

Switching Energy Providers – What Happened Next?

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Introduction

- Energy Prices 2010 – 2016 – A Public Concern
- Ofgem and Money Saving
- What Happened Next?
- Customer Confidence and Next Steps

Energy Prices 2010 – 2106 - A Public Concern: 1

- Energy Bills are seen by the public as a serious issue with price rises both frequent and unjustified
- Above average rises in energy prices since 2010 (inflation adjusted)

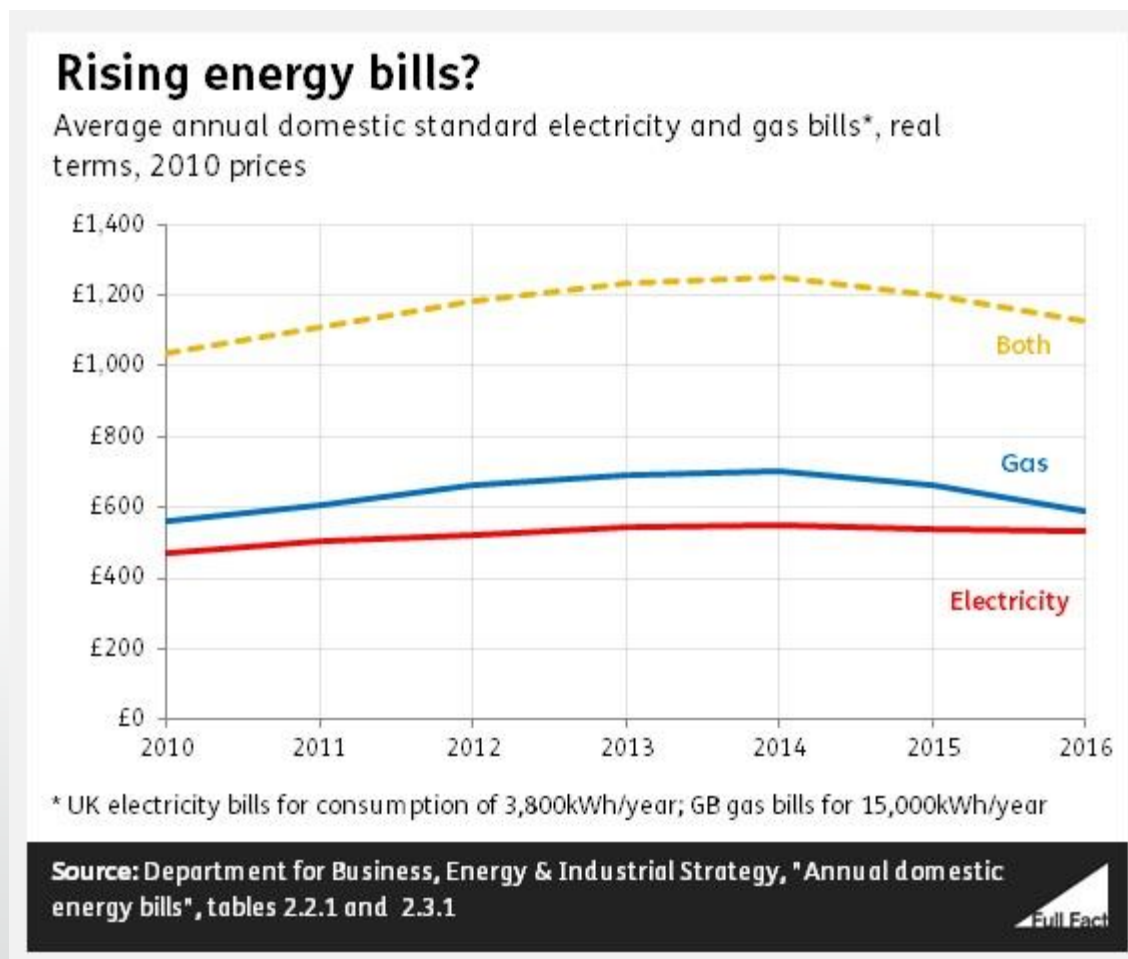
Claim

Households are £900 worse off due to increased energy bills since 2010.

