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Understanding the consumer experience of Dynamically Teleswitched (DTS) meters and tariffs

Full Report on qualitative research findings
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1. Executive Summary

1.1 The research and engagement process

- Around 550,000 consumers in Great Britain have dynamically teleswitched (DTS) electricity meters. DTS meters are designed to benefit consumers by providing cheaper electricity for heating than alternative tariffs. However, Ofgem has had long standing concerns about the potential for detriment caused by the limited switching options available to consumers on DTS tariffs. These concerns have been supported by individual complaints made to Ofgem both directly from DTS consumers and through Members of Parliament and Members of the Scottish Parliament.

- Ofgem conducted a detailed update of its analysis of the market for consumers with DTS meters for the period 2009-2012. It published 'The state of the market for consumers with dynamically teleswitched meters'[1] in July 2013. This report identified the need for carrying out research with DTS customers.

- As a result, in March 2014, Big Sofa carried out a two-stage research and engagement process on behalf of Ofgem to better understand the consumer experience of DTS energy tariffs and meters.

- Specifically, the process sought to build on existing internal research carried out by Ofgem and complaints from individuals in order to identify whether consumers using DTS meters and tariffs experienced any detriment as a result of their electricity supply arrangements.

- Both stages of the process involved speaking to four categories of customers with experiences of DTS meters and tariffs identified by Ofgem:

    - Category 1: customers with a DTS meter and on a DTS tariff with the incumbent supplier in a region
    - Category 2: customers with a DTS meter and on a DTS 'mirror' tariff supplied by a competitor supplier in a region
    - Category 3: customers with a DTS meter but not on a DTS tariff
    - Category 4: ex-DTS customers who used to but not longer have a DTS meter or tariff (because of a change in their metering or home heating arrangements)

- The views of vulnerable consumers were sought and included within both stages of the research process.

[1] https://www.ofgem.gov.uk/publications-and-updates/state-market-customers-dynamically-teleswitched-meters

- Fieldwork was carried out in North Scotland, South Scotland and the East Midlands. These regions were selected for their higher concentrations of consumers with DTS meters.

1.2 Consumer context and overview

- There were several DTS-specific factors that contributed to the lack of interest and engagement in the energy market amongst the consumers we spoke to:
    - DTS was inherently more difficult to understand than other forms of meter/tariff;
    - Many consumers had inherited rather than chosen their tariff and heating systems;
    - DTS consumers were more likely to be elderly, less affluent and often less well educated than average. They therefore found it particularly difficult to understand the complexities of their arrangements;
    - Many (especially in Scotland) lived in more remote or rural communities and were more likely to accept that this may restrict their choice of energy supplier / fuel type for heating.

- Electricity supply itself is taken for granted and there was very little interest in what goes on beyond the socket in the wall. DTS meters either within or attached to the exterior of consumers' homes were beyond most consumers' interest and understanding. Meters were seen as part of the supplier's world, rather than part of the home. The additional complexity of variable charging rates and a direct connection to heating arrangements - combined with low interest in energy arrangements generally - led to low levels of understanding.

- Consumers described their DTS arrangements - i.e. heating systems, meters and tariffs - in a wide range of ways. There was little consistency between these, usually because they had learned to use their system themselves and so used language that made sense to them. Few appeared to know the name of their DTS tariff across all three regions involved. Only 'Heatwise' in the East Midlands was widely known.

- It was clear that most consumers on DTS meters and tariffs did not consider their arrangements to be 'different' or 'unusual' in any significant way. They largely did not feel that they were missing out compared to consumers with other metering and heating arrangements (with the exception of more engaged consumers who had had unsuccessful or unsatisfactory switching experiences).

- This was especially true for consumers who had been on DTS meters for a long time. Some had never known (or couldn't remember having been on) another system and so had little awareness of, or interest in, alternatives.

1.3 Market engagement levels

- DTS consumer engagement with the energy market was low and apathy and cynicism towards suppliers was high – echoing previous research with the wider market. Many consumers had had no substantive contact with their supplier; and many had never attempted to switch.

- Where consumers had engaged with the market, it was often reactive because of contact from a supplier rather than a proactive attempt to switch.

- There were mixed feelings about switching. A minority viewed it as a good thing, a way of getting the best deals and also keeping their supplier on their toes. However the majority viewed switching with circumspection or apathy, feeling that it was a good thing only if they could be sure of getting a better deal. The motivation to save money was easily the strongest motivation to switch. Occasionally people wanted to switch due to perceived poor customer service.

- The majority of DTS consumers had not looked at their switching options. This was because of a number of different factors:
    - Perceptions of technical difficulty and complexity in dealing with electricity supply arrangements.
    - Fear of change, i.e. things going wrong when switching supplier.
    - Perceived hassle and lack of benefits: i.e. that all suppliers charged about the same; savings benefits would be marginal and temporary because of price rises; and that disproportionate time and effort would be required from the consumer.
    - Cynicism towards the market: i.e. that suppliers deliberately made their tariffs difficult to understand and to compare; and that suppliers would always ensure they didn't 'lose out' in the switching process.
    - A lack of awareness of alternatives especially with more elderly, vulnerable consumers.
    - Inertia and apathy: i.e. relative satisfaction – or a lack of dissatisfaction – with the status quo.

- Where consumers had attempted to switch they had experienced a range of outcomes, including:
    - A successful, hassle-free switch of tariff/supplier or even a change of meter (away from DTS).
    - Confidence that their existing DTS tariff was the cheapest available to them.
    - Failure to switch based on significant barriers within the switching process (especially high costs associated with changing meters).
    - Failure to switch because no other supplier was able to offer an alternative tariff.

- Consumers who had not been able to switch generally attributed this failure to their supplier or the market in general - resulting in lingering frustration.

1.4 Detriment

- The research process discovered the existence of two forms of potential detriment for DTS consumers. The first form relates specifically to DTS; the second to external factors that would exist regardless of the metering arrangements (e.g. issues to do with the energy market in general). Water and room heating systems - especially storage heaters - overlap on both of these as an intrinsic part of DTS systems.

- We cannot tell how many of our respondents actually suffered from detriment as a result of their DTS arrangements – but a large proportion either felt that they did or were observed to be at significant risk of detriment. DTS-based detriment (or risk of detriment) manifested itself particularly in terms of low thermal control and restricted choice within the energy market. This detriment appeared to derive from:
    - Low awareness of DTS arrangements in the first place;
    - An inherently complex system that people find difficult to understand fully and therefore operate their heating efficiently;
    - A consumer base that is often vulnerable and finds it difficult to access and exercise choice within the energy market even where choice is available;
    - A perceived lack of interest in offering alternatives from other suppliers;
    - High cost for changing a DTS meter often quoted to consumers who could least afford it.

- DTS consumers felt that restricted choice may have resulted in them paying more for their energy than other consumers in similar housing situations – although the consumers themselves had no concrete evidence for this.

- Therefore overall, this report indicates where consumers themselves felt that detriment may lie, as well as where Big Sofa observed significant potential for – or likely existence of – detriment.

2. Introduction

2.1 Background

Around 550,000 consumers in Great Britain have dynamically teleswitched (DTS) meters. These meters (and their associated tariffs) allow for the remote control of customers' heating load by suppliers. By helping to shift consumption away from peak periods, they can help avoid costly investment in network reinforcement.

DTS tariffs are designed to benefit consumers with electric heating (typically those with no access to mains gas) by providing them with cheaper electricity rates for heating than alternative tariffs. However, these consumers have historically had fewer supply choices than other customers.

