



Making a positive difference
for energy consumers

To: Domestic suppliers,
consumer representatives,
distribution network operators
and other interested parties

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Dynamically Teleswitched meters and tariffs – Research into consumer experience

We are today publishing a new piece of research on the experience of consumers who use Dynamically Teleswitched (DTS) meters and tariffs. The findings from this research reinforce our view that these consumers are likely to face a number of barriers to engagement in the energy market. In particular, we are concerned that a lack of understanding of DTS tariffs and associated heating systems may lead to detriment for some consumers.

In July 2013, we published a report on the state of the market for customers with DTS meters.¹ Consistent with previous findings, that report found that DTS tariffs generally compared favourably with other tariffs in the same areas. We also found that these consumers may be facing limited switching options, as well as the potential for other forms of detriment.

As a result, we commissioned Big Sofa - the independent research agency - to undertake qualitative research with DTS customers from a range of backgrounds and GB locations. The research has provided additional insight into the experiences of these consumers. The main findings are that:

- many consumers have a low awareness and understanding of their DTS arrangements and tariff
- people find this inherently complex heating system difficult to understand fully and operate efficiently
- there is a perceived lack of interest by suppliers in explaining DTS arrangements to consumers and offering alternatives
- the consumer base is often vulnerable and many find it difficult to access information and exercise supplier or tariff choice, even when this is available, and
- consumers may face additional barriers to exercising choice including a high cost for changing a DTS meter quoted to consumers who could least afford it.

These findings confirmed our view that DTS customers face additional barriers to engagement in the energy market than domestic consumers in general and, as a result, may be more exposed to poor outcomes.

¹ The state of the market for customers with dynamically teleswitched meters, Ofgem, July 2013, <https://www.ofgem.gov.uk/ofgem-publications/82288/state-market-customers-dynamically-teleswitched-meters.pdf>

As a first step, in July 2014, we referred our concerns to the Competition and Markets Authority (CMA) for consideration in their energy market investigation.² In the meantime, we think action is needed now from a range of parties to address these issues and help DTS customers to benefit from a simpler, clearer and fairer market:

- **To improve the information, advice and support available to DTS customers:**
 - Our CEO has today written to a number of suppliers calling on them to explain their engagement with current and potential DTS customers in relation to both meters and tariffs and set out how this accords with their obligations to treat customers fairly under the Standards of Conduct. In particular, we have challenged them to do more to provide these customers with information and support on managing their energy use. We will examine early in the new year the steps they are taking and consider what more needs doing. We will also share best practice where appropriate.
 - To inform this, we will review existing supplier provision of information to DTS customers against our Retail Market Review clearer information rules introduced earlier this year, including cheapest tariff messaging.
 - We will also work with the Citizens Advice Service and other frontline advice agencies to provide independent advice to consumers on how to get the most out of their DTS arrangements.
- **To maximise the potential for smart metering to bring benefits to DTS customers:**
 - We have asked suppliers to clarify their approach to DTS customers as part of the smart meter roll out. As part of this, we will be calling on industry to identify and address any operational challenges that could prevent DTS customers from enjoying the benefits of smart metering.

More broadly, as part of our Consumer Vulnerability Strategy³, we are taking wider action to protect and empower consumers in vulnerable situations. This includes ensuring that suppliers provide free services to customers with additional communication or safety needs as part of our Priority Service Register review. As part of our ongoing monitoring of the market, we will analyse prices and complaints to highlight any issues. And finally, we will continue to engage closely with consumer groups and representatives of the communities affected.

We welcome views on the content of this letter and the information in the research report. If you would like to discuss any of the issues raised, please contact Adhir Ramdarshan on 0207 901 7000 or at adhir.ramdarshan@ofgem.gov.uk.

Yours sincerely,



Neil Barnes
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² Energy Market Investigation: Initial submission to the Competition and Markets Authority, Ofgem, July 2014, <https://www.ofgem.gov.uk/ofgem-publications/88901/submissiontocmafina.pdf>

³ Consumer Vulnerability Strategy, Ofgem, July 2013, <https://www.ofgem.gov.uk/ofgem-publications/75550/consumer-vulnerability-strategy.pdf>