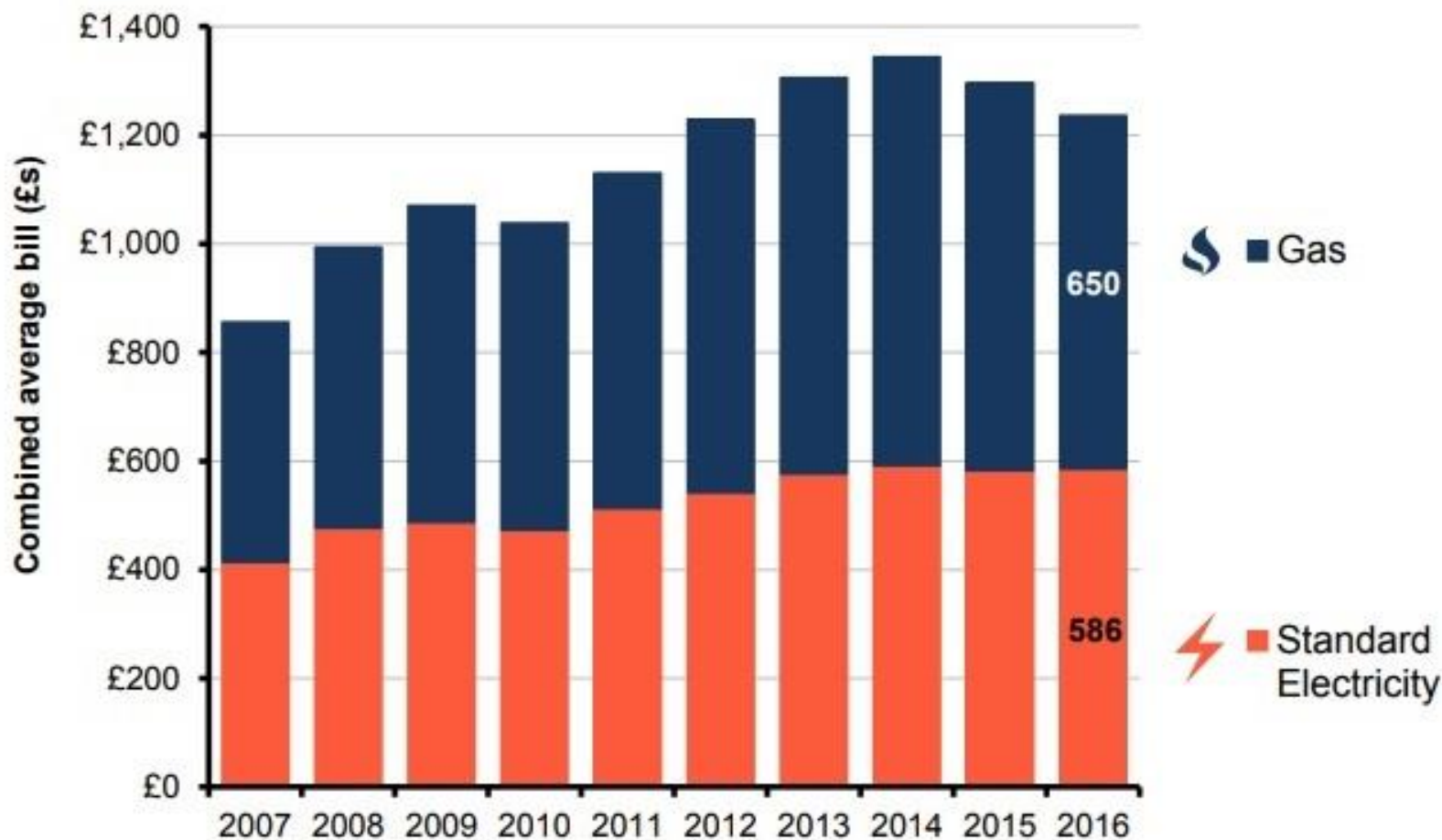
Conclusion

That's adding up the increase in average electricity and gas bills in each of the six years from 2010 to 2016 (adjusting for inflation) if energy use stayed the same over this time. It hasn't. The Committee on Climate Change has said that household bills in 2016 were lower than they were in 2008, due to reductions in energy use.

Energy Prices 2010 – 2106 - A Public Concern: 2

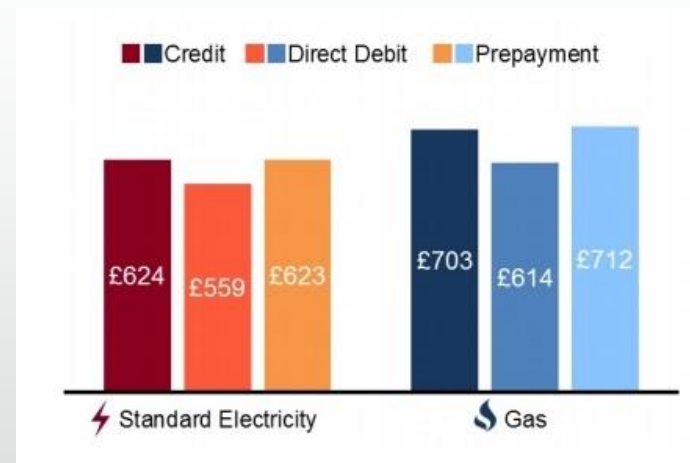
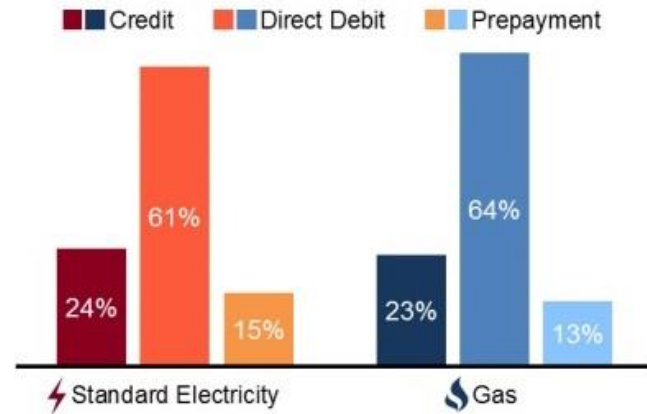