Ofgem has had long-standing concerns about the limited switching options for DTS consumers in the market and the associated potential for detriment. Building on the 2008 Energy Supply Probe, in 2013 Ofgem conducted a detailed update of their analysis of the market for consumers with DTS meters for the period 2009-2012 and published 'The state of the market for consumers with dynamically teleswitched meters'[2]. The report:

- Re-iterated concerns about barriers to entry in the DTS market segment and the associated relatively limited switching options.
- Concluded that (with a few exceptions) DTS customers did not appear to be paying more for their energy.
- Highlighted concerns that DTS functionality was not being used properly by some customers potentially resulting in higher than necessary costs.
- Noted anecdotal evidence that some DTS consumers were dissatisfied with their situation, and appeared to have low awareness of their energy consumption and tariff options.

Ofgem has engaged with suppliers and consumer representatives to understand barriers to entry in the DTS market and to understand the experiences of these consumers. However existing evidence on the experiences was limited and anecdotal, and so Big Sofa was commissioned to carry out a two-stage research and engagement process to gain a more detailed qualitative perspective.

[2]https://www.ofgem.gov.uk/publications-and-updates/state-market-customers-dynamically-teleswitched-meters

2.2 Objectives

The main objectives of this work were therefore to understand:

- Consumers' awareness, understanding and satisfaction with their current tariff and metering arrangements.
- Their understanding of - and interest in - alternative tariffs and heating arrangements.
- Their engagement with the energy market more broadly; and as current or former DTS customers.
- Whether consumers with DTS meters experience any detriment as a result of their arrangements; and what form this detriment may take if they do.

2.3 Methodology and Sample

Ofgem identified four categories of DTS consumers for inclusion in the research:

1. Consumers with a DTS meter on a DTS tariff provided by an incumbent supplier in each region[3]
2. Consumers with a DTS meter on a "mirror" DTS tariff, i.e. a tariff provided by a competing supplier and having the same structure as the DTS tariff provided by the incumbent supplier, but different rates
3. Consumers with a DTS meter but who are not on a DTS tariff
4. Consumers who have made a change (either actively or passively) to their heating arrangements and no longer have a DTS meter or tariff

The research approach sought to engage with a representative sample of consumers in each of the four categories in order to understand variations in situation, experience, and any detriment. Consumers were recruited from samples securely provided by suppliers from the following regions: –

- North Scotland: Kirkwall and the Orkney Islands, Aberdeen, Inverness.
- South Scotland: Ayr & Prestwick, Dumfries, Glasgow.
- East Midlands: Derby, Grantham, Newark Upon Trent.

These regions were selected because of their higher prevalence of DTS consumers.

The first stage of the research process involved 163 brief phone conversations with consumers. These interviews recorded their level of engagement in the market, their knowledge of their heating and metering arrangements and their satisfaction with these arrangements. Interviews were conducted with all four categories of consumers in each region.

[3]Incumbent suppliers are as follows: SSE (North Scotland), Scottish Power (South Scotland), and Eon (East Midlands)

Consumer categories	Number of consumers spoken to by region			
	North Scotland	South Scotland	East Midlands	TOTAL
1) DTS tariff with incumbent supplier	29	20	20	69
2) DTS 'mirror tariff' with competitor supplier	15	15	12	42
3) DTS meter but non-DTS tariff	8	10	12	20
4) ex-DTS	8	6	8	22
TOTALS	**60**	**51**	**52**	**163**

Stage 1 consumer totals breakdown

Outputs from this stage were used to develop recruitment quotas for the second, in-depth stage of fieldwork thus ensuring that a spread of knowledge, satisfaction and engagement levels; affluences and demographics; and household heating types were represented.

The second stage involved:

- 6 face to face mini-groups of 4-6 consumers from categories 1 and 2 (two groups in each geographical region)
- 32 telephone depth interviews with consumers from all categories
- 12 in-home depth interviews with consumers from all categories.

Consumer categories	Number of consumers spoken to by region			
	North Scotland	South Scotland	East Midlands	TOTAL
1) DTS tariff with incumbent supplier	9	7	10	26
2) DTS 'mirror tariff' with competitor supplier	7	9	6	22
3) DTS meter but non-DTS tariff	4	4	5	13
4) ex-DTS	5	3	3	11
TOTALS	**25**	**23**	**24**	**72**

Stage 2 consumer totals breakdown

A total of 72 consumers participated in Stage 2 of the research. Nearly half (32) of these consumers were reconvened from Stage 1, and a further 40 were recruited for Stage 2 to fulfil quotas and ensure that the research sample was representative and robust.

Consumers in potentially vulnerable situations were included throughout both stages of the research. For example, in the second stage 15 consumers were disabled or had mobility issues and 29 lived in rural or isolated areas.

In addition, we spoke to two 'expert' consumers on DTS tariffs who had previously raised concerns with Ofgem. Because of their engagement in the subject area, these conversations were used to scope the range of potential DTS consumer issues rather than for direct involvement in the research.

Stage 1 of the fieldwork was carried out in late February and early March 2014. Stage 2 fieldwork was carried out from 12th March – 27th March 2014.

3. Awareness, understanding and views of DTS

While overall levels of awareness and understanding about DTS were fairly low across our sample, we also found a range of levels of awareness and understanding, as a result of:

- The ways that different DTS meters and tariffs operate;
- Different generations of heating systems in existence;
- How the consumer developed their understanding (i.e. from their own experience; supplier staff; or existing literature).

Most consumers in categories 1, 2 and 3 had *some* awareness and understanding of how their system operated, at a basic level. A minority were very well informed and this tended to be those who had engaged with the market at some point.

However, it was also noticeable that several consumers within categories 1 and 2 (i.e. with a DTS meter on a DTS tariff) did not have a good grasp of the key DTS concept (i.e. remotely-controlled changes in tariff rates, how storage heaters were charged because of this, even how storage heaters worked).

This lack of awareness and understanding led some consumers to not use their systems efficiently – significantly increasing their potential for detriment in terms of thermal comfort or cost.

> *"All I know is that there's three different rates. I've no idea what it means or how much I'm going to be charged"*
>
> Category 2, East Midlands

Category 3 consumers were (by definition) on tariffs that used their DTS meters in a static way[4]. Like those in categories 1 and 2, none had any awareness of a potential dynamic aspect to their metering – meaning that the way they described their systems was often closer to being correct, albeit often more through guesswork or supposition than active knowledge.

3.1 Background

Consumers who had a DTS meter did not think that their meter and tariff was necessarily different or unusual. They were likely to think that it was simply part of the 'package' of having electricity-only energy supply, or that it was the kind of meter/tariff that 'went' with storage heaters.

[4] Static teleswitching relates to teleswitched meters where the switching schedule is rarely, if ever changed, so the heating load is switched on/off at the same time every day.

They also tended to view their electricity supply from the 'inside out'. Their view of the world of electricity supply typically had three levels of understanding and awareness:

- Appliances within the home (very familiar)
- The infrastructure within the home, e.g. wiring, fuse box and the meter (hazy)
- The Grid, the electricity market and all other aspects of supply (remote, unknown)

The first level was of course entirely familiar to people and was the level at which they had most interaction and experience in relation to electricity in the home: using appliances, switching them on and off, and so on.

The second level was hazy for most people in our sample. Very few respondents had much experience or understanding dealing with the internal infrastructure of their home electricity supply, beyond re-setting a fuse or taking a meter reading (there were a few exceptions, for example keen DIY-ers and two electricians in our sample).

For most people we spoke to, the electricity meter was not a piece of equipment whose operation they understood. It belonged to the supplier, was part of the (outside) world of electricity supply, and was something that they rarely (if ever) looked at or thought about. Some people knew only where it was, but that was the extent of their knowledge.

