

Domestic Information Proposals

**Consumer Bills and
Communications Roundtable**

18 July 2012

Our Findings

- The Energy Supply Probe remedies included proposals to improve the quality and accessibility of information.
- Although changes were made to implement probe remedies, these did not always embrace the spirit of our proposals. Some information remained complex or unclear, and in some instances key information was not provided to consumers.

Why is this an issue?

- Information that is not presented in a clear way or that is not accompanied by an explanation of its relevance can be overlooked by or appear confusing to consumers.
- This has contributed to low levels of consumer engagement, poor quality of switching decisions, alongside a widespread feeling of confusion about energy and mistrust of suppliers.

Research shows RMR proposals re improved information will be most effective if coupled with other measures to improve consumer engagement

Objectives

- Facilitate consumer engagement through greater accessibility, simplicity and clarity of key information
- Use regular communications (bills, price rise letters etc) with consumers to prompt them to switch
- Create recognition and comparability of information through standardised formats

Our December Proposals

To address these concerns we proposed:

1. To standardise the format and layout of information contained within a **price increase notification letter**
2. Key information within **bills and annual statements** to help tariff comparisons will be subject to standardised language and layout.
3. To require suppliers to produce a **tariff information label** for each tariff it offers
4. To standardise key terminology across all communications to ease familiarity with key energy industry terms and concepts.

Further work and next steps are on track

What have we done to refine our proposals?

We have worked with design experts, and tested prototypes with consumers, to further develop standardised formats for the key customer communications and address concerns raised by stakeholders

We have established a working group with Energy UK, Consumer Focus, Which? and Citizens Advice to identify the key objectives of consumer bills and other communications and to work through the detail of how to simplify the information presented to consumers

Consumer research finding so far?

- Consumers have **clear expectations** of the information they are looking to find (e.g. billing/payment information) – **information we want them to use (eg consumption level) needs to hold their attention, and be effective and engaging**
- What was **liked**, and what was **effective** in consumer testing were **not always the same**
- Holding consumers' attention helps drive engagement and is better held when immediately informed about the **purpose of communications**
- **Length of the documents** is very important in **engaging consumers**
- **Personalisation, and action orientated text** are also highly effective at **engaging consumers**
- **Engagement and ability for consumers** to notice key information is improved with the **use of colour** in general and **high contrast**

We are finalising the research for our information remedies. We may also carry out trials to assess how consumers respond "in real life" to better information.

Insights & issues

- Purpose: to summarise key tariff features on each bill allowing:
 - Comparison between tariffs, more confident switching
 - Consistent information presentation & familiarity for consumer
 - Calculation of annualised energy usage & spend
- Bill regulations and guidance not clear enough to enable the level of consumer understanding and engagement Ofgem is seeking
- No shared industry understanding of what “prominent” means
- Challenge is to include just the most useful info, not too much

Testing recommendations

Element	Variants to test
Content	<ul style="list-style-type: none"> • 3 switching advice options: (i) qualitative signposting (no mention of cheaper tariff), (ii) cheapest tariff/qualitative, (iii) cheapest tariff/quantitative • 3 fuel cost variant options: (i) standing charge & rate per kWh, (ii) SER, (iii) estimated personalised £/year and average daily cost • Tariff end date vs no tariff end date
Design	<ul style="list-style-type: none"> • 3 different treatments, including: <ul style="list-style-type: none"> – White on black – Black on grey – Black on white • Coloured boxing
Context	<ul style="list-style-type: none"> • 3 variants on bill as black boxes with no content, including: <ul style="list-style-type: none"> – Top right hand corner/portrait – Bottom right hand corner/portrait – Bottom of page/landscape – Embedded in bill summary

Template 1 - with pound savings comparison

Tariff summary box
(including pound amount savings comparison)

Location of tariff summary box allows customers to find critical billing information straight away while ensuring tariff information is also predominant (based on SPA recommendations, April 2012).

Design treatment of tariff label to make it stand out (based on SPA recommendations, May 2012).

Showing a pound amount for potential savings would be a strong driver for consumers to switch (based on SPA findings, April 2012). However, many would require savings of more than £50 to persuade them to contemplate switching (SPA, May 2012). Therefore, an alternative version has been created (see next page).