Energy Prices 2010 – 2106 - A Public Concern: 3



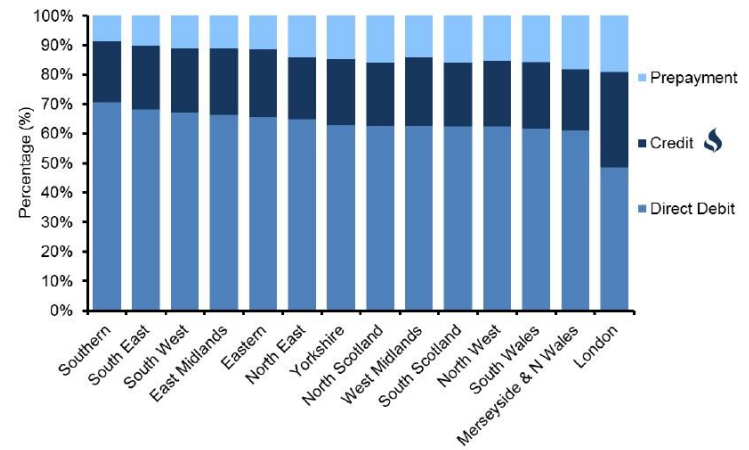
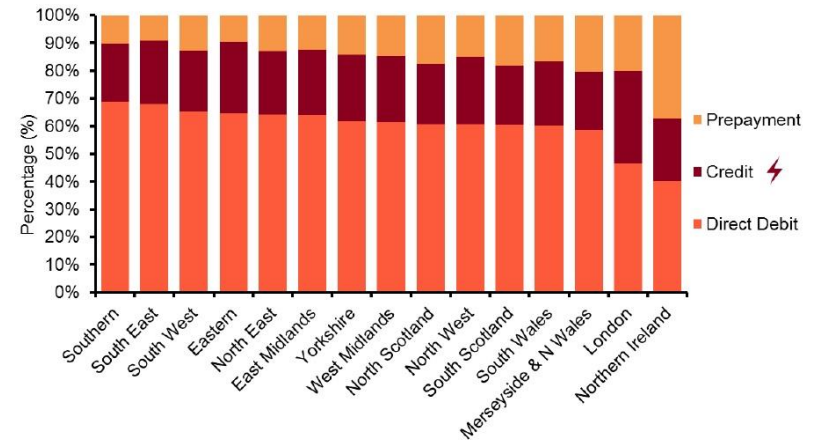
Energy Prices 2010 – 2106 - A Public Concern: 4

- Significant variations arise between payment types in terms of cost
- Energy Bills are cheaper when paid by direct debit
- Prepayment methods are bad for customers!



Energy Prices 2010 – 2106 - A Public Concern: 5

- Issues also arise between areas of the country (geographical) based upon payment types in terms of cost
- The conclusion is that Energy Bills are more likely to be cheaper in the south and south east than elsewhere where most people pay by direct debit!



Ofgem and Money Saving: 1

- Government Policy (via Ofgem) encourages customers to switch provider to save money



Contents

1. Helping you lower your energy bills
2. Giving you more choice: The Big 37
3. Making switching energy supplier easier
4. Controlling the impact of policies on bills
5. Making the energy sector fairer
6. What we're going to do

1. Helping you lower your energy bills

The cost of your energy bill is determined by a [variety of factors](#) including wholesale, network and environmental costs. Government is keeping bills as low as possible by encouraging more competition; making switching energy supplier easier; and controlling public subsidies paid for through energy bills.

2. Giving you more choice: The Big 37

Government is making it easier for new companies to enter and compete in the energy market and there are now 37 suppliers to choose from; that's more than double the number in 2010. It means that independent energy companies now make up 15% of the dual fuel energy market, up from 1% in 2010.

Ofgem and Money Saving: 2

- Commercial switching companies (e.g. USwitch) exist to facilitate this activity
- Ofgem also provide information, tools and guidance to make it happen

3. Making switching energy supplier easier

By shopping around and taking advantage of the best energy deals on the market, you can save around £200. In 2015, nearly 4 million people switched energy supplier. Government has made it easier for more people to switch by working with industry to cut the time it takes to switch from 35 days to 17 days. Government action has also led to energy suppliers including Quick Response (QR) codes on energy bills so you can switch with a couple clicks on your smartphone.

4. Controlling the impact of policies on bills

Government is controlling public subsidies paid for by your bills - actions we've taken since 2014 to control the costs of green policies on household bills has saved around £30-35 per year.

The screenshot shows a webpage with a navigation menu on the left and main content on the right. The navigation menu includes links such as 'Ofgem accredited price comparison sites', 'How to switch energy supplier if you're in debt', 'How to switch energy supplier if you're a tenant', 'How to deal with energy sales people', 'Ofgem energy customer database service', 'Save money on your gas and electricity bills', 'Who to contact if it's difficult paying energy bills', 'Extra help from energy services', 'Connections and moving home', 'Key terms and issues explained', 'Business gas and electricity guide', 'Energy supplier comparison data', and 'Consumer research'. The main content area has a heading 'Shop for cheaper gas and electricity' followed by text explaining that Ofgem research finds comparing and switching suppliers can save around £300 annually. It also mentions that Ofgem has developed online tips and tools. Below this is another heading 'Tools to help you compare gas and electricity tariffs' with two bullet points: 'Citizens Advice guide: How to compare energy tariffs and deals' and 'Citizens Advice energy deal guide'.

Ofgem and Money Saving: 3

ofgem Making a positive difference for energy consumers

Search

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Consumers

Household gas and electricity guide

- Understand your gas and electricity bills
- Complain about your gas or electricity bill or supplier
- Understand smart, prepayment and other energy meters
- How to switch energy supplier and shop for a better deal**
 - Ofgem-accredited price comparison sites
 - How to switch energy supplier if you're in debt
 - How to switch energy supplier if you're a tenant

How to switch energy supplier and shop for a better deal

Mae'r dudalen yma ar gael yn Gymraeg.

Comparing energy tariffs and deals regularly can help you make sure you're getting the best gas or electricity tariff for your usage and the best service offer. It can also highlight if you could cut your bills by switching supplier.

Shop for cheaper gas and electricity

It pays to shop around. Ofgem research finds comparing and switching supplier or energy tariff can make a big difference to your gas and electricity bills – with annual

- Ofgem-accredited price comparison sites
- How to switch energy supplier if you're in debt
- How to switch energy supplier if you're a tenant
- How to deal with energy sales people
- Ofgem energy customer database service
- Save money on your gas and electricity bills
- Who to contact if it's difficult paying energy bills
- Extra help from energy services
- Connections and moving home
- Key terms and issues explained

Business gas and electricity guide

Energy supplier comparison data

Consumer research

Shop for cheaper gas and electricity

It pays to shop around. Ofgem research finds comparing and switching supplier or energy tariff can make a big difference to your gas and electricity bills – with annual savings of around £300 available.

If you've never compared energy tariffs or switched gas or electricity supplier, it may seem a daunting process. But it's actually quite simple.