Beyond the meter, consumer understanding reduced even further. How electricity reached their home and how the energy market operates were entirely remote and not well understood.

For the majority of consumers, the idea of dynamically teleswitching meters (and therefore the associated heating system) to control their electricity was therefore completely foreign. Understanding improved after it was explained to them, but many (especially elderly consumers) still struggled to fully grasp the dynamic aspect of their metering. Consumers tended to think of their own electricity needs as personal, rather than as part of a wider system.

The key element of DTS which was played back more often than other elements was closely linked to storage heaters and was the idea of on/off, i.e. that the heaters (and therefore some aspect of their electricity supply) operated at some times but not at other times.

While most consumers within categories 1 and 2 understood *some* version of this, levels of awareness varied considerably. No one was able to fully and correctly articulate the variable nature of the dynamic aspect of DTS – instead there were several different models of partial understanding.

3.2 Models of DTS understanding

Model 1: Day vs. night rate:

- As well as being one of the most common ways of understanding a DTS tariff for consumers in categories 1 and 2, this was also how many consumers in category 3 tended to describe their static arrangements. Consumers explained that they had two rates: a cheaper, off-peak night rate and a more expensive day rate.
- This model was sometimes referred to in both England and Scotland (Glasgow and Aberdeen) as 'like Economy 7' and was considered to have the advantage of enabling people to run not only storage heaters but also other appliances at night when it was cheaper.
- Most consumers thought that only water heating and storage heaters were 'controlled' by the meter in this way. Some thought that perhaps other appliances could be controlled too but were unsure whether this was the case.

> *"I have two meters; they're very old. I expect that one is a Day Rate and one a Night Rate"*
>
> Category 2, Aberdeen

> *"During the day the rates are very high, and I think at night it comes down a bit, but I'm not 100% sure."*
>
> Category 1, Grantham

Several Category 3 customers had this model of understanding, as mentioned, sometimes with the added 'twist' that they may have more than one meter. The uncertainty with which arrangements are described should be noted:

> *"I've got 2 meters, and I think there's different rates for each of them. One does the storage heaters, and the other does everything else. But then there's a daytime and a night time rate for that one as well … is that right?"*
>
> Category 3, Dumfries

Model 2: Afternoon boost/24-hour cycle

- This way of understanding DTS was far less common than Model 1, but was a development from that model, based on the idea that there are three charging-up periods over 24 hours, including one late in the afternoon.
- We heard this description more in Scotland than in England, but across categories 1, 2 and 3. Some consumers in Scotland considered this an 'updated' version of a day/night system.
- As with the other models of understanding, the three charging periods over 24 hours were seen as 'set' and controlled by somebody external. Most consumers were at best vaguely aware that their supplier controlled it – and no one in category 2 was aware that it was actually the ex-public electricity

supplier (PES) rather than their own supplier. Most, but not all, consumers knew vaguely what times their storage heater started/finished charging.

> *"It's three times over the 24 hours – 3pm, 7pm and about 3 or 4 am, the same times and duration every day. It doesn't adjust for the time difference which is annoying"*
>
> Category 1, Aberdeen

- Some category 3 consumers also described their arrangements in this way (i.e. with fixed rather than dynamic charging or heating periods within a 24 hour period). These consumers therefore had a more accurate understanding of their set-up, but it appeared that this was a result of them making assumptions that happened to be correct rather than having made more of an effort to understand their system.

> *"It's the powers that be that decide – you can't change the time, it's a set time for each area. Mine goes off at 10 and goes on again at 6"*
>
> Category 3, East Midlands

Model 3: Temperature controlled/seasonal:

- This way of describing DTS was always outlined in combination with one of the 'on/off' models above) and was relatively rare. People described the meter as being controlled by an external body (suggestions included their energy supplier, local Council, and the Met Office) according to season and/or the outside temperature.
- This was usually taken to mean that there would be different on/off times in winter than in summer. Consumers generally described two 'seasonal adjustments', rather like daylight saving time.
- Sometimes, however, it was felt to vary more often and to be controlled by temperature (regardless of season), with a longer charging period the colder it was and shorter the warmer it was.
- A 'temperature based' model of reasoning led consumers to question *where* the temperature was being taken (a matter of guesswork) and how (or whether) this related to the temperature where they lived. For example, several consumers noted that the climate and temperatures typical in Inverness, where SSE was based, were very different to those on Orkney (wetter, warmer, but windier) – this created some confusion around how switching times and periods would work.

> *"I believe the meter is linked to the Meteorological Office and that the duration of energy supplied is somehow linked to the weather, the temperature, somewhere or other. It is a rather complicated thing!"*
>
> Category 1, Glasgow

Model 4: Peak demand vs. off peak:

- This was the least common way of thinking about supply arrangements amongst DTS consumers. According to this idea, the supplier controlled when the meter would charge up heaters according to 'how much demand there is in the system'. Consumers who talked about their DTS system in this way appeared to have been told about it by a third party (for example a heating engineer in the family) although the way it worked was not understood.

> *"There are periods of the day when people are not using the [electricity] … they pick the times when the least [electricity] is being used [to charge the heaters]. I think that's how it works."*
>
> Category 1, Kirkwall

> *"They do it like that because they don't want to overcharge* [sic: overload] *the Grid. There was something about it (on TV) the other night"*
>
> Category 1, Aberdeen

The vast majority of consumers had got their understanding of their metering and heating arrangements from electricians or heating engineers or through family or friends. Very few had received their understanding (or any information about their set-up) directly from their supplier. Occasionally people picked up information from other sources such as the media.

> *"The meter calculates how much energy you need according to the weather, to heat your water up. So it comes on during the night then goes off in the morning. That was what the engineer said who came to fix the boiler."*
>
> *Category 2 consumer, Ayr*

However no one had a full, complete and accurate understanding of the DTS system or their tariff. Although some people appeared to use their heating system relatively efficiently, a large number of consumers ran their heating system and other appliances based on a flawed understanding of how it worked – potentially resulting in an inefficient (and therefore not very cost-effective) way of using the system.

> *"We got an information pack, but not specific to what we have. It got confusing and I didn't have a clue until we got our first bill through. I didn't know what meter I had or what tariff I was on".*
>
> Category 1, Glasgow

“You press the button once and that’s your number one reading then press it again and that’s number two reading, then number three. There’s three different tariffs. It’s all double Dutch to me, I’ve no idea what it means or how much I’m going to be charged”

Category 1, East Midlands

4. Market and supplier engagement

As in the wider market, the level of market engagement amongst customers in the DTS sector is generally low. General apathy is common, driven by:

- Perceptions of excessive supplier profits
- Perceived hassle of engaging with suppliers (both for switching and general queries)
- Low interest. Tariffs and suppliers are simply not 'top of mind' for consumers on a day to day basis.

As a result, most consumers have not engaged with the market recently and have had no contact with their supplier beyond the billing cycle. This is particularly true for elderly consumers living in more remote locations without Internet access. In the Orkney Isles, for example, some consumers had been with SSE for over 20 years.

As most DTS consumers don't realise that there is anything 'special' about their tariff, the complexity of DTS does not act as an initial barrier to market engagement – but it does affect experiences within the engagement process.

A minority of DTS consumers reported some engagement with the market, either through active choice or following contact from a supplier. Experiences and outcomes were very mixed. For consumers in categories 1 and 2 in particular, poor customer service and significant problems switching tariff or supplier were relatively common. Only a very small minority actively felt that their supplier had provided a good service that had helped them to understand their system better.

