27.70	£51.90	£71.00
Supplier 3	£3.51	14.92p	£24.00	£44.50	£60.70
Supplier 4	£3.51	17.58p	£27.70	£51.90	£70.90

Electricity Consumption Guide		
Low user 1,650 kWh per year	Medium user 3,300 kWh per year	High user 4,600 kWh per year

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Stimulus material Final060911

## Option C

Supplier	Standing charge (£ per month)	Unit charge (p/kWh)
Supplier 1	£7.77	13.71p
Supplier 2	£6.15	16.24p
Supplier 3	£10.72	15.97p
Supplier 4	£1.22	16.88p

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Stimulus material Final060911

## Option D

Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Your monthly cost (£ per month) if you are a....		
			Low user	Medium user	High user
Supplier 1	£1.22	16.88p	£24.40	£47.60	£65.90
Supplier 2	£10.72	15.97p	£32.70	£54.60	£71.90
Supplier 3	£6.15	16.24p	£28.50	£50.80	£68.40
Supplier 4	£7.77	13.71p	£26.60	£45.50	£60.30

Electricity Consumption Guide		
Low user 1,650 kWh per year	Medium user 3,300 kWh per year	High user 4,600 kWh per year

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Stimulus material Final060911

## Comparison of Options (Non-E7)

Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Your monthly cost (£ per month) if you are a....		
						Low user	Medium user	High user
Supplier 1	£3.51	14.92p	Supplier 1	£3.51	13.87p	£22.60	£41.70	£56.70
Supplier 2	£3.51	17.58p	Supplier 2	£3.51	17.61p	£27.70	£51.90	£71.00
Supplier 3	£3.51	17.61p	Supplier 3	£3.51	14.92p	£24.00	£44.50	£60.70
Supplier 4	£3.51	13.87p	Supplier 4	£3.51	17.58p	£27.70	£51.90	£70.90

Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Supplier	Standing charge (£ per month)	Unit charge (p/kWh)	Your monthly cost (£ per month) if you are a....		
						Low user	Medium user	High user
Supplier 1	£7.77	13.71p	Supplier 1	£1.22	16.88p	£24.40	£47.60	£65.90
Supplier 2	£6.15	16.24p	Supplier 2	£10.72	15.97p	£32.70	£54.60	£71.90
Supplier 3	£10.72	15.97p	Supplier 3	£6.15	16.24p	£28.50	£50.80	£68.40
Supplier 4	£1.22	15.88p	Supplier 4	£7.77	13.71p	£26.60	£45.50	£60.30

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Stimulus material Final060911

## Option F

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Weighted charge (p/kWh)
Supplier 1	£3.51	20.19p	8.46p	13.74p
Supplier 2	£3.51	21.96p	6.89p	13.67p
Supplier 3	£3.51	18.29p	7.74p	12.49p
Supplier 4	£3.51	19.69p	6.96p	12.69p

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Stimulus material Final060911

## Option G

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Weighted charge (p/kWh)	Your monthly cost (£ per month) if you are a....		
					Low user	Medium user	High user
Supplier 1	£3.51	18.29p	7.74p	12.49p	£37.90	£72.20	£106.50
Supplier 2	£3.51	20.19p	8.46p	13.74p	£41.30	£79.10	£116.90
Supplier 3	£3.51	19.69p	6.96p	12.69p	£38.40	£73.30	£108.20
Supplier 4	£3.51	21.96p	6.89p	13.67p	£41.10	£78.70	£116.30

Electricity Consumption Guide		
Low user <b>3,300 kWh</b> per year 45% Day use 55% Night use	Medium user <b>6,600 kWh</b> per year 45% Day use 55% Night use	High user <b>9,900 kWh</b> per year 45% Day use 55% Night use

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## Option H

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)
Supplier 1	£7.77	18.54p	7.71p
Supplier 2	£6.15	19.31p	4.74p
Supplier 3	£10.72	15.73p	5.99p
Supplier 4	£1.22	18.38p	5.51p

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Stimulus material Final060911

# Option 1

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Your monthly cost (£ per month) if you are a....		
				Low user	Medium user	High user
Supplier 1	£10.72	15.73p	5.99p	£39.20	£67.80	£96.30
Supplier 2	£1.22	18.38p	5.51p	£32.30	£63.40	£94.50
Supplier 3	£7.77	18.54p	7.71p	£42.40	£77.00	£111.60
Supplier 4	£6.15	19.31p	4.74p	£37.20	£68.30	£99.30

Electricity Consumption Guide		
Low user <b>3,300 kWh</b> per year 45% Day use 55% Night use	Medium user <b>6,600 kWh</b> per year 45% Day use 55% Night use	High user <b>9,900 kWh</b> per year 45% Day use 55% Night use

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# Comparison of options (E7)

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Weighted charge (p/kWh)	Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Weighted charge (p/kWh)	Your monthly cost (£ per month) if you are a....		
										Low user	Medium user	High user
Supplier 1	£3.51	20.19p	8.46p	13.74p	Supplier 1	£3.51	18.29p	7.74p	12.49p	£37.90	£72.20	£106.50
Supplier 2	£3.51	21.96p	6.89p	13.67p	Supplier 2	£3.51	20.19p	8.46p	13.74p	£41.30	£79.10	£116.90
Supplier 3	£3.51	18.29p	7.74p	12.49p	Supplier 3	£3.51	19.69p	6.96p	12.69p	£38.40	£73.30	£108.20
Supplier 4	£3.51	19.69p	6.96p	12.69p	Supplier 4	£3.51	21.96p	6.89p	13.67p	£41.10	£78.70	£116.30