ENERGY FOR YOU AND YOURS

Questions?
☎ **0800 123 1234**
Lines open 8am-5pm Mon-Fri, 8am-2pm Sat

🌐 **www.yourpower.co.uk**

📍 Your Power, Head Office,
12 Sample street, Sample TownXX99 9XX

Mr A Smith
5 Sample Street
Sample Ville
SAMPLE

ABOUT YOUR TARIFF

Here's information about your tariff to help you to compare it with others available, and switch if you find one that's better for you. We are required to give you this information by the regulator.

Electricity	
Tariff name	Standard electricity
Payment method	Cash/Cheque
Rate per kWh	19.33p
Standing charge	17.41p per day
Your actual usage in the last 12 months	3300 kWh
Average daily cost for the last 12 months	£1.92p per day

If you continue to use the same amount of electricity over the next 12 months, we estimate your total costs will be £800.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Gas	
Tariff name	Standard gas
Payment method	Cash/Cheque
Rate per kWh	3.35p
Standing charge	19.72p per day
Your actual usage in the last 12 months	18500 kWh
Average daily cost for the last 12 months	£1.71p per day

If you continue to use the same amount of gas over the next 12 months, we estimate your total costs will be £825.00. This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Are you on the best tariff for you?

Based on your current tariff and usage, switching to our cheapest tariff, **OnlineSaver**, could save you £50.00 per year (subject to Terms and Conditions). Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit www.consumerdirect.gov.uk or call 0800 891 0295

Your energy bill

Your account number: 123 123 123 123
Bill date: 17 February 2010
Bill period: 21 Nov 09 – 12 Feb 10
Supply address: 20 Sample Street, Sample Town, Sample Ville SAMPLE

Your account summary	
Your previous bill	£58.33 in debit
What you paid	£58.33
Balance after your last payment	£0.00

This bill (See over for more information →)

Your electricity charges	£117.51
Your gas charges	£293.95
Dual fuel discount	£30.00 credit
VAT at 5%	£17.56
Total to pay	£368.72

➔ Please pay £368.72 by 3 March 2010

Stamp effect for title enables utility providers to apply brand colours.

Larger font explaining purpose of tariff summary box (based on SPA recommendations, May 2012).

Tariff summary box heading treatment consistent with tariff information label. Headings reversed for clarity and standout. (based on SPA recommendations, May 2012).

Average daily cost for the last 12 months helps tariff comparison (based on SPA recommendations, May 2012).

Core tariff details (name, unit rate, standing charge and annual consumption) were outcomes of the Retail Market Review, and proposals produced by Ofgem to implement a range of reforms that aim at enhancing effective customer engagement in the retail energy market, December 2011.

Projected cost of customer's usage over the next 12 months on this tariff, makes core tariff cost details understandable and relevant to consumers (BoagMcCann recommendation).

Signposting to impartial advice (based on recommendations from Ofgem).

Template 2 - no pound savings comparison

Tariff summary box
(no pound amount
savings comparison)

YourPower
ENERGY FOR YOU AND YOURS

Mr A Smith
5 Sample Street
Sample Ville
SAMPLE

Your energy bill

Your account number: 123 123 123 123
 Bill date: 17 February 2010
 Bill period: 21 Nov 09 – 12 Feb 10
 Supply address: 20 Sample Street, Sample Town, Sample Ville SAMPLE

Your account summary

Your previous bill	£58.33
in debit	
What you paid	£58.33
Balance after your last payment	£0.00

This bill (See over for more information →)

Your electricity charges	£117.51
Your gas charges	£263.65
Dual fuel discount	£30.00
credit	
VAT at 5%	£17.56
Total to pay	£368.72

→ Please pay **£368.72** by 3 March 2010

Questions?
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Lines open 8am–8pm Mon–Fri, 8am–2pm Sat

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ABOUT YOUR TARIFF

Here's information about your tariff to help you to compare it with others available, and switch if you find one that's better for you. We are required to give you this information by the regulator.