Category 4 consumers (ex DTS customers who no longer have a DTS meter) however are more likely to have had satisfactory experiences given their success in switching away from a DTS meter – although the majority had been unaware of the nature (or potential benefits) of their DTS system in the first place. Several had moved into new homes and sought to change tariff – whereby their supplier had also changed their meter for them. Others had more actively looked to switch away from an 'unusual' metering or heating arrangement. These switching experiences had usually been very functional and straightforward.

4.1 Levels and types of engagement

As with the broader energy market, two types of predominant engagement experiences exist for DTS consumers:

- Account management and customer service (supplier engagement)
- Supplier and tariff switching (market engagement)

Across both of these areas, consumer experiences and engagement levels can be loosely divided into 'proactive' – where consumers have initiated engagement with the market/their supplier themselves; and 'reactive' – where suppliers have initiated contact and consumers' engagement with the market and their energy arrangements has been lower.

Although engagement levels overall are generally low and satisfaction levels are very mixed, some broad trends do exist.

Elderly consumers
Across all three regions, very elderly consumers were less likely to have actively engaged with the market in any way beyond the billing cycle. This was largely due to:

- Their satisfaction with their existing arrangements;
- Low interest; and
- The perceived hassle of switching.

Many elderly consumers, especially those in Categories 1 and 2, had been with their existing supplier for a long time, and in that time had gotten used to their heating and tariff arrangements (see section 3). These consumers (particularly those living in rural, isolated locations in Scotland) were also more likely to have limited or no access to the Internet. This meant they had no easy means of investigating switching options.

Although several had received sales calls (by phone) from competitor suppliers they had a low tendency to engage with these, preferring to stick to their current supplier and tariff. Some who had engaged in the sales process found that the competitor had informed them that they could not beat their current costs. This led to increased satisfaction with the current arrangements and further decreased interest in future engagement.

> *"I've had [a supplier] on the phone to get me to change. So I've been honest, I've kept them on the phone, answered all their questions, how much I pay a year, how do I pay it – not one of them have said they could make it any cheaper for me"*
>
> Category 1, Ayr

A small minority of these consumers were aware that their DTS arrangements may limit their switching options – generally through word of mouth from neighbours or friends - but were not worried about this because of their low interest in switching anyway. Many elderly consumers with low engagement levels were not aware of any detriment experienced as a result of their electricity tariff or heating arrangements, although in some cases there was a clear and significant potential for detriment (see section 5).

Geography
Market engagement levels were generally lower in North Scotland – especially the Orkney Islands where SSE has a historic and visible presence. Consumers here, particularly the elderly, were less likely to be aware of alternatives in the market.

However in the East Midlands consumers were almost universally aware of Eon's Heatwise meters, which gave them a point of reference to use when talking to each other (in the groups) or to suppliers about alternative tariff options.

Affluence
The research sample included consumers with a range of affluence levels. Geography was important here as well: DTS consumers that we spoke to in urban areas and remote parts of Scotland tended to be less affluent. For urban consumers this was due to the prevalence of DTS meters and storage heaters in apartment blocks, council and social housing. In suburban and rural areas the spread of affluence was greater – especially in the East Midlands where some consumers living in larger suburban and rural housing were clearly more affluent and had DTS (or electricity only) arrangements purely because mains gas was not available.

More affluent consumers were more likely to have engaged with the market. Their experiences also tended to be more satisfactory, and there did appear to be some inconsistency in the options offered to consumers based on their living arrangements or affluence. Where more affluent consumers were more likely to have been able to switch away from DTS without any problems, consumers in categories 1, 2 and 3 who were less affluent were more likely to report that they had experienced issues.

Many consumers within all four categories who had investigated switching supplier or tariff had been told that they would need to change meter to access other tariff options, or had requested a change themselves. Those who requested a change usually did so because they had changed heating system or wanted a 'standard' meter. For the latter group particularly, the choice was rarely an informed one – they tended to know little about their DTS meters and so looked to switch without fully understanding whether it would save them money or improve their thermal comfort.

Several had been quoted high prices for the change of meter by their supplier – but others had successfully had theirs changed for a token fee or for free. It appears that less affluent consumers were far more likely to be charged for a meter change – and as these consumers appeared to be able to least afford it (especially with no guarantees about future cost savings), they were the least likely to have made the change.
On the other hand those who had not been charged for changing their metering arrangements tended to be more affluent anyway – most had therefore switched successfully and were therefore in category 4.

4.2 Supplier engagement experiences

Experiences shared with the wider market
The majority of consumers across all four categories have had little or no contact with their supplier beyond the usual receipt and payment of bills (aside from the switching process, see section 4.2.2 below). These consumers tend to be satisfied with their current arrangements or apathetic towards suppliers in general. Some wouldn't think to ask their supplier for advice about their tariff and heating systems – or assume that their supplier wouldn't be helpful if they did. Either way they do not desire a closer relationship with their supplier.

DTS related experiences
Customer service queries were more common amongst consumers in categories 1 and 2 – largely because of the additional complexity of their DTS meters and tariffs. Common queries related to the multiple billing rates and how charging periods worked. These interactions were nearly always initiated by the consumer. Whilst most DTS consumers had developed ways of thinking about their arrangements that made sense to them (see section 3), it had taken many some time to reach this point. Some spontaneously suggested that their suppliers should take a more proactive approach in explaining how their DTS system worked and how to get the best out of it. Others reached this conclusion towards the end of discussions and following an explanation of how DTS operates.

A couple of consumers also outlined positive contact experiences with their supplier – for example engineers or meter readers explaining how best to use their storage heaters (i.e. setting input and output levels on heaters for best effect). A few others had received helpful explanations when phoning supplier call centres to attempt to understand how the charging up periods for their storage heaters worked. However these experiences were isolated rather than the norm. Poor customer service around DTS meters and tariffs was more common (especially for consumers in categories 1 and 2) and focussed around call centres and meter readings.

Call centres

Several consumers phoning supplier call centres had felt that customer service representatives knew less about their DTS tariff than they did – leading to frustration and a lack of resolution for their queries. A couple felt that they had asked relatively basic questions about the times that their heaters would be charged up, and supplier staff had been unable to provide this information.

Meter readings

A few consumers had also experienced issues with meter readings and billing. Some had phoned to submit the 5 readings generated by their DTS meters, but had been told that supplier systems did not allow for more than 3 values. Others had dealings with supplier meter readers who weren't familiar with their DTS meters and were unsure what readings to take, as well as what the values related to. A small proportion of consumers – 3 within the research sample – had also received huge bills, generated as a result of transposed or incorrectly entered meter readings. Resolution of these issues proved time consuming as the consumers were not actively engaged in monitoring their energy usage and therefore had not immediately recognised that there had been a problem.

These negative experiences generally left the consumers involved with reservations about the competency of their suppliers. For some, apathy towards the market or satisfaction with the value / cost of their DTS tariff were enough to outweigh these frustrations. For others, the reservations were exacerbated by their inability to switch to another supplier, as outlined below.

4.3 Switching and market engagement experiences

As with the broader energy market again, most DTS consumers had never looked to engage with the market or switch. Many, especially in parts of rural Scotland, were unaware that alternative tariffs existed – whilst others were apathetic (or even cynical) towards the market. Almost all consumers had negative perceptions of supplier profits and felt that the market was not set up to benefit them as consumers. Many felt that as long as they receive reasonable value from their existing tariff, attempting to switch would require too much of their time and effort.