We've developed a range of online tips and tools covering the essentials. And as Britain's energy regulator, you can trust that our guides are independent and unbiased. Get savvy and find savings – be an 'energy shopper'.

Tools to help you compare gas and electricity tariffs

- Citizens Advice guide: [How to compare energy tariffs and deals](#) (opens another website): Get to grips with the questions to ask suppliers, using comparison websites and the information you'll need.
- Citizens Advice energy deal guide (opens another website): Learn more about the benefits of taking on a new energy deal.

Infographic: Bills, prices and profits

Publication date 31st August 2017
Updated date 31st August 2017

Bills, prices and profits

Facts and figures on Britain's energy market, larger supplier prices and profits, energy bills and switching.

What makes up Britain's energy market?

The full rollout of competition in the energy market began in the late 90s.

March 2017

54 active suppliers compete in the domestic energy market

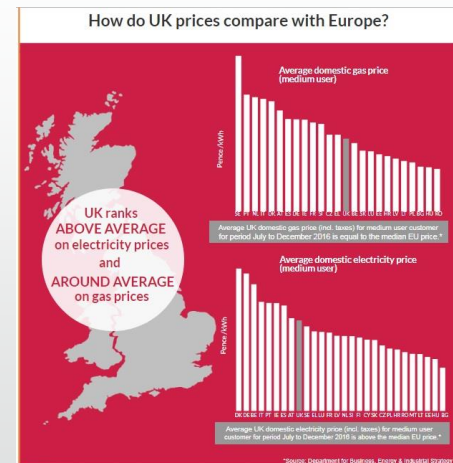
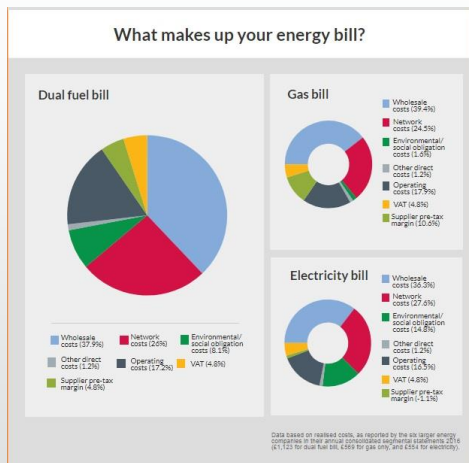
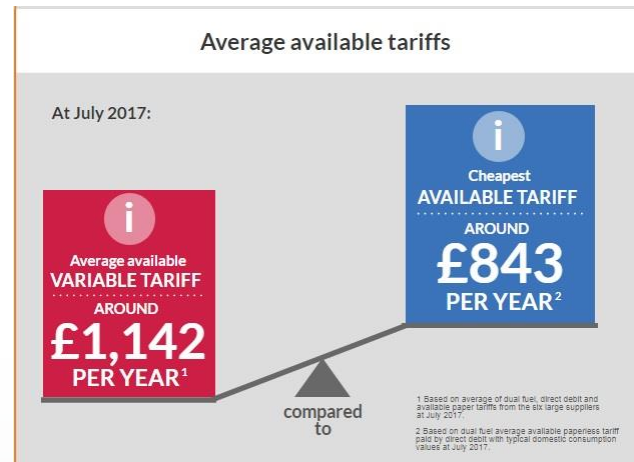
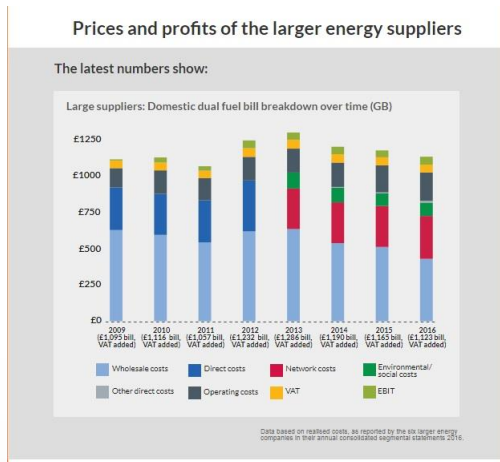
46 provide both gas and electricity | 6 solely supply gas and 2 electricity.