Electricity

Tariff name	Standard electricity
Payment method	Cash/Cheque
Rate per kWh	19.33p
Standing charge	17.41p per day
Your actual usage in the last 12 months	3300 kWh
Estimated total cost for the next 12 months	£800.00

This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Gas

Tariff name	Standard gas
Payment method	Cash/Cheque
Rate per kWh	3.35p
Standing charge	19.72p per day
Your actual usage in the last 12 months	16500 kWh
Estimated total cost for the next 12 months	£825.00

This includes all added charges, discounts and VAT. If our prices or your usage changes, this projection will too. (For more information on how we worked this out see page x.)

Are you on the best tariff for you?

Switching to our cheapest tariff, OnlineSaver, could save you money. Call us or visit our website for details.

For impartial advice on switching tariff or supplier visit www.consumerdirect.gov.uk or call 0800 891 0256

Insights & issues

- Purpose: to engage customers & give them the data and context to decide if they are getting the best deal, including:
 - Energy used over previous 12 months
 - Projected energy cost over next 12 months for the same amount of energy
 - Reminder of rights & signposting independent advice
- Not currently differentiated from bills
- Many consumers not even aware they have received them
- Information is disjointed, disorganised and scattered
- Switching advice is not always prominent & some language impenetrable
- Information should be grouped, presented with contextual help & advice
- Purpose of statement should be spelt out first and foremost, then how information can be used (e.g. to compare)

Testing recommendations

Element	Variants to test
Content	<ul style="list-style-type: none"> • Dual fuel only • Tariff label in vs out • Several different titles (e.g. Annual energy statement, Annual energy summary)
Design	<ul style="list-style-type: none"> • Letter style • Highly tabular and statement like style • Highly “engaging” A4 design • A5, full colour booklet • Use of graphics/chart
Context	<ul style="list-style-type: none"> • In own envelope arriving at consumer’s address: <ul style="list-style-type: none"> – Single sheet – Two sheets • Flow/ordering of information

Template – page 1

Annual statement (page 1)

Read your statement to see how much electricity you've been using, and check you're getting the best deal on the cost of your supply.

Mr A Jones
15 Sample Street
Sample Ville
SAMPLE

Your account number:
123 123 123 123
Statement date:
15 Jan 2010
Supply address:
13 Sample Street
Sample Ville
SAM PLE

Mr Jones,

Your annual electricity statement

For 01 January 2011 to 01 January 2012

→ This is important information about your electricity usage and tariff – we hope you find it helpful. You can use this information to compare your current tariff with others that are available, either from us, or from other suppliers.

Remember – you always have the right to switch your tariff or your supplier. Turn over to see if you could save money by switching →

Any questions after reading your statement?

Visit yourpower.co.uk

Or call 0800 123 1234
(8am–8pm Mon–Fri, 8am–2pm Sat)

Your electricity usage summary

- Over the last 12 months you've used 3,600 kWh (including estimated readings)
- Your total costs were £552.38
- Your average daily cost was £1.50

Based on your current tariff and usage, we've forecast that the electricity you will use over the next 12 months will cost £552*.

*Based on our current prices and includes all discounts and added charges, like VAT. If the price of your tariff changes or you change your tariff, or the amount you use, this forecast will change too.

How do you compare?

Number of people in household	Average annual electricity usage
1 person	1,650 kWh
2 people	3,300 kWh
3 people	4,800 kWh

Based on your usage in the last 12 months, you are considered a medium electricity user. This means you've used around the same amount of electricity as an average 3-person family in the UK.

Need to highlight the purpose of the document to distinguish it from the usual bill (based on *SPA recommendations, May 2012*).

Introduce icons like this to highlight key information (BoagMcCann recommendation).

Looked to create an engaging, full colour annual statement – was a directive from Ofgem on 13 April 2012.

Graph requirements (based on *SPA recommendations, May 2012*):

- To appear on front of statement
- This year vs last year comparison by quarter
- Personalised consumption and projection.

Signposting to page 2 to focus on main document purpose was a directive from Rachel Salter on 09 May 2012.

Mixed views on number of people vs number of bedroom benchmarking, but the majority preferred people (based on *SPA recommendations, May 2012*).

Template – page 2

Annual statement (page 2)

Reordering of information to highlight key purpose of document and why it is being sent. Best practice information design recommendation by BoagMcCann, and supports findings from the Retail Market Review and proposal produced by Ofgem in December 2011.

Combined 'Your electricity tariff' with 'Key contractual terms' to eliminate repetition. Best practice information design recommendation from BoagMcCann.