For those who have engaged, switching experiences within categories 1 and 2 were largely negative and unsuccessful, with many feeling restricted by a lack of options within the market. Category 3 experiences were more mixed, with some instances of success, whilst category 4 (ex-DTS) consumers were defined by their apparent success in moving away from DTS arrangements – although many had done this soon after moving into a new home and so were unaware of the nature or potential benefits of their DTS set-up.

For consumers who have engaged with the market, the main entry points to the switching process depend on whether the engagement was reactive or proactive – though outcomes were not necessarily different.

Reactive engagement
Some consumers, largely within categories 1, 2 and 3, had engaged with the market in a passive way. These consumers were mainly disengaged from the market – for one of the reasons previously identified - and had received a sales call from a competitor supplier.

Proactive engagement
The majority of consumers across all four categories who had proactively engaged with the market had done so deliberately for a few reasons:

- To combat rapidly rising prices or the perceived high cost of their existing tariff;
- Because they had either changed, or intended to change, their heating system;
- They had received poor customer service from their existing supplier.

Consumers used a variety of channels to investigate alternative tariff or metering options including:

- Phoning their existing supplier to check that they were on the cheapest tariff available or to request a change;
- Phoning competitor suppliers to ask them if they could beat their existing costs;
- Using price comparison services to find cheaper tariffs.

Consumers proactively engaging were more likely to have a better sense of their existing spend levels than other consumers, but because of the complexity of DTS metering many still didn't have a clear idea of their actual electricity consumption. Several had not been aware that they were DTS customers before engaging with the market – which tended to lead to increased frustration and confusion around negative experiences.

4.4 Unsuccessful engagement

The majority of DTS consumers within Categories 1 and 2 who had attempted to engage with the market and change their tariff or metering arrangements had been unsuccessful – and all attributed this to either their supplier or other suppliers in the market.

The success of the switching experience was not affected by whether the engagement was reactive or proactive. However consumers' level of satisfaction differed according to whether or not they had engaged proactively:

Supplier unable to offer alternative tariff

When the consumer either described their DTS metering arrangements or was able to name their existing meter or tariff on the phone, they felt that suppliers often lost interest and said that they were unable to offer an alternative arrangement given the consumer's current meter / set-up.

- If the supplier had initiated the contact, consumers were more likely to become frustrated and go on to seek proactive market engagement themselves.
- But other (more likely to be very disengaged and/or elderly) consumers would accept this outcome and remain disengaged.
- If the consumer initiated the contact, they were generally left feeling frustrated and restricted by their current arrangements.
- One consumer in Category 4 had ended up changing their entire heating system partially in order to be able to engage with the market after being refused an alternative tariff (and partly because of a desire to change system anyway).

"I have people phone me up on a regular basis telling me they can give me cheaper electric. When they ask what tariff I'm on I say 'Heatwise' and it goes quiet. Then they go to speak to their manager. So I'm stuck with Eon - but the tariff seems fine at the moment"

Category 1, Derby

"You feel like a fool when you've had an argument with their customer service people because you think 'well I'll switch' but you can't"

Category 1, Derby

No one in category 1 or 2 who had had contact with their supplier around their tariff options was aware of having been offered a 'static' alternative.

Supplier charges for a meter change

Several consumers (especially in the East Midlands) had been told by either their existing supplier or a competitor that they would only be able to switch to an alternative tariff if they also changed their electricity meter. They were often quoted prices for this ranging from £50-300.

This response caused significant dissatisfaction amongst consumers in categories 1-3. Consumers who had been told this generally felt restricted or trapped on their existing tariff. They tended to be less affluent, and felt that they were being penalised for having a DTS meter. This was especially true where they had sought to change in the first place because of high bills. Consumers in category 4 who had successfully switched were unlikely to have been charged for a meter change.

"I phoned [my supplier] to ask what they could do [about high bills] – they said we can switch you to this other tariff that will save you £100 per year – but not with this meter…..I couldn't believe I'd have to pay a load of money to [my supplier] for them to change their own meter!"

Category 1, Grantham

Problems with comparing tariffs

Where consumers had used the internet to investigate switching options, the complicated nature of their DTS arrangements and meter readings made use of price comparison services difficult. Several consumers had found it very difficult to compare like for like which led to feelings of confusion and frustration. A couple had emailed the comparison sites to ask for help and been given the names of suppliers able to provide alternative tariffs. However when they'd contacted the suppliers they'd still been told that no alternatives were available and so been unable to switch.

4.5 Successful engagement

No consumers in category 4 (except the 1 person already referenced above) had experience of unsuccessful market engagement – their switches away from DTS arrangements had all gone smoothly, and with minimum hassle.

These consumers tended to be more affluent, and better able to articulate their existing and future electricity supply needs (although several affluent consumers in categories 1 and 2 had been unsuccessful). Many had never had knowledge of their DTS system. They had moved into a new house, found a meter or tariff that they didn't want and simply requested to change. Therefore although this group were happy with their switch, it was very difficult to judge whether they now had arrangements better suited to their needs – it is possible that they may have been better off with a DTS system if they had understood it.

A minority of consumers had made, or intended to make, a change in heating system. When they explained this to their supplier (some were also informed enough to tell their supplier that this made their existing meter redundant) the meter was changed fairly quickly.

"When I phoned them up to explain that I wasn't using the immersion heater anymore and asked them if I could get a standard meter they were absolutely fine – I got the feeling they were happy to do it, like it was helping them out too somehow"

Category 4, Derby

However, for many consumers such as those in more urban, less affluent areas; those in high apartment blocks; and those living off the mains gas grid, a change in heating system was either highly impractical and expensive or not an option at all (especially

for those who lived in rented accommodation or social housing who were not permitted to make changes). These consumers were more likely to feel restricted or trapped by their current arrangements.

No consumers in category 4 had been charged more than a 'token' sum for the change and most had had it done for free, by phoning their existing supplier.

Similarly, consumers in categories 2 and 3 who had successfully switched had had hassle-free experiences. Whether by using a Price Comparison Service or the phone, they had been able to switch with relative ease.

> "*I went to [a price comparison service] and found the cheapest and then switched…. Changing is easy enough: you have just got to trust that what you're seeing is true*"
>
> Category 2, Ayr

5. Causes and types of DTS Detriment

Before the research discussions, hardly any felt that they were losing out as a result of being DTS consumers. In the course of the discussions however, during which they gave their heating and metering arrangements a lot of thought, many came to feel that they could be suffering some detriment.

In addition, in the course of conversations with several participants that did not describe themselves as experiencing any detriment or having any concerns about their DTS arrangements, the researchers felt that there were indications that detriment might exist, or a high risk of detriment.

Where detriment did appear to exist, for many it had become accepted (e.g. for category 1 and 2 consumers storage heater charging periods not fitting with their lifestyle), but for others it remained a source of some frustration. This was made worse where limited choice compelled them to stay with a DTS tariff against their wishes.

Some of the detriment observed or reported was not related to DTS, but could instead be attributed to:

- The perceived complexities of the energy market;
- Issues directly related to the way the energy market works e.g. PPM charging; or
- Consumer misunderstanding/error as to how to use their heating system (although the impact of this may be greater for DTS consumers than others).

This section focuses on detriment and risk of detriment directly related to DTS arrangements. It outlines the characteristics of consumers who appeared least likely to experience any detriment (or at least did not perceive it), and four areas in which detriment arose as perceived by consumers or researchers:

- Engagement with suppliers and the market
- Thermal control/comfort
- Electricity usage and bills
- Meters and tariffs

Several of these potential areas of detriment overlapped significantly with each other – with any detriment in each area often influencing detriment in the others (for example, a lack of understanding of the DTS system leading to issues around thermal control, increased usage and potentially higher bills).