Domestic market shares

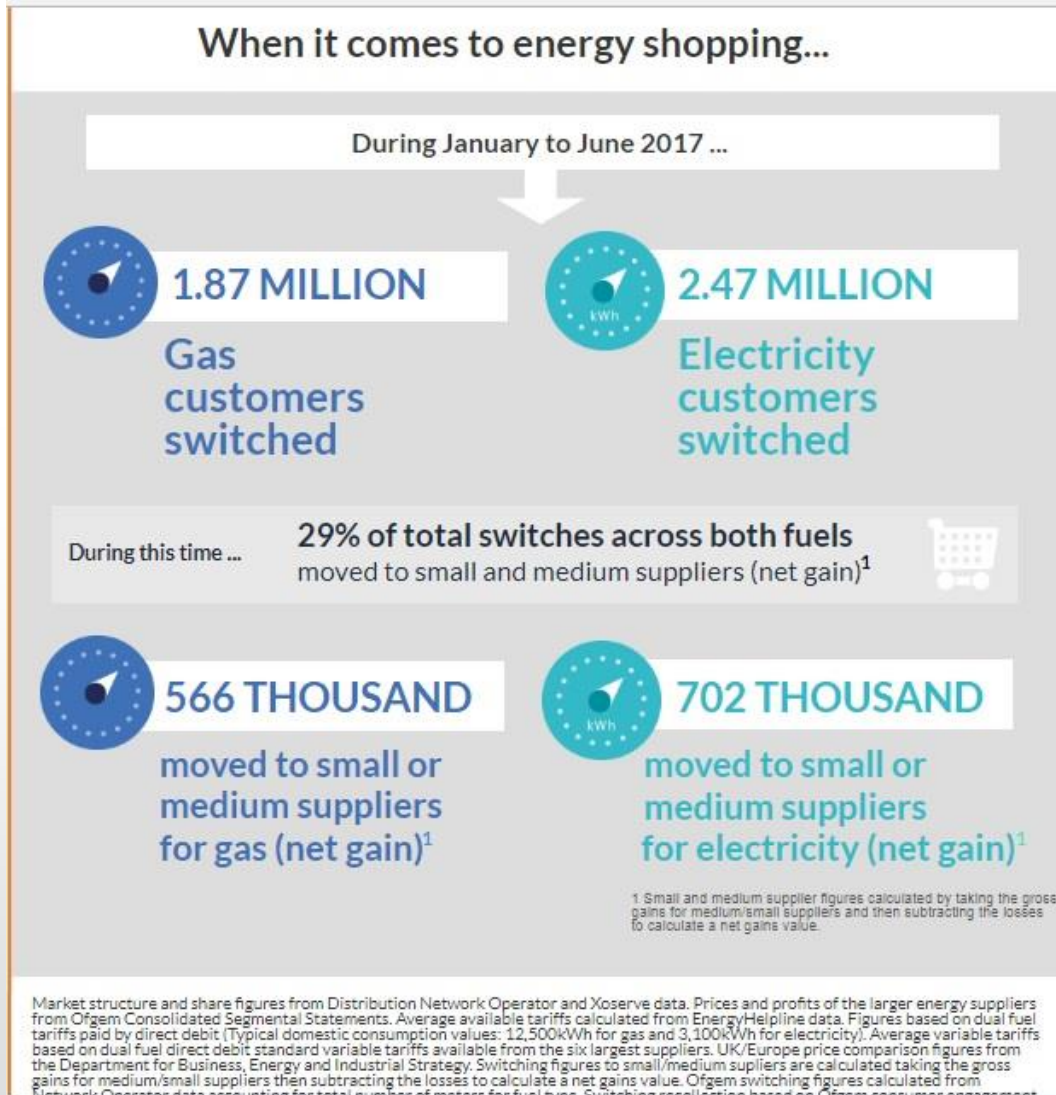
Supplier Type	Percentage
Gas - small and medium suppliers	18%
Gas - large suppliers	82%
Electricity - small and medium suppliers	17%
Electricity - larger suppliers	83%

In 2009, we told energy companies they must publish annual statements (CSS) showing separately their revenues, costs and profits for how they generate and supply energy so profits are clearer for consumers.

Ofgem and Money Saving:4

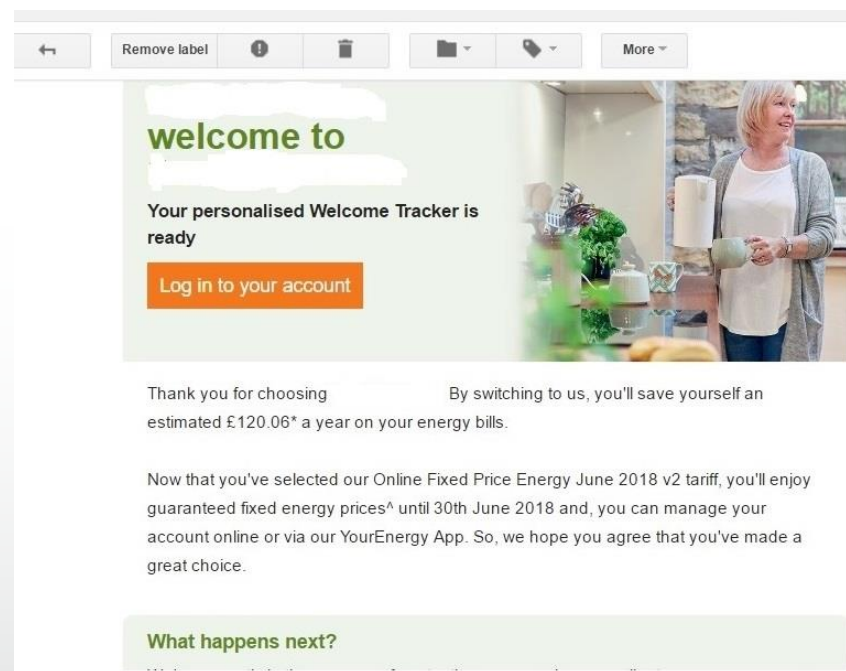


Ofgem and Money Saving:5



Ofgem and Money Saving:6

- Little information exist about what happens after switching as, from government policy perspective it's "job done"
- As people in the south / south east are more likely to switch, more likely to pay by direct debit and use IT to facilitate savings what are their experiences "Post Switching"?
- Using data from the most recent switching period (January 2017 – June 2107) here is a window into what actually happened next



What Happened Next?: 1


- January 2017 – Switching of Energy Providers
- Dual Fuel Customer with:
 - accurate previous energy usage information
 - IT literate using the internet to submit readings / receive bills
 - Direct debit customer
- The “ideal” switcher with the likelihood of the best savings and value!