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)
Supplier 1	£7.77	18.54p	7.71p
Supplier 2	£6.15	19.31p	4.74p
Supplier 3	£10.72	15.73p	5.99p
Supplier 4	£1.22	18.38p	5.51p

Supplier	Standing charge (£ per month)	Day time rate (p/kWh)	Night time rate (p/kWh)	Your monthly cost (£ per month) if you are a....		
				Low user	Medium user	High user
Supplier 1	£10.72	15.73p	5.99p	£39.20	£67.80	£96.30
Supplier 2	£1.22	18.38p	5.51p	£32.30	£63.40	£94.50
Supplier 3	£7.77	18.54p	7.71p	£42.40	£77.00	£111.60
Supplier 4	£6.15	19.31p	4.74p	£37.20	£68.30	£99.30

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## Option Z (Non-E7)

Supplier	Your monthly cost (£ per month) if you are a...		
	Low user	Medium user	High user
<b>Supplier 1</b>	<b>£32.70</b>	<b>£54.60</b>	<b>£71.90</b>
Green energy (£)	+£5.00	+£5.00	+£5.00
Internet access (£)	-£3.00	-£3.00	-£3.00
Dual fuel (£)	-£0.75	-£1.50	-£2.00
<b>Supplier 2</b>	<b>£26.60</b>	<b>£45.50</b>	<b>£60.30</b>
Green energy (£)	+£3.00	+£3.00	+£3.00
Internet access (£)	-£4.00	-£4.00	-£4.00
Dual fuel (£)	-£1.00	-£2.00	-£3.00
<b>Supplier 3</b>	<b>£24.40</b>	<b>£47.60</b>	<b>£65.90</b>
Green energy (£)	+£5.00	+£5.00	+£5.00
Internet access (£)	-£4.00	-£4.00	-£4.00
Dual fuel (£)	-£1.00	-£2.00	-£3.00
<b>Supplier 4</b>	<b>£28.50</b>	<b>£50.80</b>	<b>£68.40</b>
Green energy (£)	+£6.00	+£6.00	+£6.00
Internet access (£)	-£3.00	-£3.00	-£3.00
Dual fuel (£)	-£0.75	-£1.50	-£2.00

- **Green energy** – makes sure some of your money is spent on building more renewable energy like wind farms and wave energy.
- **Internet access tariff** - eg with paperless billing.
- **Dual fuel** – a discount for buying both electricity and gas from the same supplier.

### Electricity Consumption Guide

Low user	Medium user	High user
1,650 kWh per year	3,300 kWh per year	4,600 kWh per year

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## Option Y (E7)

Supplier	Your monthly cost (£ per month) if you are a...		
	Low user	Medium user	High user
<b>Supplier 1</b>	<b>£42.40</b>	<b>£77.00</b>	<b>£111.60</b>
Green energy (£)	+£5.00	+£5.00	+£5.00
Internet access (£)	-£3.00	-£3.00	-£3.00
Dual fuel (£)	-£0.75	-£1.50	-£2.00
<b>Supplier 2</b>	<b>£37.20</b>	<b>£68.30</b>	<b>£99.30</b>
Green energy (£)	+£3.00	+£3.00	+£3.00
Internet access (£)	-£4.00	-£4.00	-£4.00
Dual fuel (£)	-£1.00	-£2.00	-£3.00
<b>Supplier 3</b>	<b>£39.20</b>	<b>£67.80</b>	<b>£96.30</b>
Green energy (£)	+£5.00	+£5.00	+£5.00
Internet access (£)	-£4.00	-£4.00	-£4.00
Dual fuel (£)	-£1.00	-£2.00	-£3.00
<b>Supplier 4</b>	<b>£32.30</b>	<b>£63.40</b>	<b>£94.50</b>
Green energy (£)	+£6.00	+£6.00	+£6.00
Internet access (£)	-£3.00	-£3.00	-£3.00
Dual fuel (£)	-£0.75	-£1.50	-£2.00

- **Green energy** – makes sure some of your money is spent on building more renewable energy like wind farms and wave energy.
- **Internet access tariff** - eg with paperless billing.
- **Dual fuel** – a discount for buying both electricity and gas from the same supplier.

### Electricity Consumption Guide

Low user	Medium user	High user
3,300 kWh per year 45% Day use 55% Night use	6,600 kWh per year 45% Day use 55% Night use	9,900 kWh per year 45% Day use 55% Night use

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## Q36 Tariff options

Tariff name	Type	Description
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.
Tracker	Set contract for a fixed duration (eg one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the energy market.
Fixed	Set contract for a fixed duration (eg one year)	Prices do not change for the duration of the contract.

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## Q37 Tariff options

Tariff name	Type	Description
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.
Tracker	Set contract for a fixed duration (eg one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the energy market.
Fixed	Set contract for a fixed duration (eg one year)	Prices do not change for the duration of the contract.

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## Q39 Additional features

Additional feature	Description
Internet access tariff	e.g. with paperless billing
Dual Fuel	A discount for buying both electricity and gas from the same supplier
“Green” tariff option	Makes sure some of your money is spent on building more renewable energy like wind farms and wave energy. This may cost a little more.

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## Q40 Tariff options

Tariff name	Type	Description	Features
Variable	Ongoing – no fixed duration	Supplier controls price rises and falls.	<b>No additional features available</b>
Tracker	Set contract for a fixed duration (eg one year)	Supplier does not control price rises and falls. Prices rise and fall following changes in the market.	Many different features available eg green, internet access (eg with paperless billing, dual fuel)
Fixed	Set contract for a fixed duration (eg one year)	Prices do not change for the duration of the contract.	Many different features available eg green, internet access (eg with paperless billing, dual fuel)

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