5.1 Consumers where no detriment was perceived or observed

There were a number of characteristics common to DTS consumers in categories 1 and 2 who reported/revealed no apparent detriment.

In terms of **home heating**, they had often had their system long enough to make it work best for them, so were reasonably happy that they had a working understanding of how to use and/or control their heating.

> *"I was happy with it then, and when I moved into this house [15 years ago] that was the heating that was in so I didn't change it"*
>
> Category 2, Dumfries

They understood enough operationally to work with the 'phasing' or time-shifting necessary to run storage heaters – and some felt that deliberately using their storage heaters as background (rather than primary) heating allowed them to use them more efficiently. Some consumers for whom detriment was either possible or observed also used other heating types as their primary heating – but this was largely because of inefficient use of storage heaters or a lack of understanding around their heating system.

Consumers who did not appear to experience detriment were also comfortable with the idea that storage and water heating being charged up during off-peak times made them (probably) less expensive than other arrangements. They felt no worse off and possibly better off for having at least some of their electricity charged at what they assumed to be a beneficially lower rate.

> *"It's turned on over the winter all the time and I regulate the amount of heat I want to go in and come out – it works very well for me"*
>
> Category 1, Ayr

Secondly, in terms of **electricity usage and bill paying**, these consumers were not challenged by paying their electricity bill and had had no issues with billing or meter problems. Whilst the group were not necessarily affluent, they could afford the cost of their electricity, had often budgeted for it; and it was part of their routine.

Although this group of consumers were aware that electricity bills had gone up even if their (perceived) usage had not, they generally had little interest in engaging with their supplier or the market. They were comfortable that they were not paying over the odds for their energy. Several also expressed ambivalence towards price rises, noting them as 'a part of life'. Their usage seemed steady, except for seasonal variation.

In common with nearly everyone in the research sample, they did not scrutinise or pay much attention to bills (if they recalled receiving one). But they did seem less likely than others to query aspects of them.

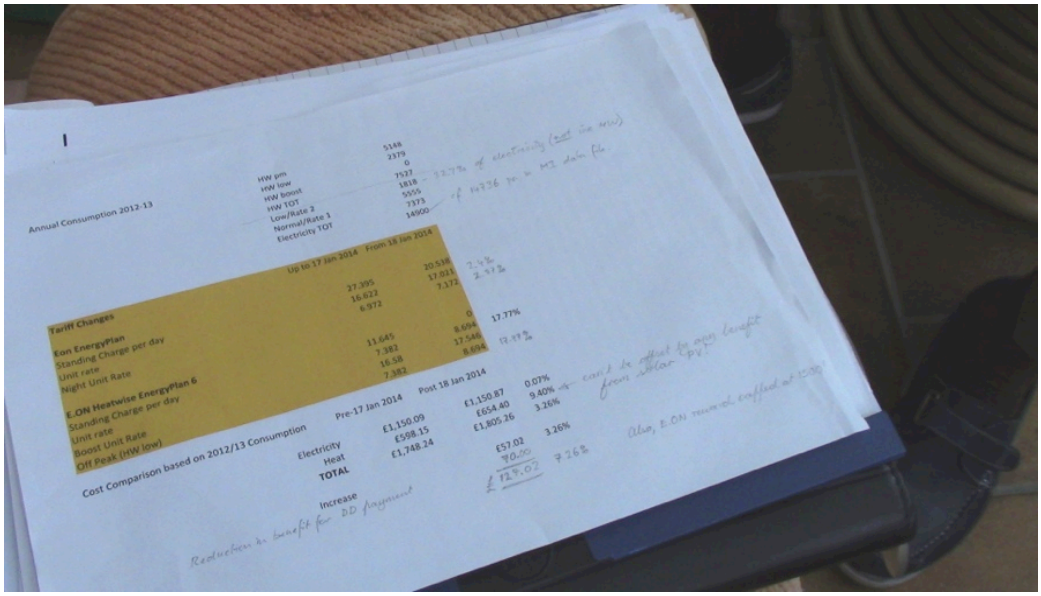
> *"I can't tell you what I spend every month…Truthfully, I spend what I spend because I want to be comfortable"*
>
> Category 1, Ayr

Thirdly, in terms of the role and understanding of their **meter / tariff,** these consumers did not consider themselves to be unusual or exceptional in having a DTS system. They had, like the rest of those in categories 1 and 2, a limited awareness of different 'rates' – but were generally not better informed than other consumers. Very few of these consumers could name their tariff (including those in categories 3 or 4 who had switched).

> *"I haven't really had much contact at all. They ask how often you want your meter read if you don't [enter meter readings] by computer – that's it I think"*
>
> Category 2, Glasgow

Lastly, in terms of potential detriment around **market engagement**, a separate, very small minority of consumers who experienced no detriment were highly engaged 'super consumers'. They were more likely to shop around for deals and monitor prices and usage to ensure that they were on the cheapest deal – so were confident that their arrangements were best suited to their needs. Some had switched within categories 1 and 2, whilst others monitored their spend and engaged with the market only to check that their deal remained cheapest.

These consumers tended to be highly detail orientated. They worked in professions requiring high levels of numeracy and used spreadsheets to calculate energy usage and prices (including their own models when price comparison services were unable to compare DTS options).



Tariff calculations made by a consumer

5.2 Causes and types of detriment relating to supplier and market engagement

Issues relating to market and supplier engagement were the most common and clear form of detriment for DTS consumers in categories 1 and 2; and these consumers appear to often be highly restricted in their ability to engage with the market in order to find a cheaper alternative or better customer service.

As detailed in sections 4 and 5.4, consumers on DTS tariffs appeared to be more likely to have issues requiring contact with their suppliers. This tended to be especially around meter readings and queries about charging periods or other features of their tariff. Some consumers had had unsatisfactory experiences in dealing with supplier contact centres or staff who did not appear to understand their tariff, leading to frustration and a lack of confidence in the supplier.

However, several consumers had been unable to switch supplier when they had tried to (as a result of the poor customer service) and had therefore been 'trapped' with a supplier with which they were unhappy.

Most consumers in categories 1 and 2 who had attempted to engage with the market to switch had experienced problems or failure. Comparing like for like between DTS tariffs and standard or traditional 'off peak' tariffs was felt to be very difficult, as was even finding out what tariff you were on.

> *"It's not clear if there is another tariff you could be on? On your bill there's the bit for your storage heaters and the daytime part (but) is there an option for us?"*
>
> Category 1, Kirkwall

> *"I phoned up to find out what tariff I was on. The person put me on hold for ages then came back on and said he didn't know but I should phone back tomorrow. So I phoned back and they still didn't know."*
>
> Category 2, Glasgow

A few category 1 consumers had been told that no alternatives were available to them when they had contacted suppliers directly to attempt to switch; and several had been quoted high prices for the removal of their DTS meter in order to change tariff. Prices quoted were as high as £300, and less affluent consumers felt this was a prohibitively high sum – especially when they weren't sure how much of a benefit they could receive from switching.

Potential detriment

Some DTS consumers felt they had experienced detriment as a result of their meter and tariff by having to engage more with their supplier than they would like to resolve problems. A broader section appeared to be at risk of detriment due to

limited choice in the wider market. Types of potential detriment experienced included:

- Restriction of choice: supplier refusal to provide alternative tariff.
- Cost: high prices quoted for changing of meters – often to less affluent consumers looking to change in order to reduce costs.
- Cost: limited tariff options make it hard to reduce bills.
- Cost and restriction of choice: difficult to compare like for like online.
- Customer service: more likely to have experienced issues around meter readings and billing, but restricted choice gives consumers less scope to leave suppliers.