What Happened Next?: 2


- The household is both energy-wise and the home is well insulated resulting in a relatively low energy cost per month
- Based upon previous energy usage information and using the internet switching service another company was chosen as the cheapest provider
- A fixed tariff dual fuel direct debit internet based billing package was accepted by the customer lasting 18 months until June 2018
- The contract had a Direct Debit payment price of £35.79 per month and an estimated saving of £120 per year

What Happened Next?: 3

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 Take our free Home Energy Check

 Stay in control of your Direct Debit

 Move between our tariffs without paying exit fees

Your account summary

Account Number:

Gas start date: 7th January 2017

Supply address:

Tariff: Online Fixed Price Energy June 2018 v2

Payment method: Monthly Direct Debit

Monthly Direct Debit amount: £35.79

This is made up of £11.94 for gas and £23.85 for electricity

Payment date: 1st each month, and the first payment will be on 1st February 2017

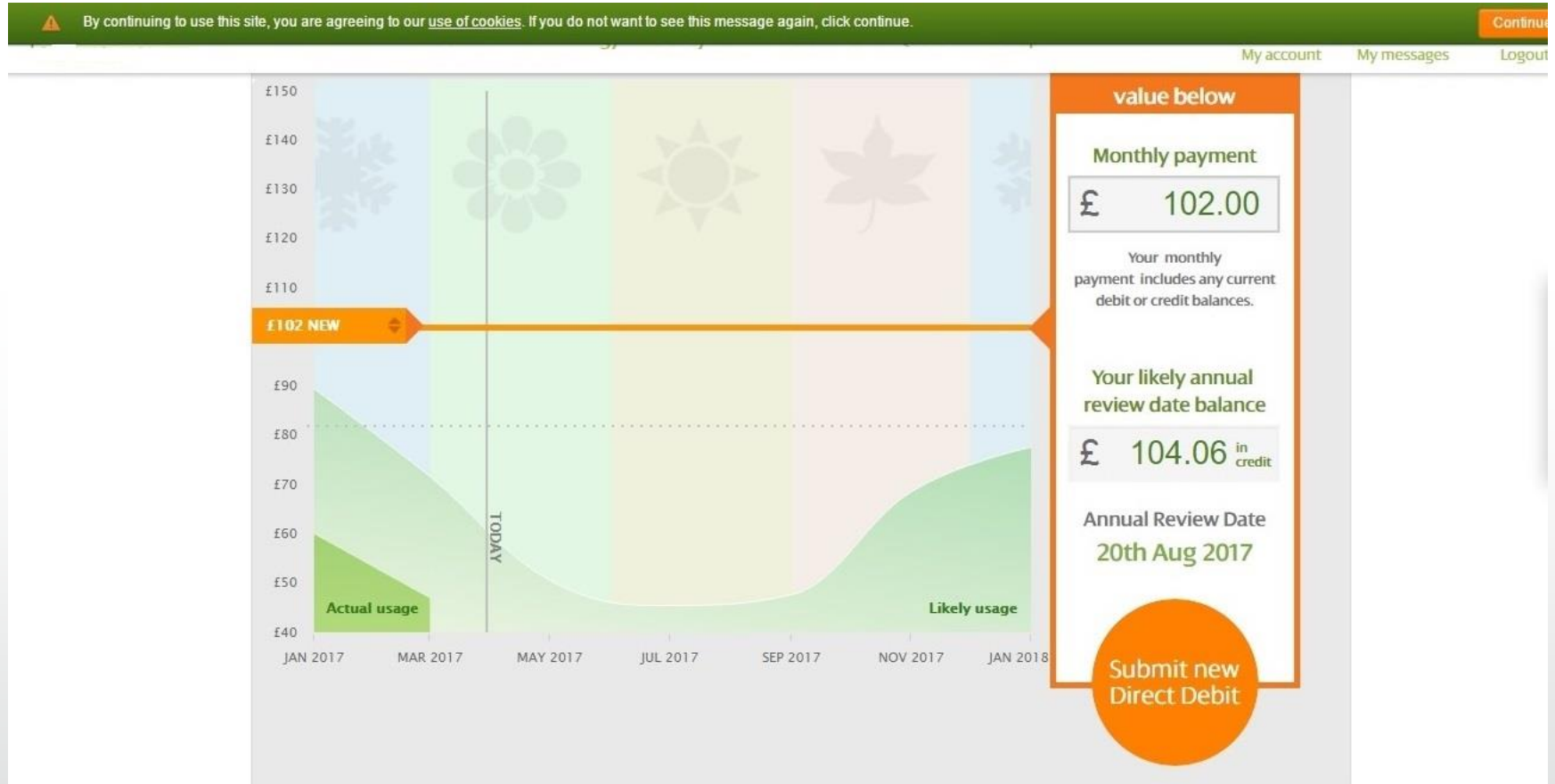
First statement is due around: 9th April 2017

[Log in to your account](#)

