

R/28

## PREPAYMENT METER CUSTOMERS MISSING OUT ON SAVINGS WORTH £250 MILLION

- **Nationally, prepayment meter customers could save £250 million by switching supplier**
- **Many prepayment meter customers are unaware of the savings available**
- **Wide variation in prices charged to prepayment customers**
- **Ofgem today launches a national campaign aimed at encouraging prepayment customers to get themselves a better deal**

New figures released today by energy regulator Ofgem show that nationally prepayment meter (PPM) customers are losing out on savings worth **£250 million** by not switching supplier. This works out as an average saving of around **£100** a year for each customer who has not switched, which is a much bigger saving than for Direct Debit (DD) customers who can save on average around **£60** by switching.

Ofgem has also published today new research commissioned as part of its **Consumer First** programme, which found that PPM customers wanted more information on the deals available to them and remained largely unaware of the benefits of switching.

As a result Ofgem will today be launching a campaign to encourage PPM customers to consider three options:

- if they prefer PPM for budgeting they should look at changing supplier
- look to see if they are eligible for a special tariff deal that their supplier might offer, and
- consider changing to a cheaper payment option.

Unlike other customers PPM customers are usually better off “pick and mix” taking their gas from one supplier and their electricity from another rather than opting for a dual fuel deal.

Ofgem Chief Executive Alistair Buchanan said:

“Prepayment meter customers should take advantage of the competitive market if they are to see further falls in their energy bills. Our research shows that by changing supplier they can save on average around **£100**. But in some regions this can be as great as **£170** per year.

“Customers should consider whether they would not be better off paying for their energy in another way, but if they prefer budgeting with prepayment meters then they also need to look closely at the many special deals suppliers are offering PPM users.

“This is why Ofgem is today launching a regional campaign which will point out to prepayment customers the most expensive suppliers in their area. Switching supplier is easy and there are big savings available for prepayment customers.”

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## Notes to editors

### 1. Who uses PPMs?

PPMs are used more often by households on low incomes who find them helpful for budgeting. However, there is a common misperception that most PPM customers are in fuel poverty (where energy bills account for ten per cent or more of their income) but 80 per cent of PPM users are not fuel poor. Three quarters of fuel poor customers pay by either Standard Credit (SC) or Direct Debit (DD) and only around 10 per cent of pensioners use a PPM meter.

2. Special tariffs. Many suppliers have special deals for PPM customers, for example Scottish Power charges PPM electricity customers less than they do for customers on standard credit, British Gas' Essentials tariff charges the same price for half a million vulnerable prepayment customers as it does for Direct Debit customers for both gas and electricity. Scottish and Southern, EDF Energy and Powergen also charge their electricity customers on PPM meters the same price as standard credit customers.
3. For more information Ofgem has published a factsheet "Prepayment meters and fuel poverty," which is available from the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
4. The research was carried out for Ofgem by an independent company which arranged a deliberative forum for thirty prepayment meter customers as well as some customers who had stopped using this type of meter.
5. Average prices for PPM customers for both gas and electricity.

### Electricity PPM bills

	GB average bill	Difference to best offer
SSE	356	0
EDF Energy	357	1
Scottish Power	368	12
British Gas*	375	19
Powergen	384	28
npower	435	79

### Gas PPM bills

	GB average bill	Difference to best offer
Scottish Power	560	0
SSE	579	19
npower	582	22
EDF Energy	584	23
Powergen	615	54
British Gas*	617	56

\*Does not apply to vulnerable customers on British Gas' Essentials Tariff

6. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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