5.3 Causes and types of detriment relating to thermal control / comfort

Storage heaters were the most common primary heating type for consumers in categories 1, 2 and 3. However many people, especially in categories 3 and 4, had some other forms of heating, including electric panel heaters, mains gas central heating, bottled gas central heating or oil central heating. This form of secondary heating also included electric fan and convection heaters, woodburners and Calor gas or oil burning fires.

Whilst some category 1 and 2 consumers deliberately used their storage heaters as background or secondary heating because they perceived it to be more efficient, others ended up using other heating types because of a lack of understanding of their existing arrangements. For example, one consumer had never turned his storage heaters on because he had heard they were expensive – he instead heated his home through small, plug-in electric storage heaters during the day, an arrangement that meant he was often cold.

Consideration of changes in heating type (as opposed to tariff or supplier) was very low, and few consumers in any category had actually made this change (though it was of course more common in category 4). For most consumers, a change in heating system would not have been an option because of:

- The perceived high cost;
- The lack of alternatives (e.g. rural consumers off the mains gas grid);
- No right to make a change (e.g. privately rented and council housing)

The large majority had inherited their heating type and had had to learn how to manage it – which was a particular challenge with storage heaters. Even those who felt they now had good control of their storage heaters reported that they had been hard to understand at first and even harder to control. This was particularly evident for consumers using them for the first time after moving into a new property.

To get to grips with them consumers had had to learn by 'trial and error' how to achieve the right balance of enough heat at the right times. Some consumers had had someone demonstrate or give clear instruction about how best to work them.

Many consumers, especially the more elderly and vulnerable in our sample, were clearly following their own experience and the trial and error approach and continued to "bumble along".

> *"At the start, you have to charge it up for 48 hours and leave it on maximum. Then you just sort of jigger about with it to get a happy medium"*
>
> Category 1, Kirkwall

> *"I think that I need to start from scratch; if you don't know how a system works, you just fumble away and hope for the best"*
>
> Category 1, Glasgow

In practice this meant an operational and practical (but limited) understanding of how and when to change input and output levels on heaters and also a limited understanding of charging periods (beyond, for example, "overnight" and "one boost during the afternoon"). This, coupled with a lack of awareness of the dynamic nature of charging periods, made it difficult to conclude that these consumers were completely in control of their heating and using their heaters in the most efficient way.

Consumers who didn't feel that they had full control of their heaters explained that they would sometimes turn them off at the mains – which often resulted in them being turned off during charging periods so that consumers needed to use expensive alternate heat sources (such as small electric heaters).

Similarly, there was a very mixed understanding of the number of charging periods per day. People did know about overnight charge but daytime boosts were described in much more vague terms. Few were able to specify times. It was usually "overnight" or "in the afternoon". Some consumers were unaware of daytime boosts and so were having their heaters charged up unnecessarily while they were at work – while others were frustrated by their inability to 'top-up' heating outside of charging periods (particularly if their heaters didn't have a boost function).

Shift and night workers were particularly disadvantaged by charging patterns geared towards 'standard' consumers, and had to 'get by' with their heaters as best they could.

Finding out about charging periods and timings was evidently not straightforward. Very few consumers had experience of suppliers helping them to understand when their heaters would charge up (although many consumers recognised that this was

not necessarily the supplier's job, they would have appreciated clarity nonetheless).

> *"Well, they always say it's total control but I'm afraid that's wrong. There is very little control over your heat."*
>
> Category 4, Aberdeen

> *"We can't regulate them, we can't actually turn them on when we're cold – if you're cold at 2pm, it's 'tough' basically"*
>
> Category 1, Derby

Potential Detriment

Detriment related to thermal control appeared to be caused by the complexities of DTS charging periods, combined with a lack of consumer understanding about the best way of using their storage heaters.

The greatest risk of detriment related to:

- Inefficient use led to heaters being charged for longer than needed
- And increased use of potentially inefficient or expensive additional /secondary heating sources (especially in the evening)
- Where understanding / control was very low, some consumers have turned off heaters and rely purely on these types (e.g. electric fan heaters). This was especially common with category 3 consumers.

A consumer's storage heater not in use because of cost concerns

5.4 Causes and types of detriment relating to electricity usage and bills

Most consumers noted that bills were intermittent and for variable sums but tended to go up over time. Issues relating to usage and billing were potential sources of detriment for many consumers. Bills were fundamentally not

understood, and whilst the majority of issues experienced would have also applied to the wider public (e.g. the complex nature of bills, and problems with estimated meter readings), several were worsened by the complicated nature of DTS meters and tariffs.

Whilst some people reported that their bills had recently been simplified, they were still felt to be obscure documents by most. DTS bills were especially difficult to understand because of the amount of different rates involved - some consumers had received bills involving five different charging costs.

This complexity made it more difficult for DTS consumers to monitor their energy usage. This became a particular issue for consumers looking to engage with the market and use price comparison sites – the structure of their bills and usage statistics made it very hard for them to compare options. For those who were disengaged from the market already, the complex information in their DTS bill made them increasingly likely to disengage further – as they felt it would require too much effort to be able to understand it.

For some vulnerable and elderly consumers, convoluted DTS bills also made it harder to keep an eye on expenditure – especially for those paying by direct debit. Money would come out of their bank accounts on a quarterly basis, and yet they did not check their bills to make sure the correct amount was charged because the bills were felt to be too difficult to understand.

Potential Detriment

Difficulties in understanding bills and using them to monitor usage and expenditure led to:

- Increased difficulty in market engagement when using Price Comparison Services or explaining usage to competitor suppliers
- Increased disengagement from the market – due to convoluted DTS bills being too difficult to understand
- Additional cost – harder for consumers to understand whether they have been billed correctly, and to find mistakes
- Additional cost – more difficult to monitor own usage and control expenditure when several different unit prices are involved.

5.5 Causes and types of detriment relating to meters and tariffs

Both the meter and the tariff were seen as the supplier's responsibility. Very few consumers understood anything beyond the broadest terms of how meter readings linked to the amount paid, particularly where consumers' tariffs could include up to 5 different rates for electricity.

Consumers reported three, related, meter issues: meter readings, mechanical failures and understanding how DTS meters should work in relation to efficient heating in the home.

The meter reading process led to significant problems for some customers. A few had experienced anxiety and stress when receiving huge bills – only to find out that they were a result of mistakes by supplier meter readers or problems with meter hardware. Again, whilst these issues may be experienced by consumers more broadly, it appeared likely that supplier staff were less comfortable dealing with DTS meters leading to a greater chance of errors like this occurring.

Issues around meter reading were particularly prevalent for category 2 consumers, where responsibility for meter maintenance may have been with the ex-PES rather than their current supplier. Reports of incorrect or transposed meter readings were more common amongst these consumers.

> *"I phoned [my supplier] last week and the guy said there has been a stop put on my account because there is a mix up between what's day and what's night"*
>
> *"I had exactly the same! They said it was the guy who came to the house to read the meter and it came out the wrong way. They said my meter was reading backwards. But they just make it up."*
>
> Both: Category 2, Ayr

As discussed in section 3, consumers had their own way of understanding how DTS operated, which varied in terms of accuracy and completeness. Very few (aside from those highlighted in section 5.1) seemed to have a sufficient understanding of DTS to be able to avoid the potential for detriment already highlighted.