What Happened Next?: 4

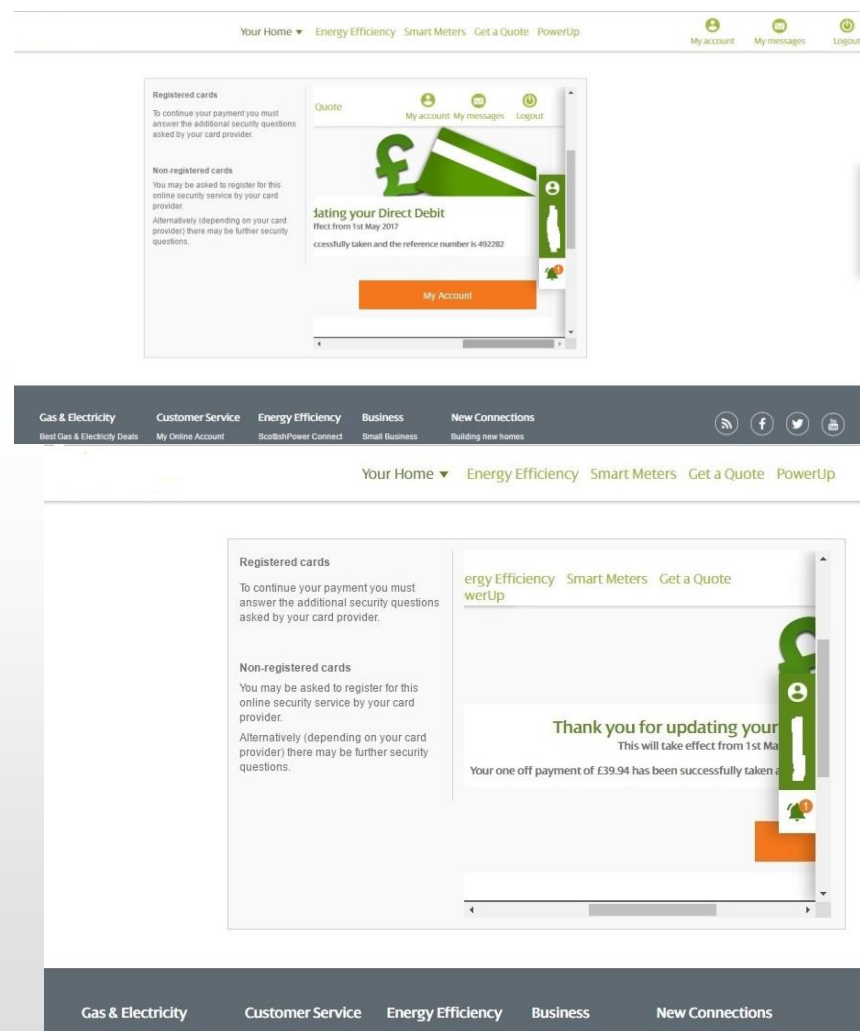
- Before the end of March 2017 (earlier than indicated in the January contract details shown on the previous slide) the new provider contacted the customer stating that their energy usage is higher than estimated and they need to increase their monthly Direct Debit amount to £102.00
- A graphic was submitted by the new provider to demonstrate this request
- The new provider also kindly informed the customer that by adopting the new DD amount that they would be £104.06 in credit at the end of their review period (August 20th 2017)!

What Happened Next?: 5

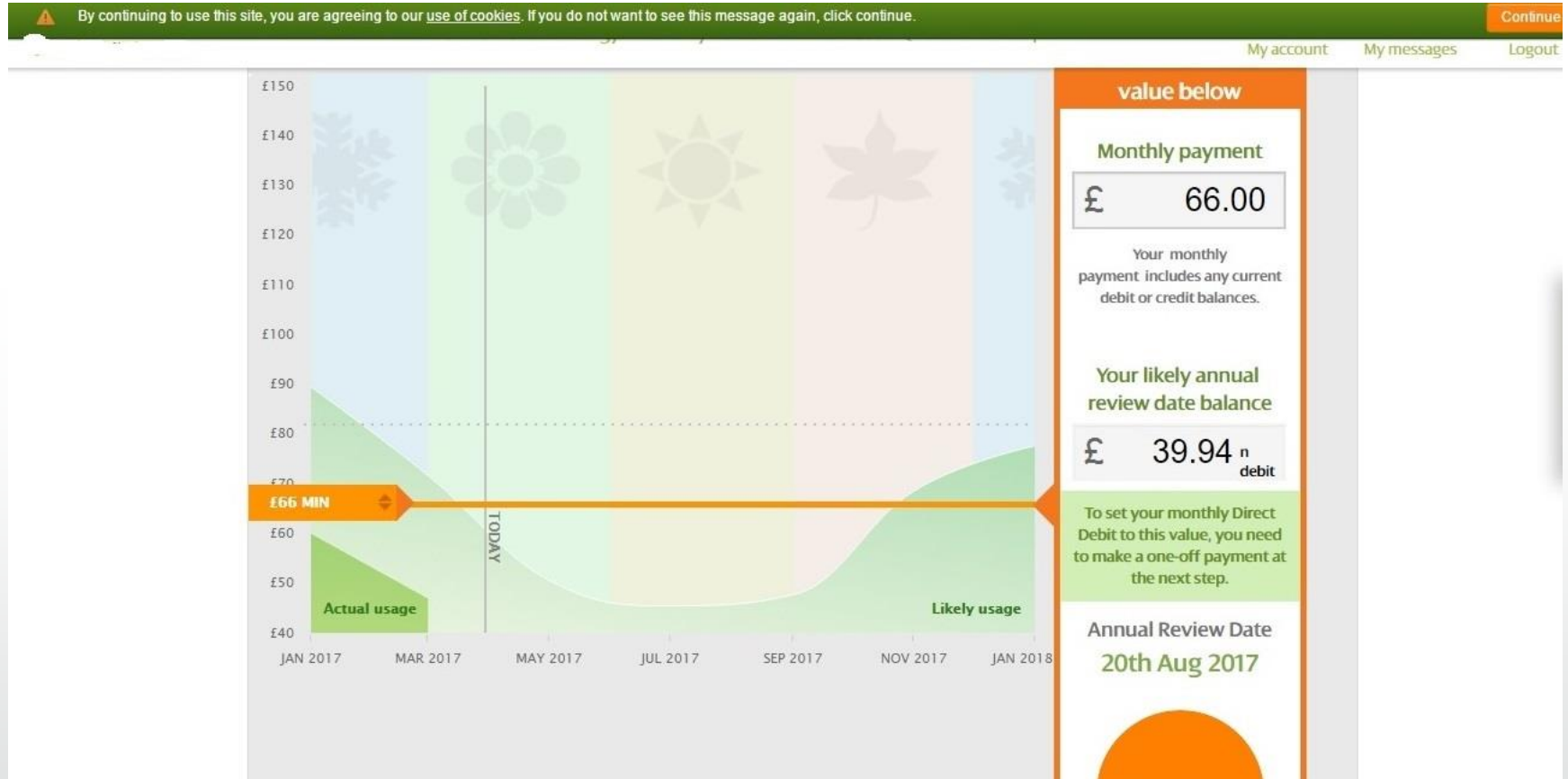


What Happened Next?: 6

- The customer, being IT literate, amended the payment projections down from the new estimate from the new provider of £102 pcm on line. This was possible, as the payment curve was well above both the graphic provided for anticipated usage, let alone actual usage to date!
- A revised estimated amount was derived by the customer resulting in a need to increase their monthly Direct Debit amount to £66.00
- They also required an extra one off “top up” payment of £39.34 to cover the anticipated debit even at the new DD rate of £66.00 pcm



