

Motherwell & Wishaw Citizens Advice Bureau

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The Office of Gas and Electricity Markets
9 Milbank
London
SW1P 3GE

13 July 2017

Re: Ofgem's proposal to revise the Typical Domestic Consumption Values for gas and electricity

Sirs,

Motherwell and Wishaw Citizens Advice Bureau is a member of the Scottish Association of Citizens Advice Bureaux. We operate a holistic advice and information service from multiple sites in North Lanarkshire, serving a local population of approximately 100,000. In the year to April 2016, we entertained over 30,000 enquiries, more than 6% of which concerned regulated energy industry- and energy efficiency-related issues.

As an organisation, we are very concerned that OFGEM's proposals, in their current form, fail to adequately describe the electricity consumption patterns typically seen by consumers who heat their homes adequately but rely either primarily or exclusively on electricity for the provision of space heating and hot water. We also believe that in continuing to publish national statistics rather than subdividing the dataset by distribution region or local authority area misses a significant opportunity to make the use of such average statistics more meaningful to individual consumers.

The consultation document published by OFGEM on 22 June 2017 notes some very significant variations in electricity consumption for those using Profile Class 2 meters across the country, but does not attempt to account or adequately compensate for such variations. We believe this omission is significant and leads to conclusions that are materially misaligned with the reality faced by those who use electricity as a source of space heating and hot water provision.

To illustrate this point, the data for a typical medium user of electricity registered through a Profile Class 1 electricity meter (typically a dual fuel property) shows that the national median domestic consumption within this profile of consumers continues to be in the region of 3100kWh per annum, which equates to approximately 8.5 units per day. However, the national dataset shows that a typical medium user of electricity registered through a Profile Class 2 electricity meter (typically an all-electric household) uses only 1100kWh per annum (approximately 3 units per day) more than the equivalent Profile Class 1 consumer.

A typical Profile Class 2 electricity consumer will use electricity for the provision of both space heating and hot water in addition to a roughly equivalent amount of energy for domestic purposes to an equivalent household that makes use of a Profile Class 1 electricity meter and which uses an alternative fuel source for the provision of space heating and hot



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water. Consequently, the statistics currently presented suggest a typical medium user of electricity registered through a Profile Class 2 electricity meter uses c.3kWh per day for the provision of hot water and the majority of their property's space heating needs. It is this figure that concerns us as a typical Profile Class 2 household will use a 3kW electric immersion heater for an average of 1 hour per day for the provision of domestic hot water (c.1100kWh per annum), leaving nothing for space heating. This is obviously unrealistic, and typical Profile Class 2 consumption figures for Scotland, Wales, and the South West of England clearly illustrate this point.

There are a variety of different factors that could help to explain the difference between the national median and real-world averages in the above-noted regions, but other than adjusting the data for variations in external temperature, these do not appear to have been considered prior to the publication of the consultation document. In particular, provision of alternative fuel sources, whether via the expansion of natural gas distribution networks or the provision of LPG- or oil-fired central heating systems, or the provision of certain so-called 'modern' electric storage heating systems, often leaves a property with unnecessary Economy 7/10/THTC/White Meter (etc.) provision that is not addressed by the installer of such upgraded heating systems, the consumer or the energy suppliers. This leads to a marked shift in the pattern of electricity consumption in affected homes as off-peak energy use is dramatically reduced, and this has the effect of dragging the average and median Profile Class 2 consumption down to unrealistically low levels.

In addition, a lack of analysis into the correlation of the prevalence of Profile Class 2 electricity meters and the use of prepayment meters as a means of payment means that households who limit their electricity consumption by failing to heat their homes adequately, whether by self-disconnection or by chronically under-heating their property, also have the effect of reducing both the national average and median energy use registered through such meters. Both of the above factors also influence the average and median national peak:off-peak consumption ratios that are due to be revised under the current proposals.

The provision of a separate dataset for DTS and other complex metered sites is a welcome improvement on existing figures. However, the prevalence of multi-MPAN sites in certain parts of the country is not adequately compensated for and the figures proposed are therefore also subject to significant under-estimation of total real-world energy use; a better way of identifying the total electricity consumption by property is therefore needed if these figures are to be of any real benefit to consumers.

The provision of 'typical' energy consumption values can be a useful tool in encouraging positive behaviour shift in individual consumers, a factor which is considered to be a key benefit in the unrelated rollout of SMART metering systems. However, it is essential that these 'typical' values are representative of typical real-world energy use to avoid the potential for those most concerned about their energy costs taking extreme and inadvisable action to bring their annual energy consumption into better alignment with a 'typical' household. Notwithstanding the aforesaid concerns about the methodology employed in calculating such 'typical' consumption figures, we therefore also believe that such data can be made more



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relevant to consumers by using sub-national data that is already available to reflect regional variations in such things as climate and average housing stock age and energy efficiency.

Yours Faithfully,

Alastair Wilcox
Energy Specialist



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