> *"The same rate all day is better for me. It's something like 15p a unit. Whereas before it was 14p in the cheap time and 18p at the dearer time. And I was never using the power when it was cheap, I was using when it was expensive."*
>
> Category 1,Kirkwall
>
> *"I'd just like to know how the cheaper rate works, when is it cheaper, what times, and what can I run off cheaper rate?"*
>
> Category 1, Glasgow

Potential detriment

As outlined above, issues around meters and tariffs led to a variety of forms of potential detriment for DTS consumers:

- Thermal comfort: lack of understanding (or ability to access information about) charging periods leading to their house being too warm or too cold.
- Cost: inefficient use of electricity within home, and failure to take advantage of cheaper rates because of complexity of tariff.
- Customer experience:
    - Increased likelihood of contact with suppliers because of issues with meter readings;
    - Hassle caused for consumers in rectifying these mistakes (especially for elderly consumers less likely to argue with suppliers);
    - Frustration and a lack of confidence in suppliers who did not appear to understand DTS arrangements themselves.

6. Conclusions and Recommendations

Most consumers on DTS meters and tariffs have 'got used' to their arrangements or don't know any different (having used DTS systems and storage heaters for long periods of time) – although a small minority have looked at other options and actively think that DTS is the best way of managing electricity supply to their home. No consumers within the research sample had moved from an alternative metering and heating system to DTS through active choice; and although some were satisfied with their arrangements it seems that few would have been likely to have chosen a DTS meter if other options were available.

Inertia was common among category 1, 2 and 3 consumers – few understood their system beyond a basic level, but even fewer had made significant effort to research or understand it in more depth. Those that had had found it difficult to access information and supplier staff were often not able to provide help. This very low baseline of understanding and awareness created a higher risk of detriment across several aspects of their heating and metering systems.

Those that had engaged with the market had had a range of experiences. Unsuccessful experiences were relatively common within categories 1 and 2 with many consumers told that either alternative tariff / metering arrangements were not available to them or would be costly to implement. These consumers often felt constricted by their tariff. Whilst some accepted this (due to low interest and engagement), for others it was a source of frustration. The restriction appeared to be partly a result of low consumer understanding around how best to articulate their existing arrangements; and partly a result of low knowledge and information about DTS systems available to supplier staff in order to offer alternative quotes – although some consumers felt that suppliers viewed DTS systems as 'a hassle' and were unwilling (rather than unable) to offer alternatives.

Consumers in category 4 (and some in category 2 and 3) had been able to switch and were generally satisfied with their experiences. They were unable to outline the reasons for this – but it appears that increased affluence and availability of alternative heating (especially mains gas) may have played a part. Several of these consumers had switched when they moved house and so had never used their DTS arrangements - it was therefore not possible to know whether switching had benefitted them or not.

Detriment (or risk of detriment) experienced by DTS consumers appeared to take two forms – that which was directly related to their DTS arrangements and position within the market; and that which was not exclusive to them. Many DTS consumers did not appear to experience any detriment as a result of their arrangements; others felt that they did not although some detriment could be assumed from their responses. Several consumers actively felt that they were losing out in some way as a result of their meter and heating.

Detriment for DTS consumers was most likely to lie around:

- Restriction of choice within the market
- Financial 'penalties' for changing their meter away from DTS – resulting in many deciding not to change
- Reduced control of home heating arrangements
- Associated higher costs for home heating
- Lack of information and communication about how to use their DTS set-ups more efficiently.

DTS consumers could be encouraged to engage more with the market if:

- They were better equipped to understand their current set-up
- They could more easily find out what alternatives may suit them better.

We therefore recommend that Ofgem consider:

- Education sources and channels for DTS customers to enable them to make the most efficient use of their metering arrangements (particularly in relation to storage and immersion heaters); and
- The provision of independent advice on the options available to DTS consumers in the market. Ideally this should be advice that is offered proactively to raise awareness of the options.

APPENDIX 1: FIELDWORK BREAKDOWNS

Stage 1: advanced recruitment and scoping

Consumer totals

Consumer categories	Number of consumers spoken to by region			
	North Scotland	South Scotland	East Midlands	TOTAL
1) DTS tariff with incumbent supplier	29	20	20	69
2) DTS 'mirror tariff' with competitor supplier	15	15	12	42
3) DTS meter but non-DTS tariff	8	10	12	20
4) ex-DTS	8	6	8	22
TOTALS	**60**	**51**	**52**	**163**

Age

	No. of consumers
Under 18	1
19-24	8
25-34	21
35-44	21
45-54	29
55-64	24
65+	59
TOTAL	163

Meters and tariffs: spontaneous knowledge of tariff name

	No. of consumers
Correct name given	14
Partially correct name given	15
Incorrect name / unknown	134
TOTAL	**163**

Meters and tariffs: how well do you feel that you understand your electricity metering arrangements?

	No. of consumers
Very well	12
Quite well	47

Not well	44
Not well at all	60
TOTAL	**163**

Meters and tariffs: what kind of electricity meter have you got? (n.b. categories 1-3 only, multicodes possible)

Meter type	**No. of consumers**
Traditional / normal / standard	46
Economy 7 / Economy 10	23
Pre payment meter	20
White meter	17
Teleswitched / Dynamically Teleswitched meter	8
Don't know – but I think it's a special one	2
Don't know at all	17
Other	16

Stage 2: in-depth conversations

Consumer totals

	Number of consumers spoken to by region			
Consumer categories	**North Scotland**	**South Scotland**	**East Midlands**	**TOTAL**
1) DTS tariff with incumbent supplier	9	7	10	26
2) DTS 'mirror tariff' with competitor supplier	7	9	6	22
3) DTS meter but non-DTS tariff	4	4	5	13
4) ex-DTS	5	3	3	11
TOTALS	**25**	**23**	**24**	**72**

Ethnicity

	No. of consumers
White British	66
Non White British	6
TOTAL	**72**

Vulnerability

	No. of consumers
Rural / Isolated	29
Disabled	15

Additional quotas for consumers in categories 1 and 2

	No. of consumers
Successfully switched tariff in past 2 years	4
Have investigated switching in past 2 years	17
Quite or very *satisfied* with current heating and electricity supply arrangements	14
Quite or very *unsatisfied* with current heating and electricity supply arrangements	18

APPENDIX 2: BRIEF DISCUSSION FLOW FOR STAGE 2 FIELDWORK

Discussion flow and content varied based on the category of consumer spoken to and consumer experiences. All conversations covered the following subject areas:

1. **Welcome and introduction**
    - Introduction to Big Sofa and Ofgem, explanation of project

2. **Tariff and meter understanding**
    - Knowledge of supplier, tariff and meter name / features
    - Engagement levels with suppliers
    - Understanding of meter functionality and any features associated to this (i.e. different charge rates, 'boosts' etc.)
    - Current satisfaction levels and reasons for this

3. **Heating and water systems**
    - Usage and types of heating in the home
    - Reasons for these heating types
    - Effectiveness of heating types
    - Overall satisfaction

4. **Consumption behaviour and costs**
    - Awareness of energy costs
    - Understanding of costs and bills

5. **Supplier interactions**
    - Level, type and quality of contact with suppliers

6. **Market engagement**
    - Interest in switching tariffs / suppliers
    - Understanding of reasons for high / low engagement
    - For those who have engaged:
        - How did you engage?
        - Why did you engage?
        - How did you identify alternatives?
        - Outcome of engagement – and reasons for this
        - Impact of engagement (e.g. lower bills, greater thermal control etc.)
    - For those who haven't engaged:
        - Reasons for this
        - Understanding of perceived detriment

7. **DTS explanation and revised understanding (categories 1-3 only)**
    - *Brief explanation of how DTS works*
    - Understanding of this

- How will this change the way you use your system?

8. Close