Inclusion of specific tariff end date in addition to tariff length. Best practice information design recommendation by BoagMcCann.

Could you save money on your electricity?

You are on a fixed-rate, fixed-term tariff paying by cash/cheque. On our Standard Electricity Direct Debit tariff, your total costs for the last 12 months would have been £538.45, meaning you would have saved £13.93 over the year.

To check if we have a better tariff on offer for you, visit our website or call us. It's also a good idea to shop around to see what other suppliers are offering. You can use the information on this page to easily compare your tariff.

Remember, if you decide to switch from your current electricity tariff or change your electricity supplier before 31 December 2012, you will be charged a cancellation fee of £50. You will be notified separately about your rights.

Why are we sending you this?

As your energy supplier, we are required to give you this information about your usage and your right to switch.

Need independent advice about switching your tariff or supplier?

You can get advice on switching suppliers from Consumer Direct:

consumerdirect.gov.uk

08454 04 05 06

Consumer Focus has a Confidence Code for online switching sites to ensure consumers receive accurate, detailed and unbiased price comparisons.

consumerfocus.org.uk

08454 12 34 56

Standard paper format (A4) was preferred to alternative formats tested. Based on SPA recommendations, April 2012.

Your electricity tariff

Tariff name	YourPower Fixed Renewables
Tariff type	Non-standard, fixed price
Tariff length	12 months
Tariff ends on	31 December 2012
Tariff cancellation fee	£50.00
Your payment method	Cash/cheque
Additional products / services	Loyalty points
Unit rate	11p per kWh
Standing charge	£13.00 per month
Your prices are fixed until	31 December 2012
Tariff Comparison Rate (TCR)	12p per kWh

Key contractual terms

Cancellation fees and arrangements for ending the contract

If you decide to switch from your current tariff or change your supplier before 31 December 2012, you will be charged a cancellation fee of £50 for each fuel, except following a price rise (or certain other changes our terms and conditions) when you will be notified separately about your rights.

After 31 December 2012 you may end your contract at any time without being charged a cancellation fee, but you must give us 28 days' notice, provide a final meter reading and settle any outstanding debt for electricity.

When this tariff ends you will be placed on our standard electricity tariff and will be notified separately in advance about:

- your options for switching to another tariff or supplier;
- the unit rate and standing charge that will apply after 31 December 2012.

Other terms

Discounts
Your tariff includes our [x] discount of [x]. This discount will continue to apply if you continue to meet the following conditions [x]. If we decide to withdraw this discount we will notify you in advance and inform you of your rights.

Moving house

If you move house you must give us at least 2 days' advance notice or you will continue to be liable for the supply until the earlier of:

- the second working day after you have subsequently notified us of that you have moved house; or
- the date another person begins to own or occupy the premises and starts to consume electricity.

Additional charges

We may charge you for any additional visits, tests or work carried out at your request. Details of these charges are provided in the enclosed leaflet.

Jargon explained

kWh (kilowatt hour) – one kilowatt of power being used for one hour. It's the same as a 40-watt light bulb being left on for 25 hours. Also known as a 'unit' of energy.

Unit rate – the price per kilowatt hour of electricity used.

Tariff Comparison Rate (TCR) – a rate that allows you to compare your tariff to others on offer, despite differences in the way charges per kWh or standing charges are applied. It is calculated by the total estimated annual charges for a medium user, minus any standing charges for a standard tariff, divided by the assumed annual electricity use of a medium user.

Switch – to change from the current supplier to a different supplier, or to change from the current tariff to a different tariff with the same supplier.

Standing charge – a fixed daily amount you pay your electricity supplier for maintenance and other costs, such as meter reading and maintaining connection to the power network.

Tariff – the package of charges and conditions that a supplier offers you for providing electricity.

Inclusion of 'Jargon explained' based on SPA recommendations, May 2012.

Work before autumn publication

**Further
research
and
development
of proposals**

...

Testing of "supplier's best tariff" messaging

Research the format of the communication which may be effective in encouraging consumers to open and keep key communication

Input provided by this group

Continue to develop policy proposals

Publish further consultation in autumn – minded to position is consistent with that consulted on in December

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

ofgem

Promoting choice and value
for all gas and electricity customers