What Happened Next?: 7

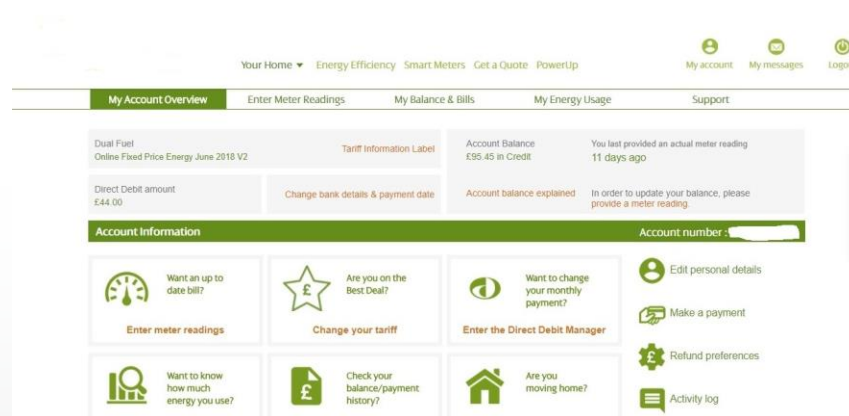


What Happened Next?: 8

- However, the household usage figures for energy had not deviated from the initial projections
- No methodology or credible usage /costing evidence to justify the increased DD and one off payment requests had been made
- In fact the evidence provided by the new provider demonstrated that based upon the usage to date the household would use less energy than initially expected based upon a yearly consumption profile provided by the new provider and still less than the new (downwardly revised by the customer) DD amount
- In light of this the customer went back on line to their account payment profile and manually was able to reduce the DD payment further, to £44.00 pcm, even though this was higher than the original January estimate of £39.57

Customer Confidence and Next Steps: 1

- The annual review date (August 20th 2107) arrived and the customer accessed the information about their account on line after that date
- It showed that the £44.00 DD payment had still generated a surplus of £95.45 to the end of August!
- Further examination of the account in September 2017 re-emphasised this credit total in respect to payments



Customer Confidence and Next Steps: 2

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Account balance: £95.45 In Credit

This includes any payments made since your last bill date on 12th Sep 2017.

This doesn't include any energy used since your last bill date.



Customer Confidence and Next Steps: 3

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Date	Bills	Payments	Charges	Balance	Bill(pdf)
14 Sep 2017		£ 48.73 (Credit)		£ 95.45 in Credit	
14 Sep 2017		£ 21.72 (Credit)		£ 46.72 in Credit	
13 Sep 2017		£ 70.45 (Debit)		£ 25.00 in Credit	
12 Sep 2017	£50.68 ●			£ 95.45 in Credit	View bill
01 Sep 2017		£ 25.00 (Credit)		£ 146.13 in Credit	
01 Aug 2017		£ 25.00 (Credit)		£ 121.13 in Credit	
03 Jul 2017		£ 66.00 (Credit)		£ 96.13 in Credit	
29 Jun 2017	£107.51 ●			£ 30.13 in Credit	View bill
01 Jun 2017		£ 66.00 (Credit)		£ 137.64 in Credit	
02 May 2017		£ 66.00 (Credit)		£ 71.64 in Credit	

[Show more](#)

Customer Confidence and Next Steps: 4

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Date	Bills	Payments	Charges	Balance	Bill(pdf)
14 Sep 2017		£ 48.73 (Credit)		£ 95.45 in Credit	
14 Sep 2017		£ 21.72 (Credit)		£ 46.72 in Credit	
13 Sep 2017		£ 70.45 (Debit)		£ 25.00 in Credit	
12 Sep 2017	£50.68 ●			£ 95.45 in Credit	View bill
01 Sep 2017		£ 25.00 (Credit)		£ 146.13 in Credit	
01 Aug 2017		£ 25.00 (Credit)		£ 121.13 in Credit	
03 Jul 2017		£ 66.00 (Credit)		£ 96.13 in Credit	
29 Jun 2017	£107.51 ●			£ 30.13 in Credit	View bill
01 Jun 2017		£ 66.00 (Credit)		£ 137.64 in Credit	
02 May 2017		£ 66.00 (Credit)		£ 71.64 in Credit	
03 Apr 2017		£ 34.94 (Credit)		£ 5.64 in Credit	
31 Mar 2017		£ 39.94 (Credit)		£ 29.30 in Debit	
30 Mar 2017	£139.12 ●			£ 69.24 in Debit	View bill
01 Mar 2017		£ 34.94 (Credit)		£ 69.88 in Credit	
01 Feb 2017		£ 34.94 (Credit)		£ 34.94 in Credit	

Customer Confidence and Next Steps: 7

- Over 1,870,000 customers switched gas providers and 2,470,000 customers switched electricity providers during the period that this southern household switched
- How many others have experienced similar issues?
- It is clear that further “post switching” research into provider behaviour is required based upon the experiences of this customer

Customer Confidence and Next Steps: 8

- Active DD management on the level undertaken in this case is only really possible by the diligent and IT enabled customer
- Justification for DD changes (especially increases) requires much stronger supporting evidence from the provider than demonstrated as occurring in this case
- Based upon this evidence it appears that Ofgem have new work to do on the “post switching” aspect and new questions of providers will surely be asked at future Select Committee meetings with the industry

Customer Confidence and Next Steps: 9

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Great news, you are on track

Your monthly payment hasn't
changed and is still £44.00

Your next payment is due on 1st October

Your annual review date is on the 20th August

[Manage your Direct